



Cabinet Meeting

25 February 2014

Time 5.00pm **Public meeting?** YES **Type of meeting** Executive

Venue Civic Centre, St Peter's Square, Wolverhampton WV1 1SH

Room Committee Room 3 (3rd floor)

A pre-meeting for members of the Cabinet will be held in meeting room 4 at 4pm.

Membership

Chair Cllr Roger Lawrence (Lab)

Vice-chair Cllr Peter Bilson (Lab)

Labour

Cllr Steve Evans

Cllr Val Gibson

Cllr Andrew Johnson

Cllr Elias Mattu

Cllr Phil Page

Cllr John Reynolds

Cllr Sandra Samuels

Cllr Paul Sweet

Conservative

Liberal Democrat

Information for the Public

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Agenda

Part 1 – items open to the press and public

Item No. *Title*

MEETING BUSINESS ITEMS

1. **Apologies for absence**
2. **Declarations of interest**
3. **Minutes of previous meeting (22 January 2014)**
[For approval.]
4. **Matters arising**
[To consider any matters arising from the minutes.]

DECISION ITEMS (Amber – delegated to the Cabinet)

5. **Voluntary Sector Community Initiatives Grant Funding 2014/15 and 2015/16**
[To approve proposals relating to voluntary sector community initiatives grant funding]
6. **Savings Proposals for Youth Services**
[To consider the outcomes of the consultation on the savings proposal]
7. **Increase in Adult Social Care Non-Residential Contribution Rates**
[To consider the outcomes of the consultation on the savings proposal]
8. **Community Infrastructure Levy Update**
[To review the position regarding charging of a Community Infrastructure levy]
9. **i54 Management Company**
[To appointment the Assistant Director for Regeneration as a Director to the Board of i54 Management Company]
10. **Budget - Outcome of Consultation 2014/15**
[To approve the initial response to the consultation]

DECISION ITEMS (Red – for decision by the Council)

11. **Five Year Budget and Medium Term Financial Strategy 2014/15 to 2018/19**
[To recommend Council to set the budget for 2014/15]
12. **Capital Programme 2013/14 to 2017/18 Quarter Three Review and 2014/15 to 2018/19 Budget Strategy**
[To provide an update on the financial performance of existing schemes within the capital programme as at quarter three of 2013/14 and to recommend a revised General Fund capital programme for the period 2013/14 to 2018/19]
13. **Treasury Management Strategy 2014/15**
[To recommend approval of the strategy to full Council]
14. **Exclusion of press and public**
[To pass the following resolution:

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 on the grounds shown below]

Part 2 – exempt items, closed to the press and public

<i>Item No.</i>	<i>Title</i>	<i>Grounds for Exemption</i>	<i>Applicable Paragraph</i>
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DECISION ITEMS (Amber – delegated to the Cabinet)

- | | | | |
|-----|--|--|---|
| 15. | Living Wage and Wolverhampton Pay Policy (Single Status)
[To consider removing the link between the 'Living Wage' and the lowest pay point within Wolverhampton's pay structure] | Information relating to any consultations or negotiations, in connection with any labour relations matters arising between the authority or a Minister of the Crown and employees of all officeholders under the authority | 4 |
| 16. | Kingswood Nursery and Infant Centre – Update and Approval to Transfer to a Charitable Body
[To approve the proposals] | Information relating to the identity of an individual | 2 |



Cabinet Meeting

Minutes – 22 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 Sandra Samuels
Cllr Paul Sweet

Employees

Simon Warren	Chief Executive
Keith Ireland	Strategic Director - Delivery
Tim Johnson	Strategic Director - Education and Enterprise
Sarah Norman	Strategic Director - Community
Mark Taylor	Assistant Director - Finance
Wendy Trainor	Interim Chief Legal Officer
Dereck Francis	Democratic Support Officer

Apologies

No apologies for absence were received.

Part 1 – items open to the press and public

Item Title
No.

MEETING BUSINESS ITEMS

2. Declarations of interests

Cllr Samuels declared a non-pecuniary interest in agenda item 6 (Voluntary Sector Community Initiatives Grant Funding 2014/15 and 2015/16) insofar as she is on the management committees for Heath Town Senior Citizens Club and the Gazebo Theatre in Education.

3. **Minutes of the previous meeting (8 January 2014)**

Resolved:

That the minutes of the previous meeting held on 8 January 2014 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 ITEM (Amber – delegated to the Cabinet)

6. **Voluntary Sector Community Initiatives Grant Funding 2014/15 and 2015/16**

The Leader thanked the organisations and individuals who had submitted comments on the proposals. He announced that the proposals were very difficult for him and they were fundamentally against what the Cabinet want to do; they are also difficult for the organisations that are all doing work at community and individual levels.

As elected Councillors the Cabinet need more time to consider the feedback received and to allow Councillors more time to understand the Equality Analysis.

He therefore proposed, that the report be deferred for further individual Councillor consideration of the Equality Analysis and to allow employees time to discuss the feedback received from those organisations who had commented. He also announced that the report would come back to a future Cabinet meeting and all interested parties would be given proper notice of the meeting.

Resolved:

That the report 'Voluntary Sector Community Initiatives Grant Funding 2014/15 and 2015/16' be deferred for further individual Councillor consideration of the Equality Analysis and to allow employees time to discuss the feedback received from those organisations who had commented. The report to come back to a future Cabinet meeting and all interested parties be given proper notice of the meeting.

DECISION ITEM (Red – for decision by the Council)

5 **2014/15 Housing Revenue Account Revenue Budget and Rent Levels**

Cllr Bilson presented the report on an updated Housing Revenue Account (HRA) business plan which included proposed rents and service charges to take effect from 7 April 2014 and the proposed HRA capital programme for the period 2013/14 to 2017/18. He placed on record his thanks to all those involved in the consultations on the 2014/15 budget which had been carried out by Wolverhampton Homes on behalf the Council. He reported on the feedback from tenants on the proposed rent increase. He also informed Cabinet that the proposals for service charges sought to recover the full cost of providing the service in question.

Resolved:-

That Full Council be recommended to:

1. Adopt the business plan set out at appendix A to the report as the approved Housing Revenue Account (HRA) business plan, including:
 - (a) The revenue budget for 2014/15 set out in the plan;
 - (b) The capital programme for 2013/2014 to 2017/18 set out in the plan.
2. Approve an increase in rents for HRA dwellings of an average of 6.23%, and in accordance with the Government's rent restructuring formula (including its constraints on individual rent increases), with effect from 7 April 2014.
3. Increase rents for HRA garages by 6.23%, with effect from 1 April 2014.
4. Approve that HRA service charges and district heating charges are set at the levels detailed in appendix B3 to the report, with effect from 1 April 2014.
5. Approve that Hostel and Carelink rents and charges are set at the levels detailed in appendix B4 to the report, with effect from 1 April 2014.
6. Note the charges to be levied on tenants and leaseholders by Wolverhampton Homes set out in appendix B5 to the report are noted.
7. Note that the Council places on record its sincere thanks to all those tenants' representatives and all other stakeholders and partners who put forward views and comments during the consultation process.

DECISION ITEMS (Amber – delegated to the Cabinet)

7. Warstones Community Service Hub

Cllr Mattu reported on feedback from the community stakeholder engagement process on proposals relating to the transformation of Warstones resource centre into a community hub service alongside a Clinical Commissioning Group (CCG) commissioned service to offer around 26 intermediate care beds. He informed Cabinet that the proposal had been well received at the consultation meetings and it was hoped that the continued discussions with the CCG on the proposal would be fruitful as the proposal would be good news for the city as well as the local ward area.

Resolved:

1. That the continuation of formal negotiations with the Clinical Commissioning Group to provide up to 26 step-down beds within Warstones Community Service Hub be approved.
2. That the decision of the CCG Governing Board to go out to tender for intermediate care services be endorsed.
3. That the continued development of a formal business case/plan with detailed cost and benefits analysis on the requirements of the CCG and the outcomes of the community stakeholder engagement process be approved.

4. That a further report be presented to Cabinet in Spring 2014 on the outcomes of the discussions on the proposal and the completed business case/plan.
5. That it be noted that in the spring 2014 report it would be recommended that authority be delegated to the Cabinet Member for Leisure and Communities in consultation with the Assistant Director for Older People and Personalisation to approve the final arrangements.

8. **Comments from Scrutiny on the Five Year Budget and Medium Term Financial Strategy 2014/15 to 2018/19**

The Leader placed on record his thanks to the Scrutiny Board and Scrutiny Panels for their detailed analysis of a difficult financial situation.

Cllr Johnson also thanked the Scrutiny Panels and Scrutiny Board for the collective and earnest consideration they had given to the draft budget proposals. He noted that a lot of the scrutiny feedback was requesting further information and he trusted that the information would be supplied to them in a format they could use to understand fully the implications of the budget proposals. He also reported that there was feedback that Cabinet would need to give due consideration to and he highlighted a few areas, namely:

- Reduction of the Neighbourhood Warden Service.
- Move Shopmobility to be more commercially supported.
- Reduction in the Christmas decoration installation – maintenance budget
- Optimise the use of the Winter Service Gritting Fleet
- Looked After Children

Resolved:

That the comments from Scrutiny Board and Panels in relation to the draft five year budget and medium term financial strategy 2014/15 to 2018/19 be received and noted.

9. **Council Tax Base and NNDR (Business Rates) Net Rate Yield 2014/15**

Cllr Johnson sought approval to set the estimates for the Wolverhampton Collection Fund for 2014/15, which the Council managed on behalf of local precepting bodies and Central Government.

Resolved:

1. That the Collection Fund Council Tax Base for 2014/15 be set at 56,299.12 Band D equivalents.
2. That the Collection Fund NNDR (Business Rates) Net Rate Yield for 2014/15 be set at £74.4 million.
3. That authority be delegated to the Cabinet Member for Resources in consultation with the Assistant Director Finance to approve amendments to:
 - (a) the final NNDR1 as required as a result of changes to the NNDR1 form by the Department for Communities and Local Government (DCLG);

- (b) the Council Tax Base as a result of any data revisions and changes in projections.

10. **All Age Disability Strategy**

Cllr Val Gibson presented the report on the outcome of consultation on a draft All Age Disability Strategy. The strategy aimed to ensure that all disabled children, young people and adults are able to live full and fulfilling lives. It was also about making sure that disabled people and their families are in control and supported in the way that they choose to achieve their own goals. For those disabled people who need it, the strategy covered the provision of specialist care and support to access education, employment, housing, and health care, and it also considered the needs of parents and carers.

Resolved:

That the revised All Age Disability Strategy be approved and an implementation plan be developed.



Cabinet Meeting

25 February 2014

Report title	Voluntary Sector Community Initiatives Grant Funding 2014/15 and 2015/16	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Elias Mattu Leisure and Communities	
Key decision	Yes	
In Forward Plan	Yes	
Wards Affected	All	
Accountable director	Sarah Norman, Community	
Originating service	Community	
Accountable employee(s)	Viv Griffin	Assistant Director Health Wellbeing & Disability
	Tel:	01902 55(5370)
	Email:	vivienne.griffin@wolverhampton.gov.uk
Report to be/ has been considered by:	Strategic Executive Board	19 December 2013

Recommendation(s) for action or decision:

The Cabinet is recommended to:

1. Agree the savings proposal to reduce the voluntary sector grant funding to the Voluntary Sector by £1.6 million as detailed in the table at Appendix A.
2. Agree continued grant funding support for the foreseeable future to twelve voluntary sector organisations whose work is most closely aligned to the Corporate Plan priorities as identified in the table at paragraph 6.5 and Appendix A., namely: Access to Business; Afro-Caribbean Community Initiative (ACCI); Age UK; Citizens Advice Bureau, Haven; Heath Town Senior Citizens; Job Change; Little Brothers; St Columba's Day Centre; Wolverhampton City Credit Union; Wolverhampton Volunteer Service and establish a single allocation for Voluntary Sector Infrastructure Support Service.

3. Agree continued grant funding support during 2014/15 to 17 voluntary sector organisations as identified in the table at paragraph 6.5 and Appendix A during which time they will be able to investigate other, more sustainable, sources of external funding, other ways of delivering services and other income streams. These are Base 25; Church of God of Prophecy; Equality & Diversity Fund Projects (Aspiring Futures, Bilston Resource Centre, Engage Youth Empowerment Services (EYES), Equality & Diversity Forum (a 1 year project ending June 2014); Jubilee Community Support Centre; and Wolverhampton Somali Community) Gazebo Theatre in Education; LGBT Network (1 year project ending February 2015); One Voice; SEWA Centre (a 1 year project ending June 2014); Sickle Cell and Thalassaemia Support; St Georges Charity; Wolverhampton Domestic Violence Forum; Wolverhampton Voluntary Sector Council and Youth Organisations of Wolverhampton (YOW).
4. Agree that, subject to final approval by Council in March 2014, three months' notice be given to those voluntary sector organisations whose funding will cease in May 2014. These are Blakenhall Community Advice Centre; BME United; Central Youth Theatre; Jericho House; Relate; Stratton Street Community Project; Wildside Activity Centre; Wolverhampton Community Radio; Wolverhampton Community Transport; Wolverhampton Gateway Clubs; Wolverhampton Samaritans; YMCA and Young in Wolverhampton Clubs.
5. To approve Innovate to Save grants totalling £104,613 for Age UK Wolverhampton and BME United.

Recommendations for noting:

The Cabinet is asked to note:

1. The priority work that is continuing to assist voluntary sector organisations to find alternative sources of external funding.
2. The response received from the Third Sector Partnership to consultation on the savings proposals from the voluntary sector grants as set out at Appendix B to this report.

1.0 Purpose

- 1.1 To maximise the use of the community initiatives voluntary sector grants funding to target priority outcomes outlined in the Corporate Plan. To achieve £1.6 million savings from the grant funding in order to achieve the financial savings identified in the Council's Five Year Budget Strategy.
- 1.2 To report the outcome of consultation with the voluntary and community sector about the proposals as part of the Council's Five Year Budget and Medium Term Financial Strategy (MTFS) 2014/19 and to make proposals for the allocation of the remainder of that grants budget in 2014/15 and beyond.

2.0 Executive Summary

- 2.1 The report takes forward proposals for saving £1.6 million from the Council's voluntary sector grants budget. The proposals ensure that of the approximate £26.0 million external funding attracted by the voluntary sector £24.7 million would be safeguarded in 2014/15. Wherever possible the proposals aim to mitigate the impact upon individual organisations, services and citizens. These proposals will impact upon 42 organisations currently funded by the Council grant. Twelve organisations will continue to receive funding for the foreseeable future, seventeen organisations will continue to receive funding during 2014/15 and funding will cease for thirteen organisations. The Council will continue to work with all organisations to identify other sources of funding.

3.0 Background

- 3.1 In October 2013 Cabinet agreed, as part of the Medium Term Financial Strategy, a proposal to reduce the voluntary sector grants budget by £1.6 million. The proposal has formed the basis of consultation with the voluntary and community sector (VCS).
- 3.2 In addition to the proposed reduction in the grants budget it is also proposed that the existing Community Initiatives Team will be disbanded. The remaining commissioning duties will be reallocated to the commissioning teams within the Community Directorate and one central VCS co-ordination post will be created.
- 3.3 This report sets out:
 - Details of future grant funding for voluntary and community sector (VCS) organisations in 2014/15 and 2015/16 (Appendix A).
 - The outcome of Third Sector Partnership Consultation with the city's VCS (Appendix B).
 - Summary of the impact assessments determined with each currently funded VCS organisation (Appendix C).
 - Priority framework that demonstrates the basis of the decisions in regard to future funding (Appendix D).
 - Summary of Innovate to Save (I2S) Fund applications recommended for approval (Appendix E).
 - Equality Analysis – Stage One and Stage Two (Appendix F).

4.0 Consultation

- 4.1 In line with the principles of the Wolverhampton Compact consultation with the VCS ran for 12 weeks from 16 October 2013 to 9 January 2014.
- 4.2 The VCS Third Sector Partnership (TSP) and organisations in receipt of Council grants from the Community Initiatives budget have been fully briefed on the savings proposals contained in the Cabinet report. The VCS response to the consultation was led by the TSP. The TSP and funded organisations attended a consultation meeting with the Lead Member for Leisure and Communities, the Director of Community and senior officers on 23 November 2013.
- 4.3 Following that meeting the TSP produced a response to Appendix 0029 of the MTFS report considered by Cabinet on 23 October 2013 – a copy of that response is attached, in full, at Appendix B to this report.
- 4.4 As part of the Council's statutory budget consultation this proposal was discussed at a meeting of the Third Sector Partnership on 5 December 2013. The outcome of the Council's statutory budget consultation process will be reported to Cabinet on 25 February 2014.

5.0 Process for the Determination of Future Grants

- 5.1 Under its general equality duty the Council is required to assess the impact of these proposals. Equalities, service and economic impact questionnaires have been completed by each grant funded organisation.
- 5.2 Attached at Appendix C is a table that sets out the headline impact data drawn from the questionnaires submitted by each currently funded organisation; this also details the ward where each service is located, the geographic focus of those services and the forecast impact upon continuation of service, current users, staff and externally generated income.
- 5.3 More detailed information from 39 of the currently funded organisation can be found by following the link <http://www.wolverhampton.gov.uk/article/3929/Equality-impact-assessments>. A paper copy of the complete appendix will be made available to each member of Cabinet.
- 5.4 Each summary has been approved in its current format by the organisation concerned and includes excerpts from the annual monitoring of each grant and individual impact questionnaires.
- 5.5 A stage one and two Equality Analysis have been developed. As part of the process a focus group of 4 representatives from equalities organisations drawn from the Third Sector Partnership met to quality assure the Analysis.

6.0 Priorities for Funding in 2014/15

- 6.1 The Cabinet is recommended to agree that in 2014/15 the voluntary sector grants budget should be focused upon organisations that deliver services of a strategically important nature for the city and the Council.
- 6.2 In line with the outcome of the budget consultation held over the summer months VCS projects to be supported in future will be delivering services to the most vulnerable of the city's Children and Adults, focussed upon Economic and Social Inclusion, Training and Employment; and Volunteering. There will also be an allocation, albeit reduced, to support voluntary sector infrastructure.
- 6.3 A framework has been developed which scores each of these priority areas out of a maximum of 5; the completed framework is attached to this report at Appendix D. Organisations that scored over 20 or above, on the basis of monitoring information submitted and the outcome of the impact assessments will continue to be funded by the Council. Those organisations that achieved an evaluation score between 16 and 20 will continue to receive a grant allocation until March 2015.
- 6.4 A group of 13 currently funded organisations achieved a score of 15 or less; those organisations will be given three months' notice that the Council's grant will conclude in May 2014.

6.5 The outcome in 2014/15 can be summarised as:

Proposal	Organisation
The Council is recommended to continue to fund 12 organisations and services at the level specified in Appendix A. These are organisations that achieved an evaluation score of 20 or above.	Access to Business; Afro-Caribbean Community Initiative (ACCI); Age UK; Citizens Advice Bureau, Haven; Heath Town Senior Citizens; Job Change; Little Brothers; St Columba's Day Centre; Wolverhampton City Credit Union; Wolverhampton Volunteer Service and a single allocation for Voluntary Sector Infrastructure Support Service.
To continue to support 15 organisations at the level specified in Appendix A until March 2015. These are organisations that achieved evaluation score between 16 and 19.	Base 25; Church of God of Prophecy; Equality & Diversity Fund Projects (Aspiring Futures, Bilston Resource Centre, Engage Youth Empowerment Services (EYES), Equality & Diversity Forum (1 year project ending June 2014); Jubilee Community Support Centre; and Wolverhampton Somali Community) Gazebo Theatre in Education; LGBT Network (1 year project ending February 2015); One Voice; SEWA Centre (1 year project ending June 2014); Sickle Cell and Thalassaemia Support; St Georges Charity; Wolverhampton Domestic Violence Forum;.
To continue to support 2 organisations, YOW and WVSC, for a period of 12 months to enable both organisations to consider a merger.	Youth Organisations of Wolverhampton (YOW) Wolverhampton Voluntary Sector Council (WVSC)
To serve notice upon 13 organisations of the Council's intention to end grant support in April 2014. These are organisations that achieved evaluation score of 15 or less or were not scored as their funding was already due to cease for other reasons.	Blakenhall Community Advice Centre; BME United; Central Youth Theatre; Jericho House; Relate; Stratton Street Community Project; Wildside Activity Centre; Wolverhampton Community Radio; Wolverhampton Community Transport; Wolverhampton Gateway Clubs; Wolverhampton Samaritans; YMCA; and Young in Wolverhampton Clubs.

7.0 Equality and Diversity Fund

7.1 Nine of the currently funded organisations have been allocated grants from the Equality and Diversity Fund (E&D Fund) which was designed to ensure that BME led organisations were allocated a share of funding which is reflective of local demographics and that people

from across the remaining eight protected characteristics¹ identified by the Equalities Act 2010 were allocated adequate funding.

7.2 Funding for the Refugee and Migrant Centre is scheduled to conclude in February 2014.

7.3 The remaining seven E&D funded organisations have grant agreements that are scheduled to conclude between June and December 2015. It is proposed under this savings proposal that these projects are given notice that the Council grant will conclude at the earlier date of 31 March 2015. For this reason they are identified individually in the summary table at paragraph 6.5 and in Appendix A.

8.0 Innovate to Save Proposals

8.1 The Innovate to Save (I2S) fund was developed to encourage VCO's to reduce their dependency on Council funding by using it to diversify and/or attract other funding. The 2013/4 fund was further refined to deliver in year savings in the current financial year and further permanent savings between 2014/16.

8.2 The advent of proposals for £1.6 million of savings in this budget has not only changed the context but has impacted upon the viability of proposals submitted by VCS groups. Initial appraisal has established that 3 of the 9 proposals submitted forecast a reduced dependency on Council grant by more than 50% over a 2.5 year period.

8.3 Attached at Appendix E is a schedule that details the viable I2S bids; the table below summarises those projects recommended for support and identifies the return on the I2S investment which will achieve permanent savings by March 2016:

Organisation	Amount Requested £	Savings £	Continued WCC Grant requested £
Age UK Wolverhampton	64,808	72,080	48,050
BME United	39,805	51,370	0
Totals	104,613	123,450	48,050

8.4 The I2S proposal for Gazebo Theatre was approved as a Green Decision on 30 January 2014 to enable the organisation to make a bid for match funding from an external grant with a deadline of 31 January 2014.

9.0 Risk Analysis

9.1 There is a risk that this proposal could impact disproportionately upon locally based VCS providers as other contracts awarded by the Council are mainly to regional or national VCS providers:

¹ The protected equalities characteristics covered by the Equalities Act 2010 are:- Age; Disability; Ethnicity; Gender; Gender reassignment; Marriage & Civic Partnership; Pregnancy & Maternity; Religion/belief and Sexual orientation

	Number	2013/14 £000
VCS Organisations funded or commissioned by WCC	106	18,209
Local VCS organisations receiving grants	42	2,689
Wolverhampton based VCS providers contracted by WCC	18	3,143
National or Regional VCS Providers delivering Council services under contract	46	12,378

9.2 In terms of the cohort of 13 VCS organisation that will no longer be funded by the Council in 2014/15:

- The impact assessments have identified that 9 of those organisations forecast a loss of the Council's grant will mean they have to close whilst the remaining 4 will reduce levels of service but continue to provide services.
- The level of income from external sources that is forecast to be lost as a result of the proposal in 2014/15 is £1.5 million.

9.3 The Council previously agreed to act as 'guarantor' for some VCS organisations that have 'Admitted Body' status within the West Midlands Pension Fund (WMPF). Under the terms of that guarantee if an organisation is unable to meet its pension obligations following the withdrawal of Council grant, liability could fall to the Council. A detailed assessment has been made on the potential impact of these proposals which has revealed that the maximum pension exposure would be £13,000.

10.0 Conclusions

10.1 If the recommendations contained in this report are approved 29 organisations and projects will continue to be supported by the Council and can continue to operate in the city in 2014/15. This would mean that:

Impact of the 2014/15 grant proposals:	
Individual Service Users will see VCS services continue	64,135
VCS Staff posts safeguarded	262
Volunteering roles safeguarded	2,028
Levels of External Income safeguarded	£24,753,552*
Staff in membership of WM Pension Scheme	58

* This total external income generated includes the return from the Refugee and Migrant Centre whose E&D Fund grant will conclude in February 2014.

10.2 During 2014/15 the 29 organisations that continue to be funded will have time to investigate other, more sustainable, sources of external funding, other ways of delivering services and other income streams.

11.0 Financial implications

11.1 The 2014/15 provisional budget for VCS grant support is £2.7 million and the Community Initiatives Team is £229,000. The Cabinet report on 23 October 2013 proposed savings of £1.6 million by way of a reduction in voluntary sector grant funding.

- 11.2 Appendix A lists the organisations that are recommended to receive funding for 2014/15 and 2015/16. It identifies savings of £1.0 million in 2014/15 and £640,000 in 2015/16, £72,000 above the proposed target of £1.6 million.
- 11.3 The costs of £104,613 as set out in paragraph 8.3 will be funded from the Efficiency Reserve.
- 11.4 The Council previously agreed to act as 'guarantor' for some VCS organisations that have 'Admitted Body' status within the WMPf, the maximum costs payable would be £13,000.

[AS/13022014/P]

12.0 Legal implications

- 12.1 Wolverhampton Compact obliges the Council to consult with the VCS on the proposals, ideally for a period of 12 weeks – which concluded on the 9 January 2014. VCS Grants are provided under a standard set of terms of Conditions which requires three months' notice to be given of termination of the grant. If three months' notice is given to the affected organisations following the meeting of Cabinet on 25 February 2014 the Council support for those services will end in May 2014.
- 12.2 Councillors are reminded of the Council's public sector equality duty under section 149 Equality Act 2010 ("the Equality Duty" and "the Equality Act"), and the approach the Equality Duty requires of the Council, and its Councillors (as the decision-makers). This is of particular importance given the recommendations contained in this report, and the adverse effect decisions not to provide grant-funding will have on very many vulnerable and disadvantaged members of the community.
- 12.3 The Equality Duty requires the Council to have "due regard" to the objectives set out in section 149, when exercising any of its functions. This includes when considering and making decisions on grant-funding to voluntary sector organisations ("VSOs"). "Due regard" means the regard that is appropriate in all the particular circumstances in which the Council is carrying out its functions.
- 12.4 In summary, the Equality Duty requires the Council to have due regard to the need to eliminate discrimination, and both (a) to advance equality of opportunity as well as (b) to foster good relations, in each case between persons who share one or more of the "protected characteristics" and persons who do not share it. The protected characteristics are: age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation.
- 12.5 Where it is apparent from the analysis of the information before the Council that a proposed policy or decision would have an adverse effect upon equality, then adjustments should be made to avoid that affect, *i.e.* mitigation. Furthermore, compliance with the Equality Duty may involve the Council treating some people more favourably than others.
- 12.6 Councillors should remember, however, that the Equality Duty is not necessarily to achieve the objectives or take the steps set out in section 149. Rather, it is designed to bring these

important objectives relating to discrimination and equality into consideration when the Council is setting policies or making decisions.

- 12.7 At the same time as paying the necessary “due regard”, Councillors must also pay regard to any countervailing factors, which it is proper and reasonable for them to consider. Budgetary pressures, economics and practical factors will often be important. The weight of these countervailing factors in the decision making process is a matter for Councillors, subject to the principles of public law.
- 12.8 As set out in the recommendations, the Cabinet is being asked to take decisions which will result in:
- 12.8.1 A cessation of grant funding to the VSOs identified in the recommendations; and
- 12.8.2 A cessation of grant funding to the further 17 VSOs identified in recommendation 3 after 2014/15 or (in identified cases) a shorter period of time.
- 12.9 As recorded in paragraph 5.3, detailed Individual Impact Assessments have been completed for the individual VSOs. These Assessments set out, among other things, the potential adverse implications for the individual VSOs and their service users/clients groups if grant funding is not continued. They also identify each VSO’s service users/client groups by reference to any relevant protected characteristics.
- 12.10 A careful consideration of these Individual Impact Assessments is one of the key ways in which Councillors can show “due regard” to the relevant matters within the Equality Duty.
- 12.11 Further, as recorded in paragraph 5.5, a stage one and two Equality Analysis has also been developed. A copy of this Analysis, which is summarised at Paragraph 13.0, is attached. It also needs to be read and carefully considered.
- 12.12 As reflected throughout this report and accompanying documents, the proposals will impact adversely on each of the 30 VSOs, their service users and client groups (including, in particular, those with the identified protected characteristics). Each VSO performs a different function or service, to different clients or parts of the community, and the adverse impacts are necessarily different. Therefore, in considering the recommendations, Councillors are reminded that they should give individual consideration to each VSO, and the adverse impacts on it and its service users/client groups.
- 12.13 This applies to each of the 30 VSOs. Although the 17 VSOs identified in recommendation 3 will have a period of up to one year within which to investigate other sources of funding or ways of delivering services etc., it would be prudent for Councillors to assume that the adverse implications set out in each of the Individual Impact Assessments will likely result once Council funding ends.
- 12.14 So far as concerns individual mitigation measures:
- a. the Council will continue to work with all VSOs to identify other sources of funding;

- b. the 17 VSOs identified in recommendation 3 will have this ability whilst still being funded for a further year (or part of a year); and
- c. in a very few, identified cases, alternative services will be available to be accessed by an existing VSO's client group.

12.15 In addition to considering the adverse impact on individual VSOs and their service users/client groups, Councillors should also consider the cumulative adverse impact upon service users/clients, if the proposals were accepted (and either in whole or in part). The attached Stage 2 Equality Analysis seeks to analyse that cumulative adverse impact.

12.16 Conclusions

12.16.1 In summary, Councillors should carefully consider the significant adverse impact of the proposals for each of the 30 affected VSOs, individually and cumulatively, upon (a) persons with one or more of the protected characteristics and (b) the objectives of the Equality Duty, which it is clearly desirable for the Council to promote. They should consider whether all reasonable mitigation measures have been considered, in an endeavour to alleviate some of this adverse impact. In reaching their decisions, the legal advice to Councillors is that they may nevertheless reasonably conclude that:

- a. the extreme budgetary pressures facing the Council, as described in the Report, present a significant countervailing factor to the Equality Duty;
- b. the absence of further mitigation measures being available results from these same budgetary pressures; and
- c. for all the reasons set out in this report, the proposals may properly be accepted, either in whole or in part.

[RB/07022014/H]

13.0 Equalities Implications

13.1 An Equalities Analysis (E.A.) of this savings proposal has been completed. A Stage One E.A. was compiled by officers, following which, a focus group of representatives from the Third Sector Partnership met to quality assure Stage Two of the E.A. process.

13.2 The key messages from the Focus Group meetings were:

13.2.1 The E.A shows the very positive impact that the VCS makes across the 9 protected characteristics. The Focus Group felt strongly that the equalities profile of overall provision by the VCS should be maintained.

13.2.2 The Stage Two E. A. identifies a potential adverse impact upon people across all protected characteristics. A reduction in VCS operational capability or infrastructure has the potential to reduce or eliminate the potential for support to some of the most vulnerable people in local communities and, in consequence, reduce the Council's ability to deliver important programmes.

13.2.3 There will be an initial impact upon 13 organisations, that will see funding conclude in May 2014 (these are listed in paragraph 6.5). Because there are two stages to this savings proposal the E.A will need to be reviewed and updated during 2014/15. This will ensure it reflects changes to level of need in Wolverhampton and the impact of the proposals to end funding for a further 16 organisations at 31 March 2015. This will see the number of groups funded by the Council reduced to 12 and will have significant impacts across the 9 protected characteristics.

13.3 The table below summarises the known equalities and impact data in regard to the 13 organisations that will see funding end in April 2014:

Service Users	BME Service Users	% of BME Service Users	Gender (where known or collected)		Disabled People	Jobs at risk	Ext. Funding
			Male	Female			
32,801*	7,004	22.5%	5,713	5,105	1,513	93	1,452,883

*Includes 20,287 telephone calls received by one organisation.

14.0 Environmental implications

14.1 There are some environmental implications as one funded organisation delivers environment based activities and awareness and one is delivering recycling services.

15.0 Human Resources Implications

15.1 The 13 organisations affected by these proposals forecast that up to 93 posts will be at risk if their Council grants are withdrawn.

16.0 Schedule of background papers

16.1 **(26.10.13) Cabinet - Five Year Budget and Medium Term Financial Strategy 2014/15 to 2018/19 (Appendix 00029)**

Appendix A - allocation of grants 2014/15 and 2015/16

Voluntary organisation:	Base Budget 2014/15 £	Proposed Budget 2014/15 £	Proposed Budget 2015/16 £
Access to Business	56,010	56,010	56,010
Afro-Caribbean Community Initiative	56,440	56,440	56,440
Age UK, Wolverhampton (I2S intervention)	120,130	48,050	48,050
Base 25	27,160	27,160	0
Blakenhall Community Advice Centre	61,440	10,240	0
BME United	51,370	8,560	0
Central Youth Theatre	13,520	2,260	0
Church of God of Prophecy	50,620	50,620	0
Citizens Advice Bureau	367,200	358,200	358,200
City Challenge Legacy	3,000	0	0
<i>City Challenge Legacy Rental Income</i>	(3,000)	0	0
Gazebo (I2S intervention)	71,820	31,000	0
Haven Project	204,230	175,000	175,000
Heath Town Senior Citizens Welfare Project	116,780	116,780	116,780
Jericho House	15,530	2,580	0
Job Change	59,290	59,290	59,290
Little Brothers	53,410	53,410	53,410
One Voice - Disability Forum	34,680	34,680	0
Relate	52,820	8,800	0
Sickle Cell & Thalassemia Support	31,640	31,640	0
St Columbus Day Centre	51,360	51,360	51,360
St George's Charity	36,520	36,520	0
Stratton Street Community Project	22,430	3,740	0
Wildside Activity Centre	73,160	12,200	0
W'ton City Credit Union (I2S in 2014/15)	102,000	67,000	35,000
W'ton Community Radio	46,870	7,820	0
W'ton Community Transport	90,910	15,160	0
W'ton Domestic Violence Forum	58,770	58,770	0

Voluntary organisation:	Base Budget 2014/15 £	Proposed Budget 2014/15 £	Proposed Budget 2015/16 £
W'ton Gateway Clubs	2,080	340	0
W'ton Samaritans	2,250	380	0
W'ton Voluntary Sector Council	98,080	98,080	0
W'ton Volunteer Service	39,770*	90,000	90,000
YMCA - Wolverhampton Project	49,510	8,260	0
Young in Wolverhampton Clubs	37,780	6,300	0
Zip Theatre Closed Aug 2013	30,480	0	0
Youth Organisations Wolverhampton	112,350	50,000	0
Holiday Play schemes	5,000	0	0
Supporting Compact Development	2,000	0	0
Voluntary Sector Training	1,000	0	0
Infrastructure Support Grant	0	0	100,000
Contingency	84,480	0	0
Equality & Diversity Fund Projects:			
Aspiring Futures	39,060	39,730	0
Bilston Resource Centre	37,610	35,580	0
Equality & Diversity Forum	16,890	8,450	0
EYES	38,610	38,720	0
Jubilee Community Support Centre	40,000	40,000	0
LGBT	40,000	20,000	0
Refugee & Migrant Centre	40,000	0	0
SEWA	34,860	0	0
Wolverhampton Somali Community Organisation	14,340	11,610	0
TOTAL	2,692,260	1,830,740	1,199,540

Community Initiatives Team 229,000 59,000 50,000

Overall Budget Required 2,921,260 1,889,740 1,249,540

Savings Identified 1,031,520 640,200

* 2013/14 grant payment was £90,000; £50,000 was funded from budgets outside CIT

Appendix B: Proposed Reduction in Voluntary Sector Grant - Response from Third Sector Partnership January 2014

Report to Cabinet 23 October 2013	Response from Third Sector Partnership										
<p>1.0 Description of Savings Proposal The council currently commissions / grant funds £12.5 million schemes in the voluntary sector. This proposal specifically targets the voluntary sector grant funding which has a current budget of £2.5 million and looks to reduce that by a further £1.6 million over the next year and a half. However, this would only equate to a 13% reduction in voluntary sector funding overall. The remaining budget of £940,000 would be allocated to organisations that deliver services that are considered strategically important to the delivery of the City Strategy. This proposal would also result in the downsizing of the Community Initiatives Team with the remaining commissioning elements of the role being undertaken by existing commissioners in the Directorate and one central post remaining to coordinate support to the voluntary sector.</p>	<p>The Council is proposing to reduce the £2.5 million which currently supports a range of voluntary and community organisations to deliver services in the city by £1.6 million leaving a total of £0.94 million. This is a cut of 64%. The cut is front-loaded into years 1 and 2 of the Five Year Strategy.</p> <p>The most recent Council figure in terms of total council resources spent with the VCS is £18.2 million. Of this, only £10.5 million is coming from the Council's revenue resource, with the balance funded from external sources. Much of the £18.2 million is not spent with the local third sector with, for example, £5.5 million being spent with NACRO, a London based national organisation. A further £3.15 million is going to Housing Associations for Housing Related Support, of which all except one are based outside Wolverhampton. This budget itself is facing a 30% cut over the next two years.</p> <p>That said, apart from the CIT budget, all remaining funds represent contracts awarded to third sector organisations primarily through competitive processes, and as such they fall outside the scope of this report. All contracts are also subject to their own savings proposals in negotiation with the provider.</p>										
<p>2.0 Table Setting out financial proposal 2.1 Total base budget savings</p> <table border="1" data-bbox="188 1141 808 1380"> <thead> <tr> <th>Year</th> <th>Total Base Budget Savings</th> </tr> </thead> <tbody> <tr> <td>2014 -15</td> <td>£1,067,000</td> </tr> <tr> <td>2015 -16</td> <td>£ 533,000</td> </tr> <tr> <td>2016-18</td> <td>£0</td> </tr> <tr> <td>5 YR Total</td> <td>£1,600,000</td> </tr> </tbody> </table>	Year	Total Base Budget Savings	2014 -15	£1,067,000	2015 -16	£ 533,000	2016-18	£0	5 YR Total	£1,600,000	<p>Achieving this level of reduction within the timescale presented and in line with the Council's Compact commitments would lead to the first year cuts being delivered over 9 months, exacerbating the damage to organisations and services available to our communities from 2014.</p>
Year	Total Base Budget Savings										
2014 -15	£1,067,000										
2015 -16	£ 533,000										
2016-18	£0										
5 YR Total	£1,600,000										

Report to Cabinet 23 October 2013	Response from Third Sector Partnership														
<p>2.2 Staffing Implication</p> <table border="1" data-bbox="188 363 656 735"> <thead> <tr> <th data-bbox="188 363 412 475">Year</th> <th data-bbox="412 363 656 475">Full Time Equivalent (FTE)</th> </tr> </thead> <tbody> <tr> <td data-bbox="188 475 412 517">2014-15</td> <td data-bbox="412 475 656 517">3</td> </tr> <tr> <td data-bbox="188 517 412 558">2015-16</td> <td data-bbox="412 517 656 558">0</td> </tr> <tr> <td data-bbox="188 558 412 600">2016-17</td> <td data-bbox="412 558 656 600">0</td> </tr> <tr> <td data-bbox="188 600 412 641">2017 -18</td> <td data-bbox="412 600 656 641">0</td> </tr> <tr> <td data-bbox="188 641 412 683">2018-19</td> <td data-bbox="412 641 656 683">0</td> </tr> <tr> <td data-bbox="188 683 412 735">5 YR Total</td> <td data-bbox="412 683 656 735">3</td> </tr> </tbody> </table>	Year	Full Time Equivalent (FTE)	2014-15	3	2015-16	0	2016-17	0	2017 -18	0	2018-19	0	5 YR Total	3	<p>142 FTE staff are directly employed by Community Initiatives funding. A 64% saving on this would therefore equate to 91 FTE job losses as well as the 3 posts within the CIT team. This does not take into account the knock on effect for other income sources captured under point 6 below, which will in turn result in additional job losses.</p> <p>In addition a reduction in staffing within voluntary and community organisations (VCOs) will lead to a significant reduction in volunteering. For example one funded organisation utilises input from volunteers valued at £755K. The demise of that organisation or any significant reduction in paid staff will significantly impact on the scale and value of volunteering, and this will be replicated across other funded organisations that face a cut or withdrawal of funding.</p> <p>The current monetary value of volunteering across the City, based on national figures equates to £90 million.</p>
Year	Full Time Equivalent (FTE)														
2014-15	3														
2015-16	0														
2016-17	0														
2017 -18	0														
2018-19	0														
5 YR Total	3														
<p>3.0 Communications Strategy Implications The Communications Strategy Implications of this proposal represent considerable risk as detailed below. The proposal would result in funding being withdrawn from a number of voluntary sector organisations. Continued funding would need to be focussed on corporate priorities.</p>	<p>The implications for communication and public relations represent a considerable risk. Wolverhampton has a national reputation relating both to its vibrant and effective voluntary sector, for example successfully bidding for large BIG Lottery awards, and its work around the Compact. These proposals undermine both.</p> <p>There is also the risk that neighbourhoods affected by the cuts will feel devalued and more isolated.</p>														
<p>4.0 Corporate Landlord Implications The Corporate Landlord Implications of this proposal represent some risk as detailed below. Voluntary Sector Organisations (VSOs) could consider asset transfer opportunities through the</p>	<p>There are risks in this area too as Voluntary and Community Organisations (VCOs) which might have been in a position to consider asset transfer opportunities may no longer be in place or have the capacity to pick up service delivery where the Local Authority has withdrawn its services delivered in local, neighbourhood-based premises.</p>														

Report to Cabinet 23 October 2013	Response from Third Sector Partnership
<p>Council's Community Asset Transfer (CAT) Strategy to help build financial security. The CAT Strategy creates a single gateway approach that provides a clear point of contact for VSOs with asset transfer enquiries and will act as a conduit and a source of information and support. The Corporate Landlord strategic pathway and effective use of the Asset Management Plan will assist with this process.</p>	<p>The fact that there is a Community Asset Transfer strategy in place will be less relevant if there are fewer VCOs in place to take up the baton of local service delivery.</p>
<p>5.0 Customer Implications</p> <p>The implications for customers of this proposal represent considerable risk as detailed below. The proposal would result in funding being withdrawn from a number of voluntary sector organisations. Funding will need to be focused on priorities and assistance offered to voluntary organisations to access alternative sources of funding.</p>	<p>There are considerable risks in this area in particular.</p> <p>VCOs deliver services to some of the most vulnerable people in the city, often in the more deprived neighbourhoods. These proposals risk the closure of a wide range of VCOs and the loss of those services to our communities.</p> <p>A full impact assessment needs to be carried out to assess the way in which these proposals might impact on customers, particularly the more vulnerable and isolated who typically make up the greatest proportion of customers to VCOs.</p> <p>As Council services are reduced, the risks to community cohesion and greater social exclusion increase. VCOs work to achieve greater community cohesion and increase social inclusion, and the reduction of support to the VCS undermines that role. Before agreeing any reduction in this fund, an impact assessment should be carried out to consider VCOs contribution to community cohesion and social inclusion within the City.</p>
<p>6.0 Economic Implications</p> <p>Funding received by voluntary sector organisations from the council may be used to attract further funding from other organisations. This proposal</p>	<p>Council figures confirm that for every £1 accessed by the VCS an additional £4.20 is raised to deliver services to local people. Based on these Council figures, a reduction of £1.6m will lead to a reduction of external funding being brought in to the city of around £5 million per annum.</p>

Report to Cabinet 23 October 2013	Response from Third Sector Partnership
<p>may therefore lead to an overall reduction in funding received by the city as a whole, which could have an impact on the local economy.</p>	<p>There is an increasing emphasis on partnership working across the Public and Voluntary and Community Sectors, in order to secure additional significant resources such as European funding, and resources from large lottery programmes and Central Government programmes. Weakening the local VCS in this way risks undermining our ability to secure these additional resources that would, in themselves help mitigate the disproportionate impact of Central Government cuts on our City.</p>
<p>7.0 Environmental Implications The Environmental Implications of this proposal are minimal.</p>	<p>No comment from the Third Sector Partnership.</p>
<p>8.0 Equality Implications An equalities analysis screening has been completed, a full analysis is required.</p>	<p>The city's voluntary and community sector works with individuals and communities from all the protected groups under the Equalities Act 2010. Therefore these proposals represent a considerable risk in the area of equalities. This is laid out in more detail in the Council's initial equality analysis of this proposal (attached)</p> <p>This initial analysis shows that a full equalities analysis and impact assessment will be required.</p> <p>Depending on how robustly this is carried out, this impact assessment may be open to challenge in the courts.</p>
<p>9.0 Financial implications The Financial Implications in terms of savings and investments areas as described above.</p>	<p>There are considerable financial implications for the Council to the proposals outlined in this report.</p> <p>Many VCOs funded through the Community Initiatives budget provide prevention and / or early intervention services.</p> <p>It is inevitable that further reducing funding to preventative and early intervention services will result in an increased demand for higher tier,</p>

Report to Cabinet 23 October 2013	Response from Third Sector Partnership
	<p>statutory services such as child / adult protection, Looked After Children, Child and Adolescent Mental Health Services (CAMHS), Adult Mental Health services, residential support etc. For example:</p> <ul style="list-style-type: none"> • The national Troubled Families programme has estimated that each family within this cohort costs on average £75K per year that can be avoided with effective, good quality early intervention. The VCS plays a significant role within this programme. • Appropriately designed early support services around mental health can delay the date of admission to high level hospital based care by 2 years <p>A number of organisations currently funded through the Community Initiatives budget have significant pension liabilities within the West Midland Pension Fund that are underwritten by the Council. The closure of organisations within this cohort will lead to significant costs for the Council, for example the closure of the Community Safety Partnership in previous years led to a pension liability of C£600K for the Council. Obtaining accurate estimates of current liabilities is challenging and cannot be accurately assessed until such time as an organisation closes, but the figure for CIT funded organisation would run to many hundreds of thousands of pounds.</p> <p>A number of VCO organisations also pay rent to the Council and the closure of these organisations will result in a loss of that income.</p>
<p>10.0 Health Implications</p> <p>The Health Implications of this proposal are minimal. Further information required regarding the voluntary services affected to ensure reduction or cessation of service provision does not affect health and widen the inequalities gap.</p>	<p>There is a considerable risk to health from these proposals, including the widening of health inequalities across the city by geography or by community.</p> <p>As outlined above, VCOs deliver a wide variety of preventative and early help services, many of these impacting directly on health, particularly mental health and the wider determinants of health such as employment, poverty, social isolation, support networks and resilience.</p> <p>VCOs are the source of the vast majority of volunteering opportunities in the</p>

Report to Cabinet 23 October 2013	Response from Third Sector Partnership
	<p>city, and reductions in the numbers or capacity of VCOs will lead to a mirrored reduction in volunteering opportunities.</p> <p>Volunteering has major health benefits for the individuals who volunteer as well as for the people supported directly by the volunteering work.</p>
<p>11.0 Legal Implication</p> <p>The Legal Implications of this proposal are minimal.</p>	<p>There are potential legal implications from these proposals.</p> <p>If it can be demonstrated that inaccurate or incomplete information was used to make a decision about reductions in funding this could leave the Council open to legal challenge.</p> <p>If it is demonstrated that these savings proposals have a disproportionate impact on people from protected groups, and the proposals are implemented with no amendment, this could also leave the Council open to legal challenge.</p>
<p>12.0 Policy implications</p> <p>The Policy Implications on agreed Council policy represents some risk. The proposal would result in funding being withdrawn from a number of voluntary sector organisations. Continued funding would need to be focused on compact priorities. There is a risk to the delivery of the corporate priority 'Empowering People and Communities' around 'encourage, support and work with the voluntary and community sectors'.</p>	<p>There are significant implications for policy in these proposals.</p> <p>The VCS contributes to all of the priorities in the City Strategy: people living longer, healthier lives; reducing child poverty; higher employment rate; and more jobs.</p> <p>A reduction in the number of VCOs will lead to a reduction in the capacity of the sector to contribute to achieving the goals set out in the City Strategy.</p> <p>In addition, the outcome of recent budget consultations in the City confirmed that the top priority was protecting the vulnerable; this scale of reduction within organisations whose main role this is will be at significant odds with this stated policy priority.</p>
<p>13.0 Procurement Implications</p> <p>The Procurement Implications of this proposal represent some risk as detailed below. Testing the market for alternative innovative services and</p>	<p>There is significant risk associated with the procurement implications of these proposals.</p> <p>Making the cuts in line with the proposed timetable will severely limit procurement options for the Council.</p>

Report to Cabinet 23 October 2013	Response from Third Sector Partnership
<p>terminating contracts early. Should the future services be commissioned, full procurements will be needed for each opportunity ensuring fair, open and transparent processes. This will require resource and potentially impact the timetable.</p>	<p>There will be little time for testing the market if current agreements are terminated early.</p> <p>Should services be commissioned rather than grant aided, full procurement processes will need to be followed for each opportunity to ensure processes are fair, open and transparent.</p> <p>This will significantly impact on the proposed savings timetable.</p>
<p>14.0 Staffing Implications</p> <p>This proposal has HR implications for the Community Initiative Team. The need for compulsory redundancies will be avoided as far as possible through maximising opportunities for voluntary redundancies, redeployment and the deletion of vacant posts.</p>	<p>Voluntary organisations have much less scope than the Council to redeploy staff whose posts are lost. Therefore the proposal will almost certainly lead to a significant number of compulsory redundancies. The front-loading of the cuts in 2014-15 will give little scope for organisations to put alternative funding in place. The cost of these redundancies could in turn destabilise the finances of the organisations concerned, making it more likely that organisations will be forced to close down.</p>
<p>15.0 Trade Union Implications</p>	<p>Many employees within the VCS are not Union members. Those that are may chose to be represented through any redundancy process. For some, particularly smaller, organisations this would be the first experience of a redundancy process and support may be required to ensure that policies are in place and adhered to.</p>

Appendix C: Summary of impact assessments submitted by each funded organisation

Ref	Organisation	Service Location	Ward/s Served	Third Sector Equality & Diversity Fund End Date	Service Implication End, Reduce or Continue	Alternative provision Available?	Individual Service Users Affected	Jobs at Risk	Volunteers at Risk	W Mids Pension Fund Member	Other Income at Risk £	2013/14 WCC (CIT) Grant £
1	Access To Business	SP	CW		Reduce	No	225	1	51		338,585	56,010
2	Afro-Carib Community Initiative	SP	CW		Red/End	No	77	2	75		78,899	56,440
3	Age UK Wolverhampton	SP	CW		Reduce	No	2,950	8	135	6	871,183	120,130
4	Aspiring Futures	BL	BL/GR/HT/PK	Jun 2015	End	No	180	6	3		89,636	39,055
5	Base 25	SP	CW		Red/End	No	367	14	40		36,240	27,160
6	Bilston Resource Centre (BRC)	BE	BE/BN/ETT	Aug 2015	Reduce	No	810	4	45		79,000	37,610
7	Blakenhall Comm Advice Centre	BL	BL		End	No	2,080	4	9		35,377	61,440
8	BME United	BL	CW		End	Yes	2,928	2	5	5	154,936	51,370
9	Central Youth Theatre	SP	CW		Reduce	Yes	104	5	5		59,928	13,520
10	Church of God of Prophecy	SP	CW		End		6,230	5	69		69,323	50,620
11	Citizens Advice Bureau	SP	CW		Red/End	No	12,761	32	80		3,340,000	367,200
12	(EYES) Engage Youth Empowerment	ST P	CW	Dec 2015	End	No	46	3	20		61,000	38,610
13	Equality & Diversity Forum	AS	CW	Jun 2015	End	No		1	0		0	16,886
14	Gazebo	BE	CW		End	No	13,841*	30	30		700,000	71,820
15	Haven Project	SP	CW		Reduce	No	790	65	120		2,331,351	204,230
16	Heath Town Snr Citizens Welfare Proj	HT	HT		End	No	74	9	30		40,714	116,780
17	Jericho House	PK	CW		End	No	27	1	0		1,026,000	15,530
18	Job Change	CW	CW		End	No	6,804	30	12		800,000	59,290
19	Jubilee Comm Support Centre	GR	GR/MH/CW	Jun 2015	End	No	26	4	6		0	40,000
20	LGBT	SP	CW	Feb 2014	End	No	684	1	54		500,000	40,000
21	Little Brothers	SP	CW		Reduce	No	220	1	40		28,438	53,410
22	One Voice - Disability Forum	SP	CW		End	No	457	14	40		107,098	34,680
23	Refugee Migrant Centre	SP	CW	Feb 2014	Reduce	No	6219	1	86		343,552	40,000

Ref	Organisation	Service Location	Ward/s Served	Third Sector Equality & Diversity Fund End Date	Service Implication End, Reduce or Continue	Alternative Provision Available?	Service Users Affected	Jobs at Risk	Volunteers at Risk	W Mids Pension Fund Members	Other Income at Risk £	2013/14 WCC (CIT) Grant £
24	Relate	SP	CW		End	No	781	23	9		99,695	52,820
25	SEWA Centre	AS	AS/BL	Aug 2015	Reduce	Yes	579	2	4		0	34,862
26	Sickle Cell & Thalassaemia Support	SP	CW		Red/End	No	432	1	8	11	213,005	31,640
27	St Columbas Day Centre	TW	BL/PK/PNSP		End	No	66	6	10	6	120,810	51,360
28	St George's Charity	SP	CW		Reduce	No	191	2	46		144,625	36,520
29	Stratton Street Comm. Project	BBS/LH	LH		End	No	300	7	15		19,352	22,430
30	Wildside Activity Centre	SP	CW		End	Yes	3780	9	30	5	0	73,160
31	Wolverhampton City Credit Union	SP	CW		Reduce	No	6,860	4	10		2,300,000	102,000
32	W'ton Community Radio	SP	CW		End	Yes	173	3	103		0	46,870
33	W'ton Community Transport	BN	CW		Reduce	Yes	2,000	6	18		0	90,910
34	W'ton Domestic Violence Forum	SP	CW		End	Yes	1,193	5	0		132,203	58,770
35	W'ton Gateway Clubs	PK	CW		No submission received				77		No details	2,080
36	W'ton Samaritans	PK	CW		Reduce	No	20,287	0	80		No details	2,250
37	W'ton Somali Community	HT	HT	Jun 2015	End	No	89	0	10		0	14,340
38	W'ton Voluntary Sector Council	SP	CW		Reduce	No	466*	4	-	33	12,000,000	98,080
39	W'ton Volunteer Service	SP	CW		End	No	1,200	3	1,000	2	No details	39,770
40	YMCA - W'ton Project	SP	CW		End	No	298	4	4		28,000	49,520
41	Young in W'ton Clubs	TW	CW		End	No	226	30	5		57,545	37,780
42	Youth Orgs W'ton (YOW)	TW	CW		End	No	115*	3	5		0	112,350
TOTAL							96,936	355	2,389	68	26,206,495	

* **Number of attendances/visits/audience/groups supported number rather than individuals counted**

WARD KEY: Bilston East (BE) Bilston North (BN) Blakenhall (BL) Bushbury North (BBN) Bushbury South (BBS) Low Hill (LH) East Park (EP) Ettingshall (ETT) Fallings Park (FP) Graiseley (GR) Heath Town (HT) Merry Hill (MH) Oxley (OX) Park (PK) Penn (PN) Spring Vale (SV) St Peter's (SP) Tettenhall Regis (TR) Tettenhall Wightwick (TW) Wednesfield North (WN) Wednesfield South (WS)

ppendix D – Matrix for the determination of funding priorities

Ref	Organisation	Vulnerable Children & Adults	Training and Employment	Economic Inclusion	Social Inclusion	Volunteers	Total Priority Score	Grant to End 30 April 2014	2014/15 WCC Grant £	2015/16 WCC Grant £
1	Access To Business	4	5	5	5	3	22		56,010	56,010
2	Afro-Caribbean Comm Initiative (ACCI)	5	4	3	5	5	22		56,440	56,440
3	Age UK, Wolverhampton	5	3	4	4	4	20		48,050	48,050
4	Aspiring Futures	<i>Equality and Diversity grant concluding on 31 March 15</i>							39,730	0
5	Base 25	5	4	2	4	4	19		27,160	0
6	Bilston Resource Centre (BRC)	<i>Equality and Diversity grant concluding on 31 March 15</i>							35,580	0
7	Blakenhall Comm Advice Centre	4	1	4	4	2	15	✓	10,240	0
8	BME United	<i>Innovate to Save bid will make organisation self sufficient</i>							8,560	0
9	Central Youth Theatre	3	4	0	3	3	13	✓	2,260	0
10	Church of God of Prophecy	4	3	3	4	4	18		50,620	0
11	Citizens Advice Bureau	5	3	5	5	5	23		358,200	358,200
12	Engage Youth Emp't Services (EYES)	<i>Equality and Diversity Grant concluding on 31 March 15</i>							38,720	0
13	Equality & Diversity Forum	<i>1 year Equality and Diversity grant to conclude on 30 June 14</i>							8,450	0
14	Gazebo	2	4	3	4	3	16		31,000	0
15	Haven Project	5	4	3	5	5	23		175,000	175,000
16	Heath Town Snr Citizens Welfare	5	4	2	5	4	20		116,780	116,780
17	Jericho House	4	1	2	4	0	11	✓	2,580	0
18	Job Change	4	5	5	3	4	21		59,290	59,290
19	Jubilee Comm Support Centre	<i>Equality and Diversity grant concluding on 31 March 15</i>							40,000	0
20	LGBT	<i>1 year underwriting to allow Lottery bid to be developed</i>							20,000	0
21	Little Brothers	5	3	4	4	5	21		53,410	53,410
22	One Voice - Disability Forum	5	2	3	4	3	17		34,680	0
23	Refugee Migrant Centre (RMC)	<i>Equality and Diversity grant scheduled to conclude in Feb 14</i>							0	0

Ref	Organisation	Vulnerable Childrer & Adults	Training and Employment	Economic Inclusion	Social Inclusion	Volunteers	Total Priority Score	Grant to End 30 April 2014	2014/15 WCC Grant £	2015/16 WCC Grant £	
24	Relate	3	2	1	2	4	12	✓	8,800	0	
25	SEWA Centre	<i>1 year Equality and Diversity grant concluding in June 14</i>								0	0
26	Sickle Cell & Thalassaemia Supp.	5	3	1	4	3	16		31,640	0	
27	St Columbas Day Centre	5	4	2	5	4	20		51,360	51,360	
28	St George's Charity	4	4	3	3	3	17		36,520	0	
29	Stratton Street Comm. Project	4	1	1	3	3	12	✓	2,580	0	
30	Wildside Activity Centre	3	2	2	3	3	13	✓	12,200	0	
31	Wolverhampton City Credit Union	5	3	5	4	4	21		67,000	35,000	
32	W'ton Community Radio	1	3	1	2	3	10	✓	7,820	0	
33	W'ton Community Transport	4	4	2	3	2	15	✓	15,160	0	
34	W'ton Domestic Violence Forum	5	0	3	5	3	16		58,770	0	
35	W'ton Gateway Clubs	5	0	0	4	4	13	✓	340	0	
36	W'ton Samaritans	5	0	0	4	5	14	✓	380	0	
37	W'ton Somali Community	<i>Equality and Diversity grant concluding on 31 March 15</i>								11,610	0
38	W'ton VSC	<i>Revised allocation for Infrastructure to be allocated in 2015</i>								98,080	0
39	W'ton Volunteer Service	<i>Service being developed and new grant allocation underway</i>								90,000	90,000
40	YMCA – W'ton Project	3	3	3	3	3	15	✓	4,130	0	
41	Young in W'ton Clubs	3	3	2	3	3	15	✓	3,150	0	
42	Youth Orgs W'ton (YOW)	<i>Part year allocation for Infrastructure to be allocated</i>								50,000	0
43	New Infrastructure Support Grant	<i>A new allocation for Infrastructure service yet to be allocated</i>								0	100,000

Appendix E: Summary of Innovate to Save (I2S) fund applications recommended for approval

Provider Org	Budget 13/14	Amount Req	Forecast Savings 2014 onwards	Proposal Summary
Age UK	£120,130	£64,808	£72,080	I2S funds will be used to fund 2 posts: A Trading Manager to develop AGE UK's trading arm (volumise sales, product range etc.) and increase amount of unrestricted funding an continue to fund the Income Manager Development post for a further 18 months to obtain funding from alternative sources.
BME United	£51,370	£39,805	£51,370	I2S funds will be used to increase BME United's sustainability by employing a full time Business Development Officer for 1 year to develop a 2 year trading plan and implement a new Community Interest Company (CIC).

Wolverhampton City Council

Equality Analysis - Stage One – Initial Analysis

What you are analysing: 2014/15 Voluntary and Community Sector Grants (VCS) Budget Savings Target

Is it a; service function policy procedure

Is it? A new service, function, policy or procedure

An existing service, function, policy or procedure

An amended or revised service/ function/ policy/ or procedure

<p>1. What are the main aims and objectives or purpose of the service, function, policy or procedure (proposal)? What needs or duties is it designed to meet?</p>	<p>The Council's support for the VCS is a power held under Local Government legislation. Through its grants budget the Council has harnessed the skills of the local VCS and its volunteers to deliver a range of quality services to local people. In 2014/15 the City Council is proposing to reduce the grants budget by £1.6 million over the next year and a half. The remaining budget of £940k would be allocated to organisations that are important to the delivery of the City Strategy. All other funding from the Community Initiatives (CI) budget will cease. The CI Team will be scaled back with the remaining elements of the Teams work transferring to Commissioners within the Community Directorate; one central post would be established to co-ordinate support for the VCS.</p>
<p>2. Who is or will be affected by this proposal?</p>	<p>The majority of the 42 VCS organisations currently in receipt of a grant, and their individual service users, will be directly affected by the loss of that funding with effect from 31 March 2014. This may lead to the closure of currently funded VCS services across the city. Latest reported levels of usage, of those 42 services and projects, was that there were 173,313 distinct individual service users identified in the last complete dataset for 2011/12.</p>
<p>3. Is the proposal affected by external drivers for change? (e.g. new or amended legislation, national policy, external inspections etc.)</p>	<p>The driver for this element of the savings programme is City Council's Savings Target which is predicated upon government cuts to the Council's funding leaving it facing a projected deficit of £89M over the next five years.</p>
<p>4. Who is responsible for defining and implementing this proposal?</p>	<p>Viv Griffin (Assistant Director, Health Wellbeing and Disability) x5370; Karen Cross (Community Initiatives Team) x4034.</p>

5. How does Wolverhampton City Council interact with other bodies or organisations in relation to the implementation of the proposal?	The Council works in partnership with the VCS and will meet with groups affected as soon as proposals have been considered by Cabinet on 23 October 2013. Employees will work with all organisations during rest of the financial year to assist with service redesign or project/service ‘wind down’.
6. What analyses, information or data relating to the proposal already exist?	Data on services users and equality monitoring of those users re: ethnicity, gender and disability is available.
7. Is there any evidence of higher or lower take up under the proposal for any particular groups? (from formal monitoring or informal anecdotal evidence)	Yes; older people, women and people from BME backgrounds. Data analysis by the Community Initiatives Team has identified a high level of take up of grant funded VCS services by people from BME communities.
8. Is there any evidence that the proposal may be directly or indirectly discriminatory?	No
9. If the proposal is discriminatory, can it be justified?	N/A
10. If the proposal is not discriminatory, is there any evidence that it has a differential impact?	Yes. A reduction in VCS infra-structure or operational capability has the potential to reduce or eliminate the potential for them to support some of the most vulnerable people in our communities and, in consequence, reduce the city council’s ability to deliver important programmes. This could have significant impact on the city Council’s reputation especially when coupled with other cuts to the services that are being made from other funding sources on which they rely.
11. If there is a differential impact, is it likely to have an adverse impact on any group?	The ending of services will impact upon people in the city from the nine protected characteristics as groups deliver services to clients across each strand in the Equalities Act 2010
12. If there is an adverse impact, can that impact be justified?	The Council, faced with £89m of savings to find over the next five years, is no longer prioritising grants for VCS organisations. It <i>is</i> prioritising provision by the VCS and will need to rely upon the services of VCS organisations and volunteers in future. The community will be asked to take a significant role but with much reduced funding.
13. What evidence have you used to make your judgment of discrimination and/or adverse impact?	Annual equalities monitoring is already collected and the service description that is agreed with each VCS organisation/service provider.
14. If the discrimination /adverse impact cannot be justified, how do you intend to deal with it? Is there	VCS organisations that currently deliver activities that have been supported with Council grants will be given at least three months’ notice that those grants will end.

any alternative measure which would achieve the desired aim without the adverse impact identified?	A small groups of organisations that help to deliver Council priorities will retain their Council grants to a total of £940k.
15. Does or could, the proposal contribute to a specific duty in equality law? <ul style="list-style-type: none"> • eliminate discrimination, harassment and victimisation • advance equality of opportunity between people from different groups • foster good relations between people from different groups. 	The majority of the services delivered contribute to one or more of the Council's Equality duties under the Act.
16. Are there any groups which might be expected to benefit from the intended outcomes but do not?	No
17. Is the proposal intended to increase equality of opportunity by permitting or requiring action to redress disadvantages? If yes, is it lawful?	No
18. Have you consulted as part of your analysis? Who have you consulted? What methods did you use?	There has been a significant period of consultation carried out about the budget challenge facing the Council and the VCS were involved. No consultation has been carried out about this specific proposal but it is intended that there will be a meeting with the VCS organisations affected. The equalities implications will feature as part of those discussions.
19. Is there any public concern (in the media etc.) that the proposal is being operated in a discriminatory manner?	The proposal is not yet in the public domain - but a significant level of public concern is anticipated.
20. Have there been any important demographic changes or trends locally? If so, are these anticipated or dealt with by the proposal?	No
21. How is information about the proposal publicised?	Through normal Council channels of communication and targeted information/mailings and meetings with affected organisations. It is anticipated that the organisations will cascade information to their service users.
22. How will you monitor in future?	Equality monitoring is a feature of the standard Council's Terms and Conditions attached to VCS grants, contracts and funding.
23. Is there any other relevant information?	Many VCS agencies are engaged in the delivery of the Troubled Families (Families in Focus) Programme, the

	<p>government's flag-ship national project to reduce the demand on services by the small proportion of families who make significant and wholly disproportionate demands on a range of public services. These agencies are often more approachable for families and are closer to their communities than statutory services; they often provide unique specialist services that the local authority does not. The sector currently key-works a third of Troubled Families per year (approx. 270-300) and contribute to other 'teams around families'.</p>
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Is there a need for a full Equality Analysis?

Work through the following questions, recording evidence as appropriate. (These questions are the same as on the framework and flowchart (appendices 2 and 3), use whichever one you prefer.

1. Are there any concerns or evidence that the proposal affects or could affect people differently or that the needs of certain groups would not be met? (Consider all the equality strands – age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation;

Yes

- If the answer is **No**, then there is **no need to carry out any further analysis**, record the basis for your answer and send this form to be signed off.
- If the answer is **Yes**, record your concerns and any evidence and **move on to question 2**.
- If the answer is **Don't Know**, record what evidence is needed to help you make a decision and **move on to question 2**

2. If the proposal affects or could affect people differently, does this mean that some groups of people would experience a less favourable service than others or that the needs of some groups would not be met?

Yes

If the answer is **No**, then there is **no need to carry out any further analysis**, record the basis for your answer and send this form to be signed off.

- If the answer is **Yes**, record what the worse service involves and any evidence and **move on to question 3**.
- If the answer is **Don't Know**, record what evidence is needed to help you make a decision and **move on to question 3**

3. Can this less favourable service be justified on the grounds of advancing equality of opportunity?

No – it is firmly predicated upon a significant cut in the available budget

- If the answer is **No**, record the basis for your analysis and **move on to question 4**.
- If the answer is **Yes**, the basis for your analysis should also be recorded, now **move on to question 4**.
- If the answer is **Don't Know**, record what evidence is needed to help you make a decision and **move on to question 4**.

4. Can the proposal be amended so that no one experiences a worse service and the overall aims and objectives are still fulfilled?

No – not if the required level of savings must to be acheived

If the answer is **No**, unless the proposal can be justified on the grounds of advancing equality of opportunity, the proposal should be referred back.

- If the answer is **Yes**, what amendments are required? When the necessary amendments have been identified, **move back to question 1**, to assess the likely impact of the amended proposal.
- If the answer is **Don't Know**, record what evidence is needed to help you make a decision and **move on to question 5**.

5. Should there now be a full analysis of the proposal? Consider the responses to all the previous questions to decide whether to carry out a more detailed review. If necessary, take advice from colleagues and other stakeholders before reaching a decision.

Yes

- If the answer is **No**, set a review date, agree what monitoring will be required and send this form to be signed off.
- If the answer is **Yes**, move onto the full analysis form.
- If the answer is **Don't Know**, detail what information you need to make a judgement and outline how you will obtain this information with timescales

Officer(s) completing the analysis: Karen Cross

Job Title Community Initiatives Team Manager

Tel: (01902 55) 4034

Date 3 October 2013

Upon completion of this form please record the date sent to:

Authorising Officer
Head of Equalities

Date sent
7 October 2013

Equality Analyses - Stage Two – Full Analysis (to be completed after Stage One)

What you are assessing? 2014/15 Voluntary and Community Sector Grants (VCS) Budget Savings Target

Step 4 – Collection and consideration of further information and data (steps 1 - 3 should have been completed in the initial analysis)

1. In Stage One, did you identify that you needed further information? If yes, what data and information would be useful? **Yes. However at stage one the impact upon individual organisations was not clear. At the point that this stage two EA was finalised the impact can be summarised as:**

12 VCS groups recommended to continue to be funded for the foreseeable future
17 recommended to be funded until March 2015
13 it is recommended that Council funding will conclude at 31 May 2014.

Data has been obtained from all funded VCS organisations and groups to identify the likely impact of the proposed reduction. This complements and extends the detail of the data sets currently held by the Council's Community Initiative Team. A matrix that summarises the headline data is attached to this EA at Appendix A.

During the summer VFM reviews were conducted and each of the 42 currently funded organisations completed service, equality and economic impact assessments. Following this each review outcome was scored against a matrix. The matrix scores each organisation against 5 criteria: Vulnerable Children and Adults; Training and Employment; Economic Inclusion; Social Inclusion; Volunteers. The scoring given was based on information from the individual impact assessments and previous information from review meetings. The scores for the cohort of organisations to be funded are those that met the bar at which the Council would achieve its VCS savings target of £1.6m.

Data collated by the CI team as part of routine monitoring and in preparation for this savings proposal includes information on the number, gender, ethnic breakdown and disability profile of individual service users where the information is collected at the point of service delivery. For example some 'open access' or telephone services are not always able to profile individual service users.

2. How will you obtain this data and information and who will be responsible for collecting it?

Each of the currently funded organisations was asked by the Community Initiatives Team to complete Equalities and Service Impact Questionnaire and Economic Impact Questionnaire. It has been collated, summarised and presented in detail in individual appendices to the Council's Cabinet when it meets on 25 February 2014 to consider the allocation of grants in 2014/15.

3. Does the information gathering have to be built into the equality action plan or can the information be acquired quickly?

The information has already been directly sourced from the 42 funded VCS organisations that will be affected by this savings proposal.

4 If you have been able to gather further information, what does it tell you?

The data tells the City Council that:

Forecast Impact	Number / Cost
Individual Service Users affected	96,936
VCS Staff at risk as a result of this proposal	355
Volunteer places at risk	2,389
External Income at risk	£26,206,495
Services where there is no identified alternate provision	33/39 returns (84.6%)
Services that will end	24/39 returns (61%)
Services indicating they can continue but will reduce services	9/39 returns (23%)

Step 5 Adverse Impact and Considering Alternatives

- Using all the information gathered, consider what impact your proposal will have on the following groups.

	Neutral	Positive *	Adverse	Unknown
Sex Women/Men	✓			
Gender Reassignment			✓	
Race Asian/Black/Mixed/White/Other			✓	
Disability Consider the full range of impairments			✓	
Sexual orientation Lesbian/Gay Man/ Bisexual/Heterosexual			✓	
Religion or belief Buddhism/Christianity/ Hinduism/Judaism/Islam/Sikhism /Other/No religion				✓
Age Consider all age groups			✓	
Pregnancy and Maternity				✓
Any other equality issues				✓

*Advances equality or fosters good relations

2. Have you identified an adverse impact on any group(s)?

Yes

All organisations in receipt of this funding are required to ensure that their services are accessible to service users across the nine protected characteristics identified in the Equalities Act 2010. Of the 13 organisations whose grant funding will cease in May 2014 three of these are specifically BME focused organisations. However one of these organisations BME United will receive Invest to Save monies in 2014/15 in order to mitigate the impact of the above.

3. If a significant negative impact has been identified, can it be explained?

The proposed reduction is one of 165 savings proposals that are being considered necessary to enable the City Council to achieve a level of savings of £123 million that will enable it deliver a balanced budget

During the summer VFM reviews were conducted and each of the 42 currently funded organisations completed service, equality and economic impact assessments. Following this each review outcome was scored against a matrix; the scores for the cohort of organisations to be funded are those that met the bar at which the Council would achieve its VCS savings target of £1.6m

As a result of the review 13 organisations will see funding conclude in May 2014; the impact of this has been identified as:

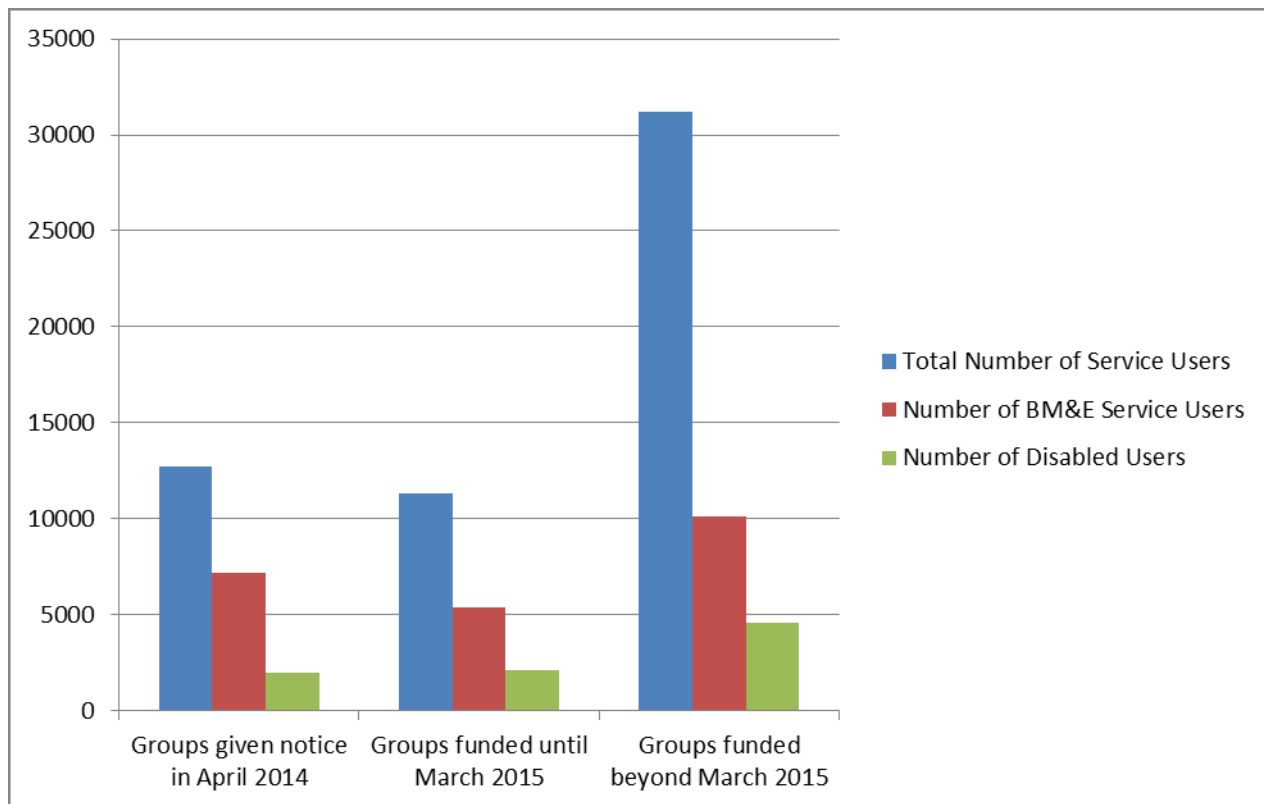
Service Users	BME Service Users	% of BME Service Users	Gender (where known or collected)		Disabled People	Jobs at risk	Ext. Funding
			Male	Female			
32,801*	7,004	22.5%	5,713	5,105	1,513	93	1,452,883

- This total includes 20,287 calls made to one online support organisation.

A group of 12 organisations are recommended in the draft Cabinet report for on-going support are those whose services are most closely aligned to the Corporate Plan priorities whilst delivering outstanding quality of service.

A further 16 organisations will see Council funding continue until March 2015 which should enable them to investigate the opportunities to diversify their services or develop alternate sustainable income streams.

The table below summarises the impact of these proposals on the numbers of services users identified during routine monitoring:



4. Could the proposal lead to **direct discrimination**?

No – The original Stage 1 EA was based on the assumption that all 42 organisations would be affected. At Stage 2, the impact is on 13 organisations who will lose funding in 2014/15. Mitigating actions have been taken to reduce where possible the impact of these proposals including:

- Awarding Invest to Save grants
- Use of Equity and Diversity grant funding
- Where possible funding organisations for an additional 12 months to allow additional time to find additional sources of funding
- Signposting organisations to alternative sources of funding

5. Could the proposal lead to **indirect discrimination**?

No

The reductions in Voluntary Sector Grants will impact on specific organisations and their clients who access their activities / services. Wherever possible, mitigating actions have been taken to preserve client access to essential activities / services or to signpost clients to alternatives. This includes:

- Awarding 'Invest to Save' grants
- Use of Equity and Diversity grant funding
- Where possible funding organisations for an additional 12 months to allow additional time to find additional sources of funding
- Signposting organisations to alternative sources of funding
- Signposting clients to alternative community resources

6. Does or could, the proposal contribute to a specific duty in equality law?

- eliminate discrimination, harassment and victimisation
- advance equality of opportunity between people from different groups
- foster good relations between people from different groups.

No

7. If the analysis shows that the proposal is likely to have an adverse impact on some groups or could unlawfully discriminate, can you identify alternative ways of achieving the savings which will not result in an adverse impact or unlawful discrimination? (Remember to ensure that any option that reduces adverse impact on one group does not create adverse impact on another group.)

This may not be possible in view of the scale of the economic challenge facing the City Council. In respect of these organisations, BME United's Innovate to Save bid is being considered as part of the Cabinet recommendations. Out of the 13 organisations whose funding is ceasing, there remains only 2 organisations that have a specific BME focus.

Of the 15 organisations whose funding will go forward to March 2015, we will continue to work with these organisations to make them self sustaining.

8. If an adverse impact is unavoidable, are you satisfied that the decision to proceed can be justified?

- The grants budget in question represents 1.04% of the Council's net budget of £255,630m in 2013/14; the savings will contribute to the savings to the overall savings to be achieved in order for the City Council to achieve a balance budget.

The City Council is clear that:

- there is no other way to achieve the level of saving required, If the level of savings required had not been so severe these proposals may not have been put forward;
- The means employed to achieve savings are proportionate, necessary and appropriate;

Some organisations will continue to be funded; it is planned that a budget in the order of £1,249,500 will be available to fund priorities going forward. The basis for the decision as to which organisations will be funded can be found in section 5 of this Equality Analysis.

Step 6 - Formal consultation on the actual and likely impact of proposals

1. Who is directly affected by the proposal? (Groups, organisations, individuals)

The impact in 2014/15 will be upon 13 Voluntary organisations and community groups, equalities groups and communities of interest supported from the Community Initiatives grants budgets; their service users and volunteers. 1 of these organisations will receive Invest to Save Monies to sustain the organisation in 2014/15.

2. What relevant groups have a legitimate interest in the proposal?

VCS organisations funded from the grants budget as well as the 100 members of Wolverhampton's Third Sector Partnership (TSP)

3. How will we ensure that those affected or with a legitimate interest in the policy are consulted?

Aside from the Council's statutory responsibility to consult the sector on its draft budget; the organisations affected by this proposal were sent information as soon as it was published on 16 October 2013. On the same day a briefing meeting was hosted by the TSP when organisations were encouraged to make a formal response to the proposals.

A consultation meeting was held on 26 November 2013 was attended by the Strategic Director for Community and the Assistant Director for Health Wellbeing and Disability. The Third Sector Partnership met on 5 December and the City Council's statutory budget consultation took place with the Cabinet Members for Resources and Leisure and Communities attended along with the Assistant Director for Finance. The outcome of that discussion is included in the formal record of the statutory consultation. There were 2 further equalities focus group meetings held on 13th December 2013 and 13th January 2014 with a small group of representatives from the Third sector Partnership.

4. What methods of consultation will be used?

All organisations were able to feedback via the City Councils on line consultation, written feedback to officers and records of consultation meetings.

5. How will information be made available to those consulted?

Feedback will be presented to Cabinet on 26 February and will be provided to everyone who participated in the VCS consultation.

6. How can we ensure the information will be accessible to everyone?

By using the preferred method of communication identified by the participants – by email, in writing or face to face briefings as well as verbal feedback to the Third Sector Partnership meeting in March 2014.

7. Have previous attempts at consultation with particular groups been unsuccessful? If so, why, and what can be done to overcome any obstacles?

No

8. How will you report back to those you have consulted?

Notes of meetings were taken and circulated by the TSP. Ongoing dialogue and written correspondence with organisations. Via the leads for the Wolverhampton Voluntary Sector forums.

9. An Equalities Analysis (E.A.) of this savings proposal has been completed. A Stage One E.A. was compiled by officers, following which, a VCS focus group of 4 representatives from equalities groups from the Third Sector Partnership met to quality assure Stage Two of the E.A. process.

9.1 The key messages from the Focus Group meetings were:

9.2 The E.A shows the very positive impact that the VCS makes across the 9 protected characteristics. The Focus Group felt strongly that the equalities profile of overall provision by the VCS should be maintained.

9.3 The Stage Two E. A. identifies a potential adverse impact upon people across all protected characteristics in 12 VCS organisations. A reduction in VCS operational capability or infrastructure has the potential to reduce or eliminate the potential for support to some of the most vulnerable people in local communities and, in consequence, reduce the Council's ability to deliver important programmes. Wherever possible, mitigating actions are being taken as outlined above.

9.4 There will be an initial impact upon 12 organisations, that will see funding conclude in May 2014 (these are listed in paragraph 6.5). Because there are two stages to this savings proposal the E.A will need to be reviewed and updated during 2014/15. This will ensure it reflects changes to level of need in Wolverhampton and the impact of the proposals to end funding for a further 16 organisations at 31 March 2015. This will see the number of groups funded by the Council reduced to 12 and will have an impact across the 9 protected characteristics.

Step 7 – Re- assess proposal in light of consultation and, if appropriate, consider alternatives

1. What have you learnt from the consultation?

The full transcript of the TSP's comprehensive response to the savings proposal is attached in full to the EA at Appendix B. Where possible organisations want additional time in order to seek alternative sources of funding.

2. Do you need to make any changes to the proposal as a result of the consultation?

It is only possible to propose changes if commensurate savings can be proposed elsewhere in the City Council's budget. There is a commitment to proceed with robust Invest to Save proposals. Where possible, tapering the ceasing of funding to allow organisations to seek alternative funding.

3. If the consultation has shown that the proposal is likely to have an adverse impact on some groups or could unlawfully discriminate, can you identify alternative ways of achieving the aims which will not result in an adverse impact or unlawful discrimination? (Remember to ensure that any option that reduces adverse impact on one group does not create adverse impact on another group.) No; this savings proposal has to go forward in view of the scale of the economic challenge facing the City Council over the next 5 years.
4. If an adverse impact is unavoidable, are you satisfied that the decision to proceed can be justified i.e.:
 - It is essential deliver the level of savings required in this budget in 2014/15 and 2015/16
 - There does not appear to be any other way to achieve the savings;

Step 8 - Make a decision

- 1 Do you intend to adopt the proposal, and if so, will any changes be made as a result of this analysis and the available evidence collected, including consultation?

A report presenting the outcome of consultation, the detail about service, equality and service impact will be presented to the City Council's Cabinet on 25 February 2014. The report will present the outcome of consultation as well as proposals for the funding of priority groups from April 2014 onward.

The Cabinet report sets out the methodology used; the group of organisations recommended in the draft Cabinet report for on-going support are those whose services are most closely aligned to the Corporate Plan priorities whilst delivering outstanding quality of service and having due regard to equalities implications.

Step 9 – Setting equality objectives and targets

1. Please list any recommendations for action that you plan to take as a result of this equality analysis.

Monitoring of the impact upon individual organisations of the decision taken by Cabinet on 25 February 2014.

The VCS Focus Group should be reconvened as part of that review.

2. Who will have responsibility for the objectives and targets?

Community Directorates Commissioners from May 2014 onward

3. What are the timescales?

During autumn 2014, when annual equality monitoring is submitted by those organisations that continue to be funded.

Step 10 – Monitoring and review

1. What arrangements have you made to monitor the proposal once it is operational?

Monitoring and review will be part of the residual duties passed to the Community Directorates Commissioners from May 2014 onward

2. What analysis criteria will be used for monitoring the equal opportunity effects of the proposal?

Annual monitoring submitted by those projects and organisations that continue to be funded by the City Council

3. Who will be responsible for monitoring including collecting data, producing reports and monitoring information, and deciding how targets will be revised to achieve continuous improvement?

This will be the responsibility of the Councils Commissioning staff beyond May 2014

4. When will the proposal and the Equality Analysis be reviewed?

During preparation of proposals to allocate grants beyond March 2015 – this is likely to be during November and December 2014

Step 11 - Publish the results

Please complete the summary form and then send the complete Equality Analysis to the corporate Equalities function who will publish the summary on Wolverhampton City Council's website.

Officer(s) completing the analysis

Job Title: Karen Cross

Tel: 01902 554034

Date: 03. 02 2014

Upon completion of this form please record the date sent to:

Authorising Officer	Date sent
Corporate Equalities function	Date sent
Equalities Advisory Group (if appropriate)	Date sent

Appendix 5 Summary Form for Publication

Equality Analysis Summary Form

1. What is the name of the service/function/policy/procedure (proposal) you have assessed?
2014/15 Voluntary and Community Sector Grants (VCS) Budget Savings Target

2. Please give a brief description and explanation of the proposal. What needs or duties is it designed to meet?

Proposal to achieve £1.6 million savings from the grant funding in order to achieve the financial savings identified in the Council's Five Year Budget Strategy.

3. Please explain how the proposal was assessed for its likely effects on different groups, with clear references to the information and research used.

Individual equalities and economic impact assessment completed for each organisation affected by this proposal. Equalities information was also collected as part on the on going contract monitoring of these grants

4. Is there any evidence to suggest that the proposal could affect some groups of people differently? Is there an adverse impact? What are the reasons for this adverse impact?

Of the 13 organisations whose funding will cease in May 2014 two of these organisations have a specific BME focus. These proposals will adversely affect those organisations.

5. If the service, function, policy or procedure does have an adverse impact, can that impact be justified?

This is part of a package of significant savings proposals that the Council is required to make over the next 5 years. All Council funding has been subject to rigorous review with the emphasis being on funding statutory services.

6. If the impact cannot be justified, how do you intend to deal with it?
7. Give a brief description of the consultation methods used (if appropriate), and a summary of the overall findings.

Consultation meetings with the Third Sector Partnership and the Equities Focus group. The Cabinet report contains a full transcript of the Third Sector Partnership feedback.

8. What conclusions were reached through the analysis and consultation as to the likely ability of the proposal to meet each part of the equality duty?

Where ever possible mitigating actions were put in place to reduce the impact on organisations.

9. Were any modifications to the proposal introduced as a result of the analysis and consultation?

The proposal seeks where possible to continue funding throughout 14/15 in order to allow further time for organisations to seek alternative sources of funding. There is a residual of organisations where this has not been possible.

10. Please explain of whether and how the adopted proposal differs from the original proposal.

Phased introduction of the savings

11. What equality actions have you identified?

Need to monitor the impact of these proposals

12. What plans do you have for monitoring the proposal when it is put into effect?

Continued monitoring of the outcomes of those organisations whose funding continues and monitoring of the impact where funding of organisations has ceased.

Signature of the lead officer undertaking the analysis:
Full name Viv Griffin
Position: Assistant Director
Dated: 03.02.2014

Appendix A: Summary of impact assessments submitted by each funded organisation

Ref	Organisation	Service Location	Ward/s Served	Third Sector Equality & Diversity Fund End Date	Service Implication End, Reduce or Continue	Alternative provision Available?	Individual Service Users Affected	Jobs at Risk	Volunteers at Risk	W Mids Pension Fund Members	Other Income at Risk £	2013/14 WCC (CIT) Grant £
1	Access To Business	SP	CW		Reduce	No	225	1	51		338,585	56,010
2	Afro-Carib Community Initiative	SP	CW		Red/End	No	77	2	75		78,899	56,440
3	Age UK Wolverhampton	SP	CW		Reduce	No	2,950	8	135	6	871,183	120,130
4	Aspiring Futures	BL	BL/GR/HT/PK	Jun 2015	End	No	180	6	3		89,636	39,055
5	Base 25	SP	CW		Red/End	No	367	14	40		36,240	27,160
6	Bilston Resource Centre (BRC)	BE	BE/BN/ETT	Aug 2015	Reduce	No	810	4	45		79,000	37,610
7	Blakenhall Comm Advice Centre	BL	BL		End	No	2,080	4	9		35,377	61,440
8	BME United	BL	CW		End	Yes	2,928	2	5	5	154,936	51,370
9	Central Youth Theatre	SP	CW		Reduce	Yes	104	5	5		59,928	13,520
10	Church of God of Prophecy	SP	CW		End		6,230	5	69		69,323	50,620
11	Citizens Advice Bureau	SP	CW		Red/End	No	12,761	32	80		3,340,000	367,200
12	(EYES) Engage Youth Empowerment	ST P	CW	Dec 2015	End	No	46	3	20		61,000	38,610
13	Equality & Diversity Forum	AS	CW	Jun 2015	End	No		1	0		0	16,886
14	Gazebo	BE	CW		End	No	13,841*	30	30		700,000	71,820
15	Haven Project	SP	CW		Reduce	No	790	65	120		2,331,351	204,230
16	Heath Town Snr Citizens Welfare Proj	HT	HT		End	No	74	9	30		40,714	116,780
17	Jericho House	PK	CW		End	No	27	1	0		1,026,000	15,530
18	Job Change	CW	CW		End	No	6,804	30	12		800,000	59,290
19	Jubilee Comm Support Centre	GR	GR/MH/CW	Jun 2015	End	No	26	4	6		0	40,000
20	LGBT	SP	CW	Feb 2014	End	No	684	1	54		500,000	40,000
21	Little Brothers	SP	CW		Reduce	No	220	1	40		28,438	53,410
22	One Voice - Disability Forum	SP	CW		End	No	457	14	40		107,098	34,680
23	Refugee Migrant Centre	SP	CW	Feb 2014	Reduce	No	6219	1	86		343,552	40,000

Ref	Organisation	Service Location	Ward/s Served	Third Sector Equality & Diversity Fund End Date	Service Implication End, Reduce or Continue	Alternative Provision Available?	Service Users Affected	Jobs at Risk	Volunteers at Risk	W Mids Pension Fund Members	Other Income at Risk £	2013/14 WCC (CIT) Grant £
24	Relate	SP	CW		End	No	781	23	9		99,695	52,820
25	SEWA Centre	AS	AS/BL	Aug 2015	Reduce	Yes	579	2	4		0	34,862
26	Sickle Cell & Thalassaemia Support	SP	CW		Red/End	No	432	1	8	11	213,005	31,640
27	St Columbas Day Centre	TW	BL/PK/PNSP		End	No	66	6	10	6	120,810	51,360
28	St George's Charity	SP	CW		Reduce	No	191	2	46		144,625	36,520
29	Stratton Street Comm. Project	BBS/LH	LH		End	No	300	7	15		19,352	22,430
30	Wildside Activity Centre	SP	CW		End	Yes	3780	9	30	5	0	73,160
31	Wolverhampton City Credit Union	SP	CW		Reduce	No	6,860	4	10		2,300,000	102,000
32	W'ton Community Radio	SP	CW		End	Yes	173	3	103		0	46,870
33	W'ton Community Transport	BN	CW		Reduce	Yes	2,000	6	18		0	90,910
34	W'ton Domestic Violence Forum	SP	CW		End	Yes	1,193	5	0		132,203	58,770
35	W'ton Gateway Clubs	PK	CW		No submission received				77		No details	2,080
36	W'ton Samaritans	PK	CW		Reduce	No	20,287	0	80		No details	2,250
37	W'ton Somali Community	HT	HT	Jun 2015	End	No	89	0	10		0	14,340
38	W'ton Voluntary Sector Council	SP	CW		Reduce	No	466*	4	-	33	12,000,000	98,080
39	W'ton Volunteer Service	SP	CW		End	No	1,200	3	1,000	2	No details	39,770
40	YMCA - W'ton Project	SP	CW		End	No	298	4	4		28,000	49,520
41	Young in W'ton Clubs	TW	CW		End	No	226	30	5		57,545	37,780
42	Youth Orgs W'ton (YOW)	TW	CW		End	No	115*	3	5		0	112,350
TOTAL							96,936	355	2,389	68	26,206,495	

Appendix B: Proposed Reduction in Voluntary Sector Grant - Response from Third Sector Partnership January 2014

Report to Cabinet 23 October 2013	Response from Third Sector Partnership										
<p>1.0 Description of Savings Proposal The council currently commissions / grant funds £12.5 million schemes in the voluntary sector. This proposal specifically targets the voluntary sector grant funding which has a current budget of £2.5 million and looks to reduce that by a further £1.6 million over the next year and a half. However, this would only equate to a 13% reduction in voluntary sector funding overall. The remaining budget of £940,000 would be allocated to organisations that deliver services that are considered strategically important to the delivery of the City Strategy. This proposal would also result in the downsizing of the Community Initiatives Team with the remaining commissioning elements of the role being undertaken by existing commissioners in the Directorate and one central post remaining to coordinate support to the voluntary sector.</p>	<p>The Council is proposing to reduce the £2.5m which currently supports a range of voluntary and community organisations to deliver services in the city by £1.6m leaving a total of £0.94m. This is a cut of 64%. The cut is front-loaded into years 1 and 2 of the Five Year Strategy.</p> <p>The most recent Council figure in terms of total council resources spent with the VCS is £18.2million. Of this, only £10.5 million is coming from the Council's revenue resource, with the balance funded from external sources. Much of the £18.2M is not spent with the local third sector with, for example, £5.5M being spent with NACRO, a London based national organisation. A further £3.15 million is going to Housing Associations for Housing Related Support, of which all except one are based outside Wolverhampton. This budget itself is facing a 30% cut over the next two years.</p> <p>That said, apart from the CIT budget, all remaining funds represent contracts awarded to third sector organisations primarily through competitive processes, and as such they fall outside the scope of this report. All contracts are also subject to their own savings proposals in negotiation with the provider.</p>										
<p>2.0 Table Setting out financial proposal</p> <p>2.1 Total base budget savings</p> <table border="1" data-bbox="190 1114 813 1305"> <thead> <tr> <th>Year</th> <th>Total Base Budget Savings</th> </tr> </thead> <tbody> <tr> <td>2014 -15</td> <td>£1,067,000</td> </tr> <tr> <td>2015 -16</td> <td>£ 533,000</td> </tr> <tr> <td>2016-18</td> <td>£0</td> </tr> <tr> <td>5 YR Total</td> <td>£1,600,000</td> </tr> </tbody> </table>	Year	Total Base Budget Savings	2014 -15	£1,067,000	2015 -16	£ 533,000	2016-18	£0	5 YR Total	£1,600,000	<p>Achieving this level of reduction within the timescale presented and in line with the Council's Compact commitments would lead to the first year cuts being delivered over 9 months, exacerbating the damage to organisations and services available to our communities from 2014.</p>
Year	Total Base Budget Savings										
2014 -15	£1,067,000										
2015 -16	£ 533,000										
2016-18	£0										
5 YR Total	£1,600,000										

Report to Cabinet 23 October 2013	Response from Third Sector Partnership														
<p>2.2 Staffing Implication</p> <table border="1" data-bbox="192 485 660 847"> <thead> <tr> <th>Year</th> <th>Full Time Equivalent (FTE)</th> </tr> </thead> <tbody> <tr> <td>2014-15</td> <td>3</td> </tr> <tr> <td>2015-16</td> <td>0</td> </tr> <tr> <td>2016-17</td> <td>0</td> </tr> <tr> <td>2017 -18</td> <td>0</td> </tr> <tr> <td>2018-19</td> <td>0</td> </tr> <tr> <td>5 YR Total</td> <td>3</td> </tr> </tbody> </table>	Year	Full Time Equivalent (FTE)	2014-15	3	2015-16	0	2016-17	0	2017 -18	0	2018-19	0	5 YR Total	3	<p>142 FTE staff are directly employed by Community Initiatives funding. A 64% saving on this would therefore equate to 91 FTE job losses as well as the 3 posts within the CIT team. This does not take into account the knock on effect for other income sources captured under point 6 below, which will in turn result in additional job losses.</p> <p>In addition a reduction in staffing within voluntary and community organisations (VCOs) will lead to a significant reduction in volunteering. For example one funded organisation utilises input from volunteers valued at £755K. The demise of that organisation or any significant reduction in paid staff will significantly impact on the scale and value of volunteering, and this will be replicated across other funded organisations that face a cut or withdrawal of funding.</p> <p>The current monetary value of volunteering across the City, based on national figures equates to £90million.</p>
Year	Full Time Equivalent (FTE)														
2014-15	3														
2015-16	0														
2016-17	0														
2017 -18	0														
2018-19	0														
5 YR Total	3														
<p>3.0 Communications Strategy Implications The Communications Strategy Implications of this proposal represent considerable risk as detailed below. The proposal would result in funding being withdrawn from a number of voluntary sector organisations. Continued funding would need to be focussed on corporate priorities.</p>	<p>The implications for communication and public relations represent a considerable risk. Wolverhampton has a national reputation relating both to its vibrant and effective voluntary sector, for example successfully bidding for large BIG Lottery awards, and its work around the Compact. These proposals undermine both.</p> <p>There is also the risk that neighbourhoods affected by the cuts will feel devalued and more isolated.</p>														
<p>4.0 Corporate Landlord Implications The Corporate Landlord Implications of this proposal represent some risk as detailed below. Voluntary Sector Organisations (VSOs) could consider asset transfer opportunities through the</p>	<p>There are risks in this area too as Voluntary and Community Organisations (VCOs) which might have been in a position to consider asset transfer opportunities may no longer be in place or have the capacity to pick up service delivery where the Local Authority has withdrawn its services delivered in local, neighbourhood-based premises.</p> <p>The fact that there is a Community Asset Transfer strategy in place will be less relevant if</p>														

Report to Cabinet 23 October 2013	Response from Third Sector Partnership
<p>Council's Community Asset Transfer (CAT) Strategy to help build financial security. The CAT Strategy creates a single gateway approach that provides a clear point of contact for VSOs with asset transfer enquiries and will act as a conduit and a source of information and support. The Corporate Landlord strategic pathway and effective use of the Asset Management Plan will assist with this process.</p>	<p>there are fewer VCOs in place to take up the baton of local service delivery.</p>
<p>5.0 Customer Implications</p> <p>The implications for customers of this proposal represent considerable risk as detailed below. The proposal would result in funding being withdrawn from a number of voluntary sector organisations. Funding will need to be focused on priorities and assistance offered to voluntary organisations to access alternative sources of funding.</p>	<p>There are considerable risks in this area in particular.</p> <p>VCOs deliver services to some of the most vulnerable people in the city, often in the more deprived neighbourhoods. These proposals risk the closure of a wide range of VCOs and the loss of those services to our communities.</p> <p>A full impact assessment needs to be carried out to assess the way in which these proposals might impact on customers, particularly the more vulnerable and isolated who typically make up the greatest proportion of customers to VCOs.</p> <p>As Council services are reduced, the risks to community cohesion and greater social exclusion increase. VCOs work to achieve greater community cohesion and increase social inclusion, and the reduction of support to the VCS undermines that role. Before agreeing any reduction in this fund, an impact assessment should be carried out to consider VCOs contribution to community cohesion and social inclusion within the City.</p>
<p>6.0 Economic Implications</p> <p>Funding received by voluntary sector organisations from the council may be used to attract further funding from other organisations. This proposal may therefore lead to an overall reduction in funding received by the city as a whole, which could have an impact on the local economy.</p>	<p>Council figures confirm that for every £1 accessed by the VCS an additional £4.20 is raised to deliver services to local people. Based on these Council figures, a reduction of £1.6m will lead to a reduction of external funding being brought in to the city of around £5 million per annum.</p> <p>There is an increasing emphasis on partnership working across the Public and Voluntary and Community Sectors, in order to secure additional significant resources such as European funding, and resources from large lottery programmes and Central Government programmes. Weakening the local VCS in this way risks undermining our ability to secure</p>

Report to Cabinet 23 October 2013	Response from Third Sector Partnership
	these additional resources that would, in themselves help mitigate the disproportionate impact of Central Government cuts on our City.
<p>7.0 Environmental Implications</p> <p>The Environmental Implications of this proposal are minimal.</p>	No comment from the Third Sector Partnership.
<p>8.0 Equality Implications</p> <p>An equalities analysis screening has been completed, a full analysis is required.</p>	<p>The city's voluntary and community sector works with individuals and communities from all the protected groups under the Equalities Act 2010. Therefore these proposals represent a considerable risk in the area of equalities. This is laid out in more detail in the Council's initial equality analysis of this proposal (attached)</p> <p>This initial analysis shows that a full equalities analysis and impact assessment will be required.</p> <p>Depending on how robustly this is carried out, this impact assessment may be open to challenge in the courts.</p>
<p>9.0 Financial implications</p> <p>The Financial Implications in terms of savings and investments areas as described above.</p>	<p>There are considerable financial implications for the Council to the proposals outlined in this report.</p> <p>Many VCOs funded through the Community Initiatives budget provide prevention and / or early intervention services.</p> <p>It is inevitable that further reducing funding to preventative and early intervention services will result in an increased demand for higher tier, statutory services such as child / adult protection, Looked After Children, Child and Adolescent Mental Health Services (CAMHS), Adult Mental Health services, residential support etc. For example:</p> <ul style="list-style-type: none"> • The national Troubled Families programme has estimated that each family within this cohort costs on average £75K per year that can be avoided with effective, good quality early intervention. The VCS plays a significant role within this programme. • Appropriately designed early support services around mental health can delay the date of admission to high level hospital based care by 2 years

Report to Cabinet 23 October 2013	Response from Third Sector Partnership
	<p>A number of organisations currently funded through the Community Initiatives budget have significant pension liabilities within the West Midland Pension Fund that are underwritten by the Council. The closure of organisations within this cohort will lead to significant costs for the Council, for example the closure of the Community Safety Partnership in previous years led to a pension liability of C£600K for the Council. Obtaining accurate estimates of current liabilities is challenging and cannot be accurately assessed until such time as an organisation closes, but the figure for CIT funded organisation would run to many hundreds of thousands of pounds.</p> <p>A number of VCO organisations also pay rent to the Council and the closure of these organisations will result in a loss of that income.</p>
<p>10.0 Health Implications</p> <p>The Health Implications of this proposal are minimal. Further information required regarding the voluntary services affected to ensure reduction or cessation of service provision does not affect health and widen the inequalities gap.</p>	<p>There is a considerable risk to health from these proposals, including the widening of health inequalities across the city by geography or by community.</p> <p>As outlined above, VCOs deliver a wide variety of preventative and early help services, many of these impacting directly on health, particularly mental health and the wider determinants of health such as employment, poverty, social isolation, support networks and resilience.</p> <p>VCOs are the source of the vast majority of volunteering opportunities in the city, and reductions in the numbers or capacity of VCOs will lead to a mirrored reduction in volunteering opportunities.</p> <p>Volunteering has major health benefits for the individuals who volunteer as well as for the people supported directly by the volunteering work.</p>
<p>11.0 Legal Implication</p> <p>The Legal Implications of this proposal are minimal.</p>	<p>There are potential legal implications from these proposals.</p> <p>If it can be demonstrated that inaccurate or incomplete information was used to make a decision about reductions in funding this could leave the Council open to legal challenge.</p> <p>If it is demonstrated that these savings proposals have a disproportionate impact on people from protected groups, and the proposals are implemented with no amendment, this could also leave the Council open to legal challenge.</p>

Report to Cabinet 23 October 2013	Response from Third Sector Partnership
<p>12.0 Policy implications</p> <p>The Policy Implications on agreed Council policy represents some risk. The proposal would result in funding being withdrawn from a number of voluntary sector organisations. Continued funding would need to be focused on compact priorities. There is a risk to the delivery of the corporate priority 'Empowering People and Communities' around 'encourage, support and work with the voluntary and community sectors'.</p>	<p>There are significant implications for policy in these proposals.</p> <p>The VCS contributes to all of the priorities in the City Strategy: people living longer, healthier lives; reducing child poverty; higher employment rate; and more jobs.</p> <p>A reduction in the number of VCOs will lead to a reduction in the capacity of the sector to contribute to achieving the goals set out in the City Strategy.</p> <p>In addition, the outcome of recent budget consultations in the City confirmed that the top priority was protecting the vulnerable; this scale of reduction within organisations whose main role this is will be at significant odds with this stated policy priority.</p>
<p>13.0 Procurement Implications</p> <p>The Procurement Implications of this proposal represent some risk as detailed below. Testing the market for alternative innovative services and terminating contracts early. Should the future services be commissioned, full procurements will be needed for each opportunity ensuring fair, open and transparent processes. This will require resource and potentially impact the timetable.</p>	<p>There is significant risk associated with the procurement implications of these proposals.</p> <p>Making the cuts in line with the proposed timetable will severely limit procurement options for the Council.</p> <p>There will be little time for testing the market if current agreements are terminated early.</p> <p>Should services be commissioned rather than grant aided, full procurement processes will need to be followed for each opportunity to ensure processes are fair, open and transparent.</p> <p>This will significantly impact on the proposed savings timetable.</p>
<p>14.0 Staffing Implications</p> <p>This proposal has HR implications for the Community Initiative Team. The need for compulsory redundancies will be avoided as far as possible through maximising opportunities for voluntary redundancies, redeployment and the deletion of vacant posts.</p>	<p>Voluntary organisations have much less scope than the Council to redeploy staff whose posts are lost. Therefore the proposal will almost certainly lead to a significant number of compulsory redundancies. The front-loading of the cuts in 2014-15 will give little scope for organisations to put alternative funding in place. The cost of these redundancies could in turn destabilise the finances of the organisations concerned, making it more likely that organisations will be forced to close down.</p>
<p>15.0 Trade Union Implications</p>	<p>Many employees within the VCS are not Union members. Those that are may chose to be represented through any redundancy process. For some, particularly smaller, organisations this would be the first experience of a redundancy process and support may be required to ensure that policies are in place and adhered to.</p>

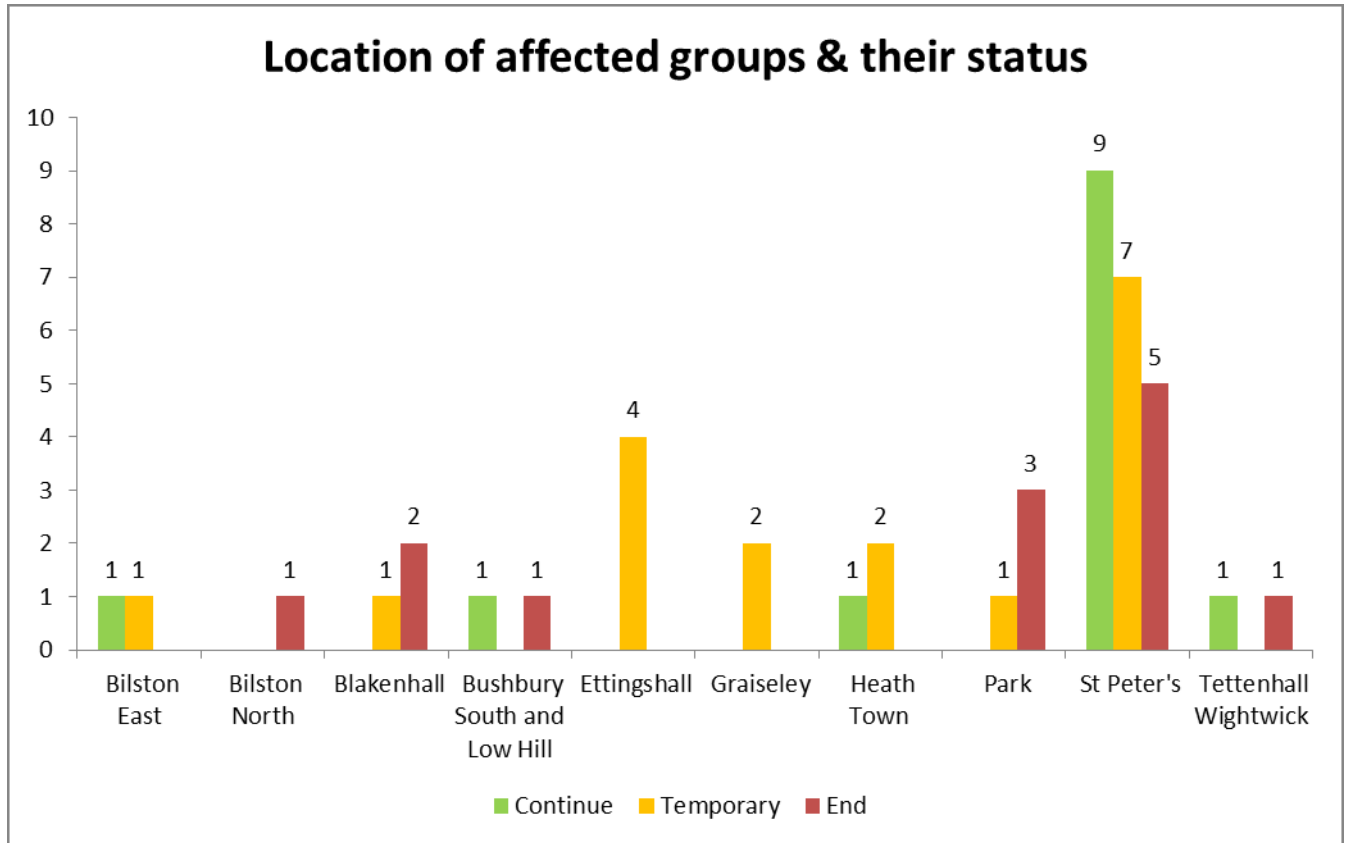
Community Initiatives Funding Analysis

Wolverhampton City Council



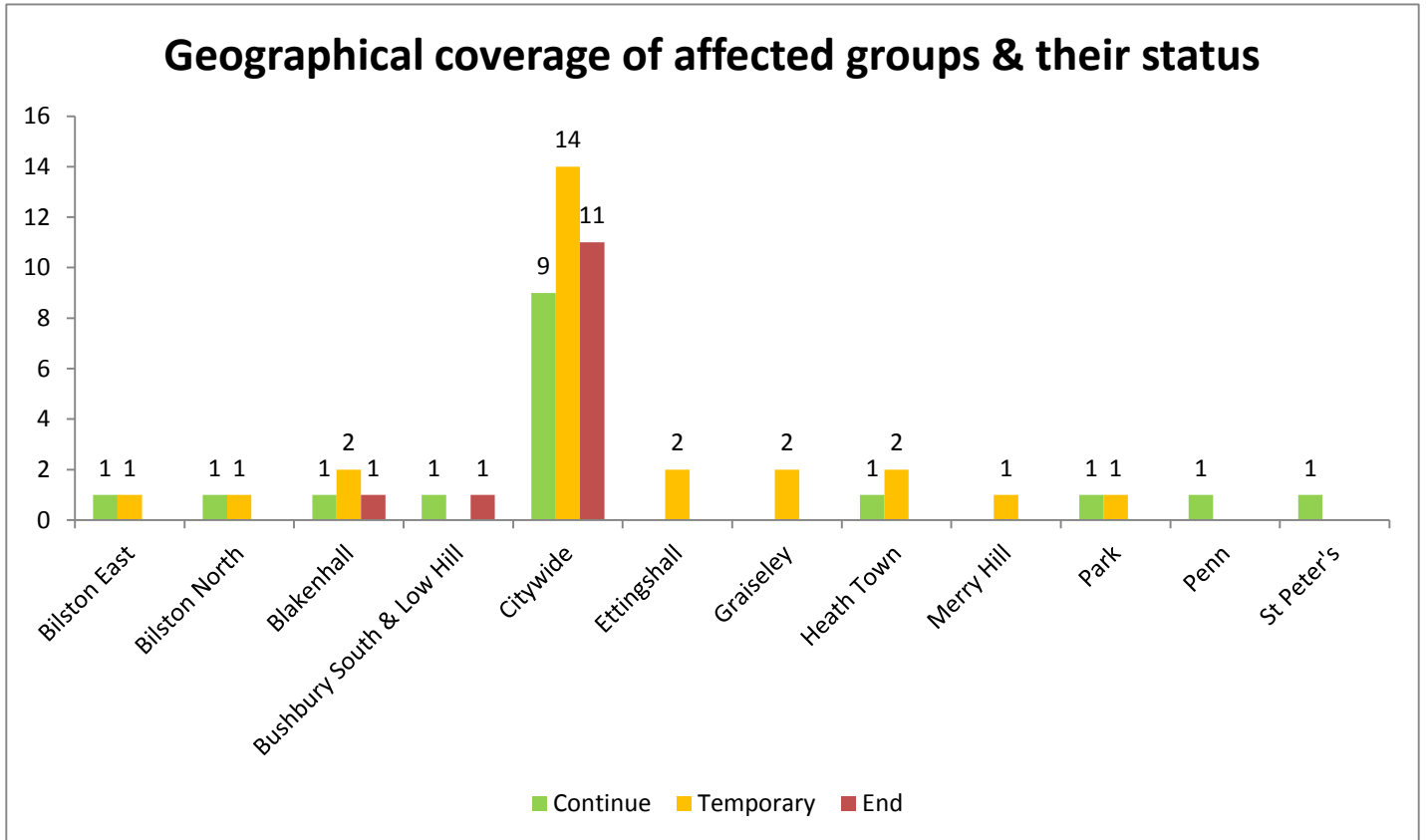
Location of affected organisations

- In total, there are 42 organisations funded by the Community Initiatives Team, as of February 2014. These 42 organisations run or maintain 44 specific sites within Wolverhampton (including satellite Citizens Advice Bureau offices in Low Hill and Bilston) where people can access services, advice or support.
- Of these 44 sites, 13 are set to have continued funding for the indefinite future, 18 are set to have funding until the end of the 14/15 financial year in April 2015 (or until their project ends if earlier), and 13 are set to have their funding withdrawn in April 2014.
- 21 of the 44 affected groups are located in St Peter's ward, which is the site of the city centre. However, 23 of the organisations are located outside of St Peter's ward, and 15 of those 23 organisations located outside St Peter's either will receive continuing funding for the indefinite future, or until project completion / April 2015 at the earliest.



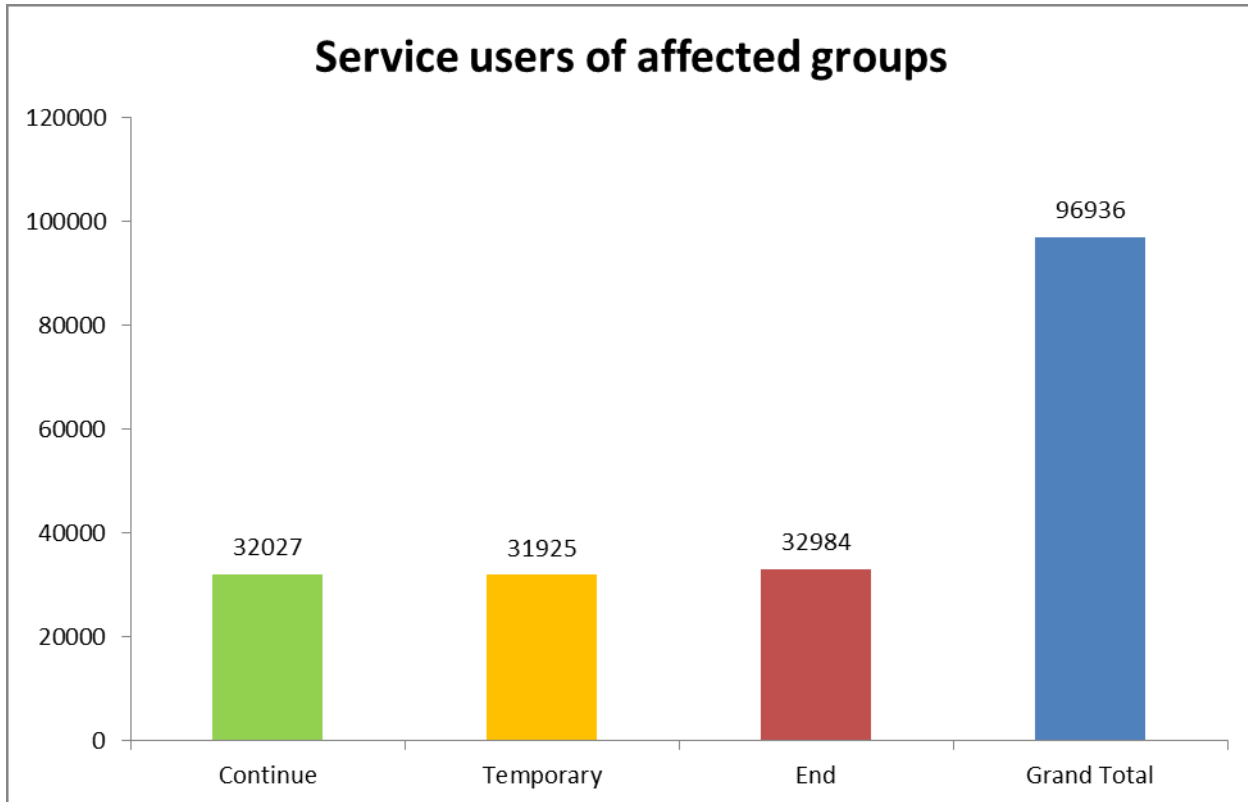
Geographical coverage of affected organisations

- Although there are 44 affected organisations, the coverage of their work can differ greatly; some are concerned with the immediate locality (such as Bilston Resource Centre for instance), but others have a citywide focus.
- The 44 organisations cover 12 areas between them including the city as a whole: the majority of the cuts affect organisations with a citywide focus. 34 organisations say they cover the city without specific geographical focus, and 11 (33%) of those face their funding ending.
- Provision which concentrates upon particular areas is less affected: 11 wards are covered to some extent specifically by certain groups (for instance, Aspiring Futures covers the wards of Blakenhall, Graiseley, Heath Town, and Park). This means ward-specific provision is still broadly intact.
- Almost all of the current ward-specific provision will continue for the time being: 2 of the ward-specific projects (Blakenhall Community Advice Centre and Stratton Street Community Project) will have their funding cease. This means Blakenhall will lose 1 specific voluntary group geared toward the area, as will Bushbury South and Low Hill, but in each case there will still be some ward-specific provision by voluntary sector organisations locally.



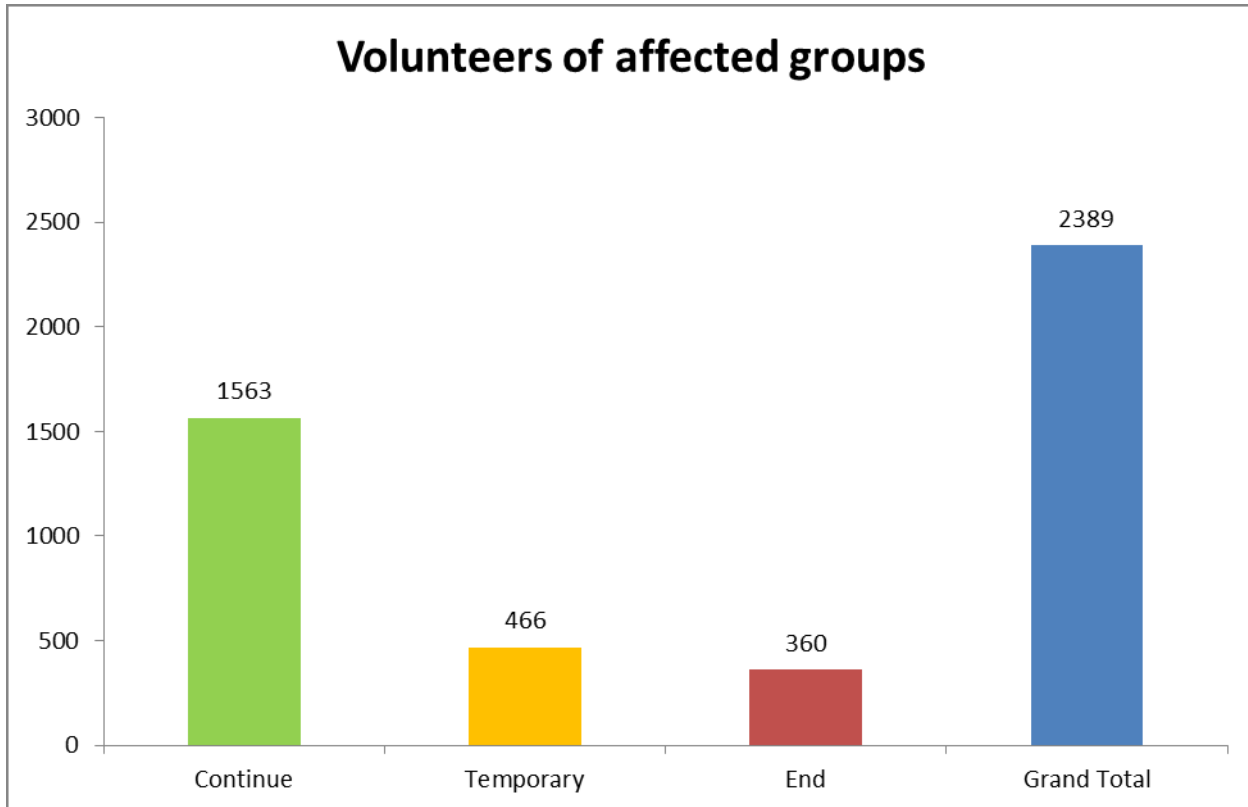
Service users of affected groups

- 33.0% of service users are served by groups that will have continuing funding; 32.9% of service users are served by groups whose funding is temporary; 34.0% of service users are served by groups whose funding is due to end in April 2014. The numbers of users in each affected group is shown below.



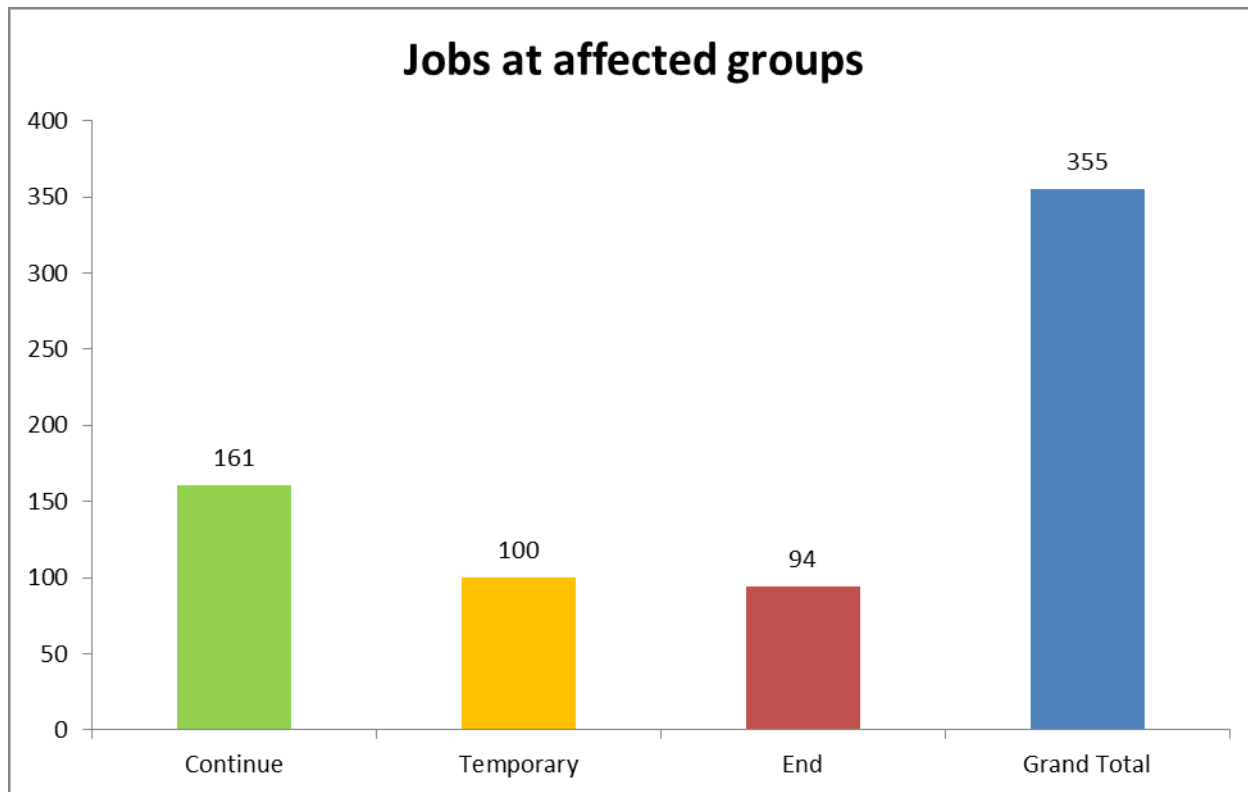
Volunteers of affected groups

- 65.4% of volunteers work for groups that will have continuing funding; 19.5% of volunteers work for groups whose funding is temporary; 15.1% of volunteers work for groups whose funding is due to end in April 2014. The numbers of volunteers in each affected group is shown below.



Jobs at affected groups

- 45.4% of paid workers work for groups that will have continuing funding; 28.2% of paid workers work for groups whose funding is temporary; 26.5% of paid workers work for groups whose funding is due to end in April 2014. The numbers of paid workers in each affected group is shown below.

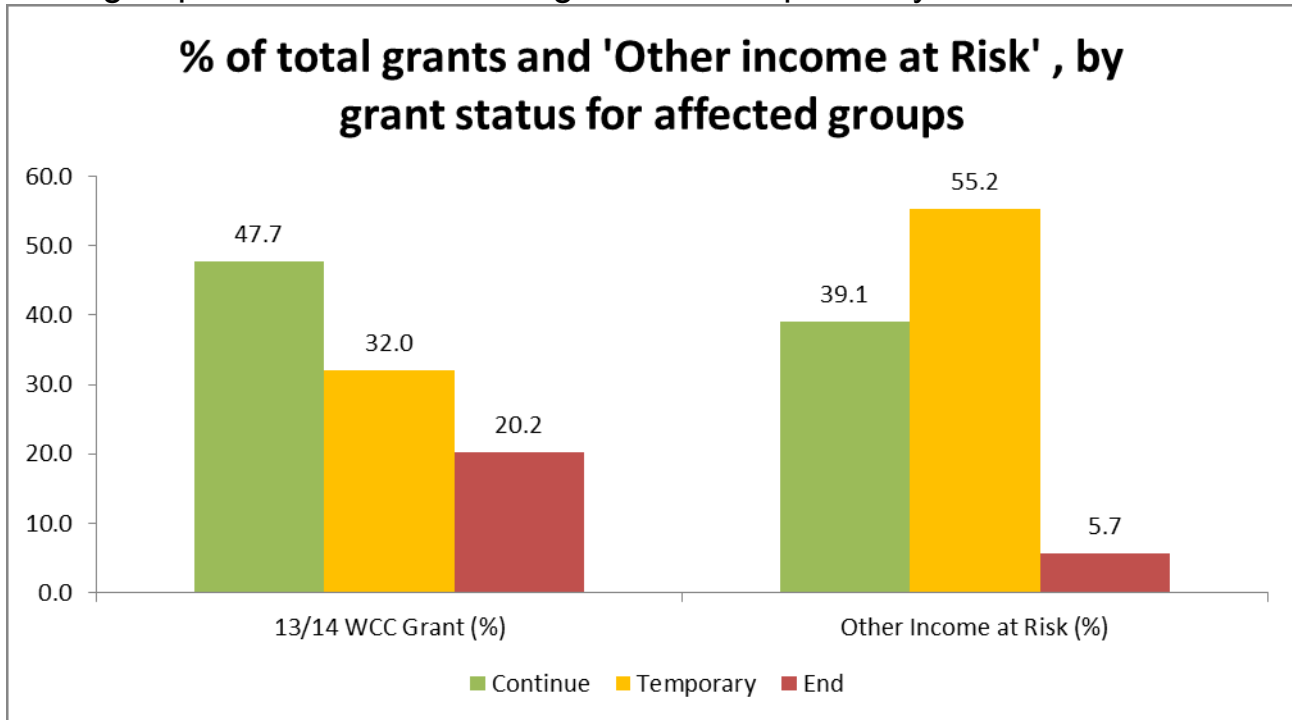


Total grant funding and 'other income at risk' at affected groups

	13/14 WCC Grant	Other Income at Risk
Continue	£1,226,620	£10,249,980
Temporary	£823,003	£14,475,682
End	£519,680	£1,480,833
TOTAL	£2,569,303	£26,206,495

- 47.7% of present WCC grants goes to groups that will have continuing funding; 32.0% of present WCC grants goes to groups whose funding is temporary; 20.2% of present WCC grants goes to groups whose funding is due to end in April 2014.
- As well as the grant funding which different organisations receive, the organisations can receive income from other sources. It is possible that ceasing funding from the Council might impair some of the other funding streams. To check this, the chart below shows the proportion of 'other income at risk' which goes to groups – the analysis is segmented depending on whether a group's funding is continuing, temporary, or ceasing.
- 39.1% of 'other income at risk' is accumulated by groups that will have continuing funding; 55.2% of 'other income at risk' is accumulated by

groups whose funding is temporary; 5.7% of 'other income at risk' is accumulated by groups whose funding is due to end in April 2014. Therefore, relatively little 'other income at risk' is accumulated by groups whose future funding will end in April this year.



Ratio of spending to service users, and ratio of spending to other income

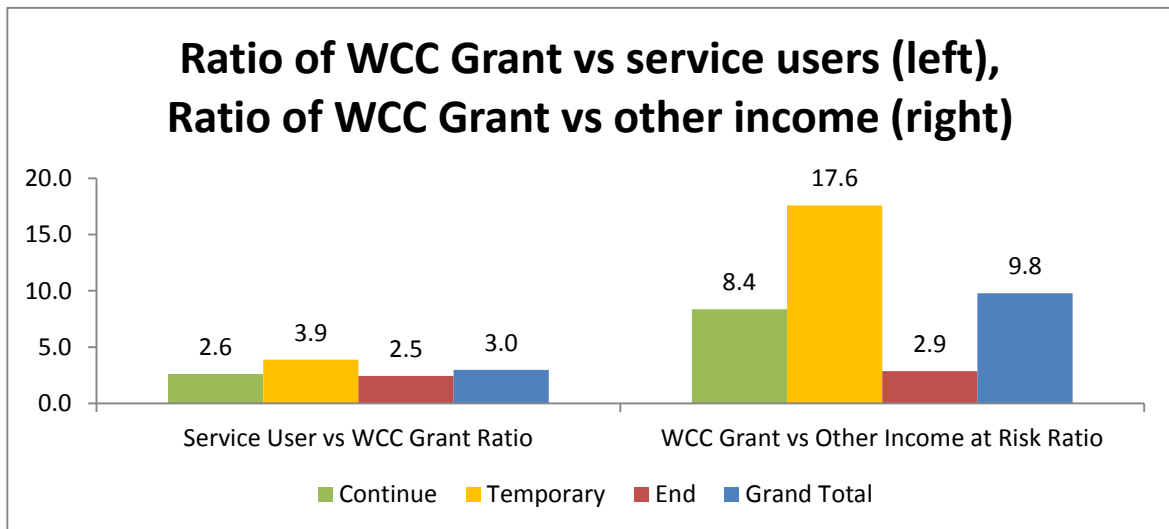
	Service Users	WCC Grant	Other income at Risk	Service User vs WCC Grant Ratio	WCC Grant vs Other Income at Risk Ratio
Continue	32,027	£1,226,620	£10,249,980	2.6	8.4
Temporary	31,925	£823,003	£14,475,682	3.9	17.6
End	12,697	£517,430	£1,480,833	2.4	2.9
TOTAL	76,649	£2,567,053	£26,206,495	3.0	9.8

(Please note, the Samaritans have been excluded from the above table: their ratio of service user to spend of 900 is omitted, due to skewing the figures, as such a high ratio is clearly an outlier and distorts the overall End group).

- High ratios of service users to WCC Grant are desirable; the higher the ratio, the more efficient the funding is in reaching high numbers of

service users. There is a 2.6 ratio by groups with continued funding; a 3.9 ratio by groups whose funding is temporary; and a 2.4 ratio by groups whose funding is due to end in April 2014. The groups temporarily funded have the highest ratio and therefore highest efficiency, and those due to end have the lowest.

- High ratios of WCC Grant to other income are desirable; the higher the ratio, the less dependent an organisation is upon WCC funding pots. There is a 8.4 ratio by groups that will have continuing funding; a 17.6 ratio by groups whose funding is temporary; 2.9 ratio by groups whose funding is due to end in April 2014. The groups temporarily funded have the highest ratio and therefore more diverse funding sources, and those due to end have the lowest.





Cabinet Meeting

25 February 2014

Report title	Savings Proposals for Youth Services	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Val Gibson Children and Families	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All	
Accountable director	Sarah Norman, Community	
Originating service	Youth Service	
Accountable employee(s)	Emma Bennett	Assistant Director – Safeguarding, Business Support and Children’s Early Help Services. Tel 01902 551215 Email emma.bennett@wolverhampton.gov.uk
	Robin Morris	Youth Service Manager Tel 01902 555117 Email robin.morris@wolverhampton.gov.uk
Report to be/has been considered by	Community Departmental Management Team	13 January 2014
	Councillor Gibson	14 January 2014
	Strategic Executive Board	16 January 2014
	Budget Working Party	20 January 2014
	Pre Scrutiny	28 January 2014

Recommendation(s) for action or decision:

The at Cabinet is recommended to:

1. Give due regard to the Equality Analysis completed before approving the recommendations in this report Appendix H.

2. Agree to implement the following recommendations for the development and transformation of the Youth Service in light of the findings from the consultation exercise and Equality Analysis:
 - a) A new structure is established to deliver the £1.1 million saving and £750,000 saving identified in the 23 October 2013 and 24 July 2013 Cabinet Reports in respect of the youth offer for young people in Wolverhampton.
 - b) The establishment of a strategic youth work lead and integrated targeted youth work team directly managed through Children and Families Support Teams (C & F) (formerly Multi-Agency Support Teams (MASTs)) across eight areas.
 - c) A budget of £100,000 to be made available to support a range of provision including: small grants to local community organisations, some commissioned voluntary sector re-provision on local open-access youth provision in areas of particular need, and some specific pieces of targeted needs led work including support for local youth democracy.
3. Agree the proposed staffing structure for formal consultation.
4. Take into account the comments made during pre-decision scrutiny by the Children and Young People Scrutiny Panel on 28 January 2014.

Recommendations for noting:

The Cabinet is asked to note:

1. The findings of the consultation exercise that has taken place in relation to the proposed savings for the Youth Service.
2. That the proposals agreed in the 24 July 2013 Cabinet report 'Transformation and Development of Youth Services' will now be amalgamated into the proposal contained in this report.

Appendices

Appendix	Information
A	List of groups consulted
B	Summary of young people's consultation
C	On-line consultation responses
D	Summary of voluntary and community organisations consultation
E	Summary of partner's consultation
F	Summary of staff consultation
G	Summary of consultation with trade unions (CYW Unite and UNISON)
H	Equalities Analysis
I	Youth Service current organisational structure chart
J	Youth Service proposed organisational structure chart
K	Youth Service proposed transitional organisational structure chart

1.0 Purpose

1.1 The purpose of this report is to:

- a) Inform Cabinet of the outcome of the consultation exercise previously approved by Cabinet on 23 October 2013.
- b) Set out the findings of the Equalities Analysis (Appendix H) of the proposals submitted for consultation and the recommendations made in response to these findings, giving due regard to the relevant equality implications.
- c) Seek Cabinet's approval on the recommendations now made, including approval to receive further reports on proposals for the restructure of the youth service and the terms and conditions of its' employees.

2.0 Background

2.1 The Council has a statutory duty under section 507b of the Education Act 1996 to secure services and activities for young people aged 13 to 19, and those with learning difficulties to age 24, to improve their well-being.

2.2 Whilst the duty does not prescribe what services and activities for young people should be funded or delivered, the Local Authority should take the strategic lead to work with young people and other stakeholders in order to assess needs and secure a sufficient local offer, that so far as is reasonably practicable, promotes equality of access for all young people, Nevertheless statutory guidance states local authorities should not assume the role of default provider of positive activities and should instead use planning and commissioning processes to identify the most appropriate provider; utilising the strengths of organisations within the voluntary and private sectors alongside those of the local authority itself.

2.3 The duty sets out two forms of activity (not mutually exclusive) to improve well-being. The first activity is "educational leisure-time activities". The legislation also includes sufficient educational leisure time activity and associated facilities that are for the improvement of young people's personal and social development. This sub-set relates to activities that are delivered using youth work methods and approaches. The second activity is "recreational leisure-time activities" which includes sports and informal physical activities as well as a wide range of cultural activities including music, performing and visual arts.

2.4 Currently, the Youth Service provides 31 delivery points across the City, 15 Youth Centres, 9 Community Centres, 7 Schools and other buildings, as well as detached youth work undertaken in priority hotspots and areas that currently lack centre based provision.

- 2.5 Youth Services Staff (85FTE) currently deliver both open access sessions in delivery points across the City as well as undertaking targeted youth work with young people identified and referred through MAST Teams. To support open access provision the service employs 20FTE (in the region of 70 part-time staff) to deliver evening and weekend sessions of youth work alongside the full time established staff. All employees including managers carry out a percentage of face to face work.
- 2.6 The savings proposed in the 23 October 2013 Cabinet Report require the Youth Service to make savings of £1.1 million (2015/16) in addition to the £750,000 (2013/15) identified in the 24 July 2013 Cabinet report.
- 2.7 The 23 October 2013 Cabinet Report set out the Council's strategy to address the projected budget deficit, proposed council tax levels and a programme of savings proposals to be implemented over the next five years.
- 2.8 The savings programme extends the whole of the Council in light of the projected budget deficit, requiring all service areas to be reviewed in line with their statutory duties.
- 2.9 The proposed savings for the Youth Service are made within this context. The proposals within this report have been formulated in light of the Local Authority's duties as set out under Section 507b.
- 2.10 The proposals also need to be considered in the wider context of youth provisions and activities that are available across the city. These include both open-access and targeted provision delivered by voluntary and community organisations, uniformed organisations etc.; some of which have been financially supported by the local authority whilst other provision is independently funded.
- 2.11 This report was taken to Children and Young People Scrutiny Panel for pre – decision scrutiny on 28 January and is therefore not eligible for call in once a decision is made by Cabinet. The Panel expressed their sadness at the cuts but most accepted they were necessary. Their key concerns were:

Youth Service reductions:

- Concerns around increase in youth offending as a result of loss of provision.
- Youth Council expressed their concern around the continuation of youth democracy in the city.
- Youth Council also asked to be consulted more widely on any changes.
- To report back to the panel when appropriate.

Youth Zone:

- Accessibility issues for young people who live on the outskirts of the city and do not have access to a car. They expressed their enthusiasm for the local authority to influence OnSide to provide transport.

- Quality assurance of service provision and the importance of the local authority influencing and monitoring OnSide as far as is practicable.
- The gap between open access provision ending and Youth Zone opening. An enquiry was made as to whether open access provision could continue until the Youth Zone was completed. The employee explained that budget constraints would make this impossible.

3.0 Outline of the proposals

3.1 Proposed Youth Service Offer 2015/16

3.2 From April 2015 the local authority youth offer will focus on the following 3 areas;

- a) A strategic youth work lead and integrated targeted team directly managed through Children and Families Support Teams (C & F) across eight areas.
- b) A budget of £100,000 will be available to support a range of provision including; small grants to local community organisations, some commissioned voluntary sector re-provision on local open-access youth provision in areas of particular need, and some specific pieces of targeted needs led work including support for local youth democracy.
- c) Continue to encourage the establishment of Wolverhampton Youth Zone (WYZ) as a provider of open-access delivery. Wolverhampton Youth Zone will be an independent youth provision managed by the Wolverhampton Youth Zone charity and will offer a complementary open-access service to other provision in the City.

4.0 Response to the consultation exercise

4.1 Cabinet agreed on 23 October 2013, to submit for consultation the proposals for the fulfilment of the Council's savings for the Youth Service, with a view to considering the outcome of that consultation exercise and an Equality Analysis (Appendix H) before making any final determination on the proposals. That consultation exercise and Equality Analysis have now been concluded and have helped to inform the recommendations now made in this report.

4.2 The details of the original proposals submitted for consultation, and the responses received to the consultation exercise, are set out in Appendices A to G.

4.3 The consultation outcomes identify a number of concerns received in the course of the consultation exercise, which broadly fall into a number of recurring themes. These themes may be broadly summarised as follows:

- general comments about the proposals;
 - comments about specific aspects of the proposals;
- 4.4 During October to January the Council consulted with stakeholders on the proposed changes in the delivery of youth work across the city.
- 4.5 The following stakeholders were consulted (Appendix A):
- Young people (users and non-users)
 - Local Communities (on-line survey)
 - Voluntary and community sector with Youth Organisations Wolverhampton (YOW)
 - Children and Young People Strategy Groups
 - Multi Agency Support Team Managers and MAST Locality Boards
 - Employees and trade unions
- 4.6 At all of the meetings and focus groups above, the need for the service to make savings was explained in the context of the considerable savings having to be made across the Council.
- 4.7 The Council's recommended response to each of the key concerns emerging from the consultation exercise is set out below.
- 4.8 **General comments about the proposals:**
- 4.8.1 A range of different views were received in response to the proposals. While many respondents recognised the need for the proposals, there was also a significant degree of general opposition to them particularly from employees within the current workforce and young users of the service.
- 4.8.2 Young people were very vocal in championing the services that they currently receive. They were equally disappointed that any reduction in youth services should be proposed particularly if it affects their own provision directly. There was also concern about the accessibility of the proposed Youth Zone and their ability to both travel to it and afford to use it.
- 4.8.3 The voluntary and community sectors were keen for the profession of youth work to be continued to be recognised by the local authority. The sector has expressed interest in re-providing some local services and championing the role of the community sector.
- 4.8.4 Objections were more particularly pronounced at employee and trade union consultation meetings. The objections particularly centred on the risk of large scale redundancies across the service and any change in the terms and conditions of youth workers.
- 4.8.5 A number of respondents expressed the view that decisions had already been made and that they therefore had little confidence that the consultation would have any impact. Many took the view that there was so much detail provided

that it was evidence that the outcome of the proposals had already been pre-determined.

4.8.6 The Council believes that it has taken all reasonable steps to undertake an effective, meaningful and successful consultation exercise with residents, local communities and other stakeholders; that it has carefully considered all the responses received; and that the responses received have informed the decisions the Council now has to make after all due consideration of the outcome of the consultation exercise.

4.9 The Council's response to general comments about the proposals

4.9.1 The Council acknowledges the views expressed by a number of respondents objecting to the proposals made. The Council also acknowledges the wide range of differing and sometimes opposing views expressed about different aspects of the proposals from various communities and particularly young people who currently use the service and staff employed by the Youth Service. The Council also acknowledges the degree of general anxiety and uncertainty about proposals that will involve changes to current and traditional models of service. The Council is, however, also gratified to note the degree of attachment to, and appreciation of, the youth services that the Council currently provides for the benefit of its local young people and communities.

4.9.2 Whilst the Council sympathises with the concerns expressed that there should be no changes to the existing arrangements, the Council has to balance such wishes with the budget challenges now facing the City. The Council has a duty to local council taxpayers to ensure that all of its community services represent good value for money. The Council believes that its vision for the development of the proposed youth offer is a way to protect some local services whilst achieving the savings necessary. The Council is encouraging the establishment of Wolverhampton Youth Zone as a charitable initiative that will go some way to mitigating the loss of local open-access youth services.

4.9.3 The Council notes that the most forceful views expressed in opposition to the proposals were reinforced in consultation with staff and trade unions.

4.9.4 The Council is left with the challenge to maintain services that are clearly valued by local communities while reducing costs in the face of unprecedented Government spending cuts. The scale of cuts to government grants means that the Council cannot continue to provide the same level of services that the residents of Wolverhampton have enjoyed. The Council believes that the recommendations now made will help it to support the most vulnerable young people within the City and to support organisations who wish to re-provide current open-access services or provide new ones for our young people.

4.10 Specific comments about the proposals

4.10.1 The Council notes that there were particularly prevalent or forceful views expressed about specific aspects of the proposals, in particular the concerns expressed by:

- Youth Council Consultation Appendix B
- Community Consultation (on-line survey) Appendix C
- Voluntary and Community Sector Consultation Appendix D
- Partners Consultations Appendix E
- Employee Consultation Appendix F
- Trade Union Consultation Appendix G

4.11 The Council's response to the specific comments about the proposals

4.11.1 The Council acknowledges the wide range of views held on the services it provides to local communities. The Council is committed to supporting the development of youth services albeit on a reduced budget and through other providers. The Council recognises, however, that it has a duty to continue to strive to find more efficient and effective ways of meeting needs than hitherto. In order to do so, changes are inevitable.

4.11.2 The Council recognises that it is not possible to make changes that will satisfy everybody. Changes will be perceived as impacting on some services that some individuals hold more dearly than others. A large body of responses have demonstrated objection to any change at all. However, the Council has to take a broader view.

5.0 The Implementation of the Youth Service Savings Programme

5.1 In order to fulfil the current 2014/15 savings target of £500,000 the service will defer the current savings plan to implement alongside the 2015/16 savings.

5.2 Savings will be implemented from August 2014 in order to achieve the target savings.

5.3 From April 2015 the local authority youth offer will focus on the following 2 areas:

- a) A strategic youth work lead and integrated targeted team directly managed through C & F Support Teams across 8 areas.
- b) A budget of £100,000 will be available to support a range of provision including; small grants to local community organisations, some commissioned voluntary sector re-provision on local open-access youth provision in areas of particular need, and some specific pieces of targeted needs led work including support for local youth democracy.

5.4 Strategic Leadership and Targeted Youth Service

5.4.1 Strategic Leadership

The strategic lead will manage and co-ordinate the open-access and targeted youth work response across the city in line with the structures described:

- Management and co-ordination of youth work in line with city priorities and identified needs.
- Management and monitoring of externally funded programmes of activity.
- Development and co-ordination of the youth activity small grant scheme.
- Commissioning of priority open-access provision based on identified need.
- Liaison with local community structures to identify need and allocate resources (PACT Partners and Communities Together) and (Local Neighbourhood Partnerships (LNP's), etc.).
- Liaison with community and voluntary sector organisations (including infrastructure support).
- Management of resources dedicated to Wolverhampton Youth Council and United Kingdom Youth Parliament.
- Co-ordination and liaison with key partner agencies to deliver the best package of interventions based on the need for targeted youth support in the areas defined above.

5.4.2 Targeted Youth Service

The targeted youth service will be hosted geographically within local C & F Support Teams (formerly MAST's) across the eight areas through the deployment of JNC qualified youth workers and will include:

- 1 FTE dedicated post to be linked with the Youth Offending Team (YOT).
- 7 FTE posts to be integrated within the C & F Support teams. These posts will be allocated once a needs audit is completed across the eight teams.
- Deliver individual/group support to young people identified within C & F Support Teams settings/communities and schools.
- Make a contribution to the anti-social behaviour agenda both locally/geographically and as a link to Youth Offending Team (YOT).
- Facilitate lone and team working. This can be done in partnership with other agencies (including YET, Anti-Social Behaviour (ABS) Team, Police, voluntary sector etc.).
- Support the YET in offering step-down support to young people exiting the criminal justice system.
- Development of lead city-wide youth work responsibilities which will include; health, training, anti-social behaviour (including gangs and youth violence), sexually exploited, missing and trafficked (return interviews), education/accreditation, youth engagement and participation, community support and support within the Youth Offending Team.
- Operate as a youth work team across geographical boundaries dependent on need

5.4.3 A geographical base at Graiseley Centre (C & F Support Team base, formerly MAST 3) will be maintained in order to provide an administrative base for the restructured service, as well as the base for the transitional service. There will be no open access youth provision offered from this base. The targeted Youth Service will be co-located within the new Children and Families Support teams.

5.5 Community sector support and commissioned voluntary sector provision

5.5.1 Supported community sector provision

5.5.2 The service will co-ordinate the development of a commissioned/grant funded process to develop increased community youth activity. The small grants scheme will be informed by local structures with knowledge of local priorities. This fund aims to help support new activity or continue current activity by proven providers. The management of safeguarding will continue to be a priority. This work will be co-ordinated by the Strategic Lead and will include adherence to youth work quality standards.

- 5.5.3 Resources have been identified to support the community and voluntary sector to deliver local provision by creating a small grants fund to develop and seed fund additional activity or continue current activity. It is also acknowledged that these smaller organisations will require additional infrastructure support in order to offer safe and effective opportunities for local young people.
- 5.5.4 A small grants fund of £20,000 will be used to support local community providers to provide open-access youth activities in priority local areas. The grant funding will aim to help organisations deliver this additional activity by enabling support for room hire costs, equipment and programme development funds.
- 5.5.5 £40,000 will be allocated to the commissioning of priority targeted and open-access provision in areas of particular need or with young people most vulnerable in their communities. These programmes will be closely monitored to ensure quality standards are adhered to and that delivery represents value for money.

5.6 Infrastructure support

- 5.6.1 It is acknowledged that these organisations will continue to require on-going infrastructure support which is at present supported by both the Youth Service and other local providers (e.g. Youth Organisations Wolverhampton).
- Level of infrastructure support is to be determined.
 - Monitoring and evaluation of provision (commissioned/grant funding) will be based on a set of quality standards.
 - Administration of payments and applications.
 - The Youth Service currently supports the sector with Level 2 and 3 youth work qualifications via the Open College Network. Future support will need to be developed.
 - There is potential to draw down funding for level 3 qualifications to part fund training/infrastructure.
- 5.6.2 £20,000 will be allocated to fund infrastructure support for the voluntary and community sectors. This will support Safe and Sound safeguarding, training support, and individual programme support.
- 5.6.3 The Youth Service currently holds the licence for the National Open College Network level two and level three awards and has a qualified trainer who also modifies and verifies accreditation. Buying in training would cost approximately £8,000 per course. It is envisaged that level three courses will draw down additional funding which will potentially enable this support to continue in the future.

5.7 Community and Youth Democracy Support

- 5.7.1 Wolverhampton Youth Council and United Kingdom Youth MP's have traditionally been well supported by the Youth Service. It is proposed that the

Council continue to support the Youth Council and its' Youth MP's although it is acknowledged that a new model will need to be developed. An analysis will be undertaken across the Council to assess all resources associated with youth participation and engagement. This would include Youth Council/Youth MP's, Children in Care Council, Commissioning etc. with a view to developing a shared support resource.

5.7.2 £20,000 will be used to support youth democracy across the city.

5.8 Youth Zone

5.8.1 Wolverhampton Youth Zone (WYZ) is currently being proposed by the Wolverhampton Youth Zone Charity. Wolverhampton Youth Zone (The Way) plans to provide an independent open-access city centre facility managed by Wolverhampton Youth Zone charity with support from OnSide. The Youth Zone plans to offer a range of activities for children and young people aged 8-21, 7 days a week, 52 weeks per year from an iconic city centre facility.

5.8.2 It should be noted that the provision of services and activities at the WYZ will be determined by a separate legal entity, the WYZ Board, subject to the conditions of the lease and associated agreements. The council is encouraging this development as a private sector and charitable investment in the City but is not commissioning the service.

6.0 Implications of Implementation

6.1 Transition Strategy (April 2014 – March 2015)

6.1.2 A planned exit strategy including a phased restructure, will take into account the following factors:

- Savings as a result of voluntary redundancies and other factors which will influence what can continue to be delivered from April 2014. This will have an impact on the shape and nature of delivery which will need to be planned.
- Operational resource savings (e.g. fleet, operational budgets etc.).
- Priority provision based on diminishing resources (as staff exit less will be delivered and this will need to be planned. i.e. community centre delivery, Youth Service buildings).
- Disposal of buildings, disposal of assets.
- The exit date for the majority of the service to finish is 31 July 2014.
- Costings to take into account transitional arrangements from 1 August 2014 to 31 March 2014 2015 (targeted service. EPIC Youth Café, Participation etc.).

6.2 Service Transition - services that will cease from 31 July 2014

6.2.1 It is anticipated that the current workforce will be put at risk in early March 2014 in order to recruit to a new structure including a temporary structure which would include fixed term holding posts (including participation, health, training, Duke of Edinburgh Award and youth café).

6.2.2 The Service would then delete the following areas of delivery from 31 July 2014:

- Open-access youth provision.
- All youth service buildings (except EPIC Youth Cafe and Graiseley Youth Centre).
- Disability team.
- Detached youth work.
- Sector management team.
- Support for volunteering.
- 2 YOT youth workers.
- Music provision (formerly Sam Sharpe).
- Infrastructure support for Youth elections.
- Post 16 support.
- Holiday activities and summer programme.
- Youth offer development.
- Apprenticeship scheme.
- Operational Support.

6.3 Transitional programmes

6.3.1 The following programmes will continue until end of March 2015. This is in order to allow addition time to review these areas of service in terms of longer term sustainability. Costs will continue to be incurred during this transition period and a revised temporary staffing structure will be established for this period (see Appendix J).

- EPIC Youth Café will remain open as part of transitional arrangements until the end of March 2015. Costings assume that the premises costs for the café continue to be taken out of the reserve for 2014/15.
- Support for the Youth Council will continue with staffing support linked to the continued delivery from EPIC Youth Café.
- Health – the Senior Youth Worker post continues to manage the Hospital Youth Work team until funding ceases in March 2015. Any further funding will need to include management arrangements for the team.

- Disabilities-a reduced service for young people with disabilities will continue for as long as current Short Breaks funding continues. This will be managed by the Senior Youth Worker (Health)
- Training – one Senior Youth Worker plus an operations fund continue to support infrastructure for the voluntary sector.
- Duke of Edinburgh Scheme will continue whilst a business case to make the service self-sufficient is implemented. Some income may be attainable in 2014/15 to reduce these costs.

- Operational/management closedown – it is anticipated that one full time administration post will be required until the end March 2015 to undertake the following tasks around closing down of resources currently used by the service.
 - finalising budgets
 - cancelling services
 - securing buildings and transferring assets to asset management
 - clearing out equipment from buildings
 - removal of scrap items
 - movement or sale of equipment,
 - transfer of confidential files.

6.3.2 Some of these tasks will need undertaking prior to youth work staff leaving, meaning that youth work provision may need to cease in June in order to provide several weeks for youth work staff to “clear out” buildings before they leave. The operational support post will continue to support the transitional structure.

6.4 **Alternative provision**

6.4.1 A number of alternative delivery methods have been explored over the last two years both with staff and stakeholders. These have included the exploration of the development of social enterprises, mutual organisations and community interest companies. The Council has also explored models developed within other local authorities. Unfortunately these proposals have not been viable due to both finance and capacity issues.

6.4.2 The service is currently exploring the creation of business cases to maintain a self-sustaining Duke of Edinburgh Award service and further income generation to maintain training and infrastructure support for youth work going forward.

7.0 **Financial Implications**

7.1 The 2013/14 approved controllable budget for the Youth Service is £2.4 million.

- 7.2 The approved Budget Strategy 2013/14 and Medium Term Financial Strategy includes savings of £750,000 (£250,000 2013/14 and £500,000 2014/15) for the development and transformation of the Youth Service.
- 7.3 The savings proposed in the 5 Year Budget and Medium Term Financial Strategy 2014/15 to 2018/19 Cabinet report of the 23 October 2013 requires the Youth Service to make further savings of £1.1 million in 2015/16. The implementation of the recommendations detailed in this report, including the transitional structure, in addition to achieving the £1.1 million, would result in savings of £500,000 being achieved earlier than previously planned, in 2014/15.
- 7.4 The table below summaries the Youth Services budget requirements for the financial years 2014/15 and 2015/16 following the implementation of the savings proposals detailed in this report:

	2014/15 £000	2015/16 £000
Available Budget	2,440	1,040
Less Savings Target	(500)	(590)*
Base Budget	1,940	450
Budget Requirements		
Current Structure (April – July)	830	0
Transitional Costs (Aug – March)	320	0
Target Youth Work	220	350
Community Support Grants	70	100
Total Budget Required	1,440	450
Early achievement of October savings target	(500)*	0

*Original savings proposal detailed in the October Budget Report £1.1 million for 2015/16. £500,000 achieved early in 2014/15 leaving a balance of £590,000 to be met in 2015/16.

[AS/13022014/Y]

8.0 Legal implications

- 8.1 The Council has a statutory duty under section 507b of the Education Act 1996 to secure access to sufficient educational and recreational leisure-time activities and sufficient facilities for such activities 'so far as reasonably practicable' and for the improvement of the young peoples' well-being.

- 8.2 Before taking action in relation to that duty, the Council is under an obligation to consider whether it is expedient for the proposed action to be taken by another person and consult 'such persons as the authority think appropriate' on that proposal.
- 8.3 In carrying out any function under s507B the Council must take steps to ascertain the views of qualifying young persons (qualifying young persons are those persons between the ages of 13 and 19 or those persons between 13 and 25 if they have a learning difficulty) in the authority's area about:
- positive leisure-time activities, and facilities for such activities, in Wolverhampton
 - the need for any additional such activities and facilities; and
 - access to such activities and facilities; and
- 8.4 The Council must also make sure that the views of qualifying young persons in the authority's area are taken into account.

[RB/14022014/H]

9.0 Equalities implications

- 9.1 The Equality Duty requires the Council to have "due regard" to the objectives set out in section 149 of the Equalities Act 2010, when exercising any of its functions. This includes when considering and making decisions on funding for the Youth Service. "Due regard" means the regard that is appropriate in all the particular circumstances in which the Council is carrying out its functions.
- 9.2 In summary, the Equality Duty requires the Council to have due regard to the need to eliminate discrimination, and both (a) to advance equality of opportunity as well as (b) to foster good relations, in each case between persons who share one or more of the "protected characteristics" and persons who do not share it. The protected characteristics are: age; disability; gender reassignment; pregnancy and maternity; race; religion or belief; sex; and sexual orientation.
- 9.3 The Equality Duty is not necessarily to achieve the objectives or take the steps set out in section 149. Rather, it is designed to bring these important objectives relating to discrimination and equality into consideration when the Council is setting policies or making decisions.
- 9.4 Where it is apparent from the analysis of the information before the Council that a proposed policy or decision would have an adverse effect upon equality, then adjustments should be made to avoid that affect, *i.e.* mitigation. Furthermore, compliance with the Equality Duty may involve the Council treating some people more favourably than others.
- 9.5 At the same time as paying the necessary "due regard", members must also pay regard to any countervailing factors, which it is proper and reasonable for them to consider. Budgetary pressures, economics and practical factors will

often be important. The weight of these countervailing factors in the decision making process is a matter for Councillors, subject to the principles of public law.

- 9.6 An Equality Analysis has therefore been undertaken, as it was considered that any restructure of the current Youth Service could impact on some groups of persons with relevant protected characteristics, in particular on the grounds of age, disability and race.
- 9.7 This Equality Analysis for the development and transformation of the Youth Service is attached at Appendix H and needs to be read and carefully considered. The Equality Analysis finds that although some young people with the relevant equality characteristics may consider themselves to be adversely affected by these proposals, those adverse implications will be counterbalanced by the positive equality implications that will arise from the flexible open access and targeted delivery of the new service which will increase access to the youth services by young people who do not currently use the service, many of whom will share the relevant protected characteristics.
- 9.8 In considering the proposals and recommendations in this report, Councillors are reminded that they should give consideration to users of the Youth Service, and the adverse impacts on it and its service users/client groups affected individually and cumulatively, upon
- a) persons with one or more of the protected characteristics and
 - b) the objectives of the Equality Duty, which it is clearly desirable for the Council to promote.
- 9.9 So far as concerns mitigation measures, Paragraph 5.4 sets out that:
- a) The Council has explored the development of social enterprises, mutual organisations and community interest companies and the proposed Youth Zone as well as a self-sustaining Duke of Edinburgh Award service and further income generation to maintain training and infrastructure support for youth work going forward
 - b) Councillors should therefore consider whether all reasonable mitigation measures have been considered, in an endeavour to alleviate some of this adverse impact. In reaching their decisions, the legal advice to Councillors is that they may nevertheless reasonably conclude that:
 - the extreme budgetary pressures facing the Council, as described in this Report, present a significant countervailing factor to the Equality Duty;
 - the absence of further mitigation measures being available results from these same budgetary pressures; and

- for all the reasons set out in this Report, the recommendations may properly be accepted.

10.0 Environmental implications

10.1 There are no environmental implications arising from this proposal.

11.0 Human resources implications

11.1 The Council is committed to maximising front line provision across its services. The proposal is to harmonise the terms and conditions for youth workers to those in the recently negotiated Single Status Collective Agreement for NJC employees. There is work in progress to explore the inclusion of Youth Work in the job family framework which may include moving from JNC terms and conditions.

11.2 Before finalising the recommendations and savings from terms and conditions changes the Council is currently undertaking a review of specific staff groups who are currently not on NJC terms and conditions.

11.3 It is anticipated that following formal consultation a restructure of the Youth Service will be required, which may result in a reduction in employees required for the restructured service.

11.4 Full and timely consultation, at the earliest opportunity, will take place with the affected staff groups and trade unions, and wherever possible the need for any compulsory redundancies will be minimised through managing both current and imminent vacancies, voluntary redundancy requests, and redeployment opportunities.

11.5 The service currently has 84FTE mainstreamed established posts (Appendix I).

11.6 The number of posts potentially at risk of redundancy across all proposals is approximately 75 FTE.

11.7 The Youth service currently holds 14.27FTE vacancies.

11.8 Proposed restructured organisational charts can be found in Appendices J and K.

11.9 The Council is committed to full and meaningful consultation with staff and trade unions on all aspects of the restructure of the Youth Service.

11.10 Any unavoidable reductions in employee numbers, which may result in compulsory redundancies, will be carried out in accordance with Council's

standard Human Resources policies and procedures under the advice and guidance of Human Resources department.

- 11.11 Those employees who are subject to compulsory redundancy will be given full outplacement support by the Council to assist them in their search for suitable opportunities elsewhere (e.g. time off to attend job interviews).

12.0 Schedule of background papers

- 12.1 24 July 2013 Cabinet Report Transformation and Development of Youth Services.
- 12.2 23 October 2013 Cabinet Report: Five year budget and medium term financial strategy 2014/15 to 2018/19

YOUNG PEOPLE'S GROUPS CONSULTED

C & F Support Team	GROUP
1	Stowlawn and Portobello
1	Eastfield and Brooklands Youth Clubs
1	Bilston Youth Centre
2	Rocket Pool Youth Club
2	Lunt Youth Club
2	Ettingshall Youth Club
3	Lanesfield Youth Club
3	Duke Street Youth Club
3	All Saints Youth Club
3	Graiseley Youth Club
4	Pennfields Girls Group
4	Oakley / Buckley Youth Club
4	St Chad's Youth Club
5	Dunstall Youth Centre
6	Mirage Youth Club
6	Bushbury Youth Club
7	Low Hill Youth Resource Centre
7	Moreton CoPE Group
8	Hickman Youth Club
8	Ashmore Park Youth Club

8	Heath Town Youth Club
8	Park Village Youth Club #1
8	Park Village Youth Club #2
8	Springfield Youth Club
Citywide	Diabetic Group
Citywide	Twilight Group– Disabilities group
Citywide	Unicorns – Disabilities group
Citywide	Griffins– Disabilities group
Citywide	Wolverhampton City Youth Council
Citywide	EPIC Youth Café – open session

VOLUNTARY AND COMMUNITY SECTOR
GROUPS CONSULTED

GROUP
Gloucester Street Community Association
TLC College
Gazebo TIE
Re-entry
Believe to Achieve
Wolverhampton YMCA Triangle Youth Project
Base 25
Heantun Foyer
YOW

PARTNERSHIP
GROUPS CONSULTED

C & F Support Team	GROUP
5	MAST Team 5 Referral meeting
6	MAST Team 6 Referral meeting
City-wide	Sexually Exploited, Missing & Trafficked Group (SEMT)
City-wide	West Midlands Police

YOUNG PEOPLE'S FEEDBACK

Wolverhampton Youth Zone

- If you are in a different area you will have to travel too far
- It could possibly become a place for gangs to meet
- Won't provide the support we need i.e. Anti-bullying or problems at home
- Bus fares, stranger danger, gangs in town
- Mum won't let me go into town
- Risk of fighting
- We will lose our youth workers who we already know and trust
- If I volunteer there, will I have a chance of getting a real job there?
- Could make new friends
- Might be a nice building
- Opportunities for volunteering
- This is not for us
- Expensive, there should not be any entry fee as young people will have to travel from across the city
- Entrance fees?
- Safety issues
- Traffic
- Young people from Heath Town would not access it at all
- Area codes, gangs
- Town centre is unsafe – nightclubs, drinkers and drugs
- Fights in town every night
- Personal safety
- I am not happy, I want a girls' group instead
- Drug dealing may take place where young people meet
- Will there be a mini bus service?
- We have a fantastic centre at Graiseley, they have spent lots of money on this centre and it is going to close after only 2 years.
- Don't agree with this option coming from the Czech community. It is the only youth club we attend (Graiseley) we come two nights a week and we will have nowhere else to go when it closes.
- Not going to get home from WYZ until after 10.00 pm on a school night. Mirage closes at 9.00 pm and it's a 5 min walk home.
- Will take us up to 1 hour to travel in from Mirage area.
- The city centre attracts certain groups and concerns are around racism.
- Waste of money would be better to replace existing LA provision.
- We don't like the idea. We already made this clear in the original consultation about the Youth Zone.
- Buses aren't safe.
- Worried about assault and rape etc.
- It will be overcrowded.
- Youth Zone will not look after our needs as the Hospital Youth Work Team do. We don't want to be with large groups of people.

- We don't want to lose the service that has made a difference to our lives.
- What is going to happen after youth clubs close and before Youth Zone opens?
- Why should we give money to Youth Zone? Why can't we keep it and have a club in our area?
- Every time we go into the town centre the police stop us, but never stop anyone else.
- All said that it is aimed at young people from rich areas. Only they could afford to go there. Parents would drop them off and pick them up.
- We would like to see a number of clubs across the city so young people can safely access them
- From Rocket Pool to Wolverhampton the buses only run every hour and we can't use the same day saver bus tickets as its different bus companies.
- The youth workers have known us and our families for years and we know they can support and help us. We don't think this would happen in Youth Zone as the workers don't know the area or our families.
- We trust our youth workers. We open up to them about our worries and concerns.
- Young people who do not want to go to Youth Zone will simply hang around their 'ends'.
- It seems like the Youth Zone is going to be a money making thing instead of a place for young people to go.

A strategic Youth Work lead and integrated targeted team directly managed through C & F Support Teams

- It means nothing to us.
- This will only be supporting a few young people.
- Targeted youth support is important. Some need extra support.
- Why lose a service and put it into another one that will have different ideas of how it should do things?
- There won't be enough youth workers to work with everybody.
- If youth clubs are going where will the targeted workers work with young people?
- Shocked that there will only be 1 youth worker per C & F Support Team area.
- Young people have said that they prefer and like the way the service was run before. Getting C & F Support Teams to run youth work will break up the trust and relationships built through having regular youth workers who they can trust.
- Where is this going to happen?
- Again the naughty ones get more things and help. What about us who are not being naughty? We are the ones who lose out.
- Having more workers would enable youth workers to discuss options and they will be swamped with all the work.
- Youth workers will only work with a few young people. Everybody else will lose out.
- One young person said "in my opinion it is stupid – not enough".

- The majority of young people will miss opportunities to get involved in projects that offer a chance to build their confidence and support them.
- Access to youth workers will be very hard so how could we access them. Only naughty kids will get youth workers.
- That's hard work.
- How many kids will they have to see? They won't have enough time to do any good work.
- We need more leaders, not less, who understand what to do.
- How will they manage a situation with fewer workers? How can they build relationships and do any good work?
- As we border Dudley/Sandwell/Wolves, our school is not covered by a C & F Support Team so we wouldn't get the help we are getting now off youth workers who come into school to help.

A budget of £100,000 would be made available to support a range of activity including: small grants to local community organisations and some commissioned voluntary sector re-provision of local open-access youth provision, as well as specific pieces of targeted needs led work including local youth democracy

- I want to know - will they be there for us and will it be safe?
- Local people haven't got the time or money to take on voluntary work.
- It will not work because they will be churches.
- They will not let us into the church clubs.
- Quality will suffer.
- Youth workers know everything about us. Wouldn't want people from the community coming in as they will know all our families.
- There are no clubs in Heath Town except for Hope. We cannot go there, so what is on offer for us?
- The money will be good if it helps young people in this area (Warstones).
- Why are the Council wasting valuable money on these organisations when they don't even understand young people?
- The Council wasted a lot of money over the last few years like spending money on the bus depot. They could have used that money to make the current youth clubs better for young people to use in the future.
- The local groups have different conditions e.g. Gujarati Youth Club you have to be a Gujarati – they won't let us in.
- Young people would rather pay an increased entrance fee to attend their own youth club in their own area to access different specific pieces of targeted work on offer.
- New workers might not be qualified.
- Not enough money to keep new clubs going, as they would start up and then close.
- Youth workers are safe. We do not trust anyone else. We will not have the privacy. Everyone will know our business.
- Not happy with voluntary organisations taking over such as a church because they have a different set of rules and a church might judge us because of the organisation's beliefs.

- Would not be happy for the club to be staffed by local people who we know. We want to be able to trust the workers.
- The money spent on this should be decided by young people like they used to do before in the Youth Service (Youth Bank).
- We don't trust that we would see any of the money. We don't trust the adults in our area so we wouldn't like a voluntary run youth club.
- The group said even though £100,000 seems a lot, it is not enough to go around when you are talking about the whole of the City.
- The venue has to be right.
- Would it be the same standards and if so who is going to measure it or keep an eye on these groups?
- A few went to a church youth club and they were kicked out (Heath Town).
- Young people wanted their own youth club and not someone else's.
- We don't think this will work for young people like us and others with medical issues or special needs. We have always had good advice and support from Hospital Youth Work Team and trust them, and we know we can rely on their knowledge and support.

Other issues

- Once again we feel like we won't be listened to because questions like this got passed already this year and we said we weren't happy about it, but we still thought we had our local youth club because we were meant to be moving to the Library at Priory Green. Now that is not happening.
- Girls like us will be in danger if we travel to and from the town centre each night. We will have to stay in or spend time hanging around on the streets as there will be nowhere to go that is safe.
- The group said they understood about the cuts but were frustrated as they said young people get a raw deal these days and instead of chopping the Youth Service to pieces they should look at other services.

Alternative Proposals

- We want to keep a Youth Service with clubs across the city. The Youth Zone should get a sponsor rather than taking money out of the Youth Service.

Youth Council response

Wolverhampton Youth Zone

- What if people can't get there?
- Transport too expensive.
- Young people already have a bond with their youth workers.
- Parents may not feel comfortable letting their children travel in from certain areas.
- Only young people with parents/carers with transport will be able to get to Youth Zone. What about the other young people?

- Expensive.
- Not safe especially in evening.
- Parents wouldn't want young kids out in dark - in winter it gets dark early.
- Keep youth clubs that are being used by young people open and put the money where it's more beneficial. What if the Youth Zone closed because of less people, maintenance problems etc. Where do young people go then?
- Privatisation means charges implemented for users of Youth Zone are unaffordable.
- Will be more people on streets/skate park because they can't or don't want to pay.
- More crime and gangs.
- Jobs lost for no reason.
- More people on dole.
- Less money for all the other services that fall in the same category.
- More people will be hanging around MOTH (Man on the Horse).
- More older clubs needed.

Targeted youth work being provided through a strategic youth work lead and integrated targeted team directly managed through C & F Support Teams

- No need for strategy just youth workers.
- Wording of question difficult for dyslexic (too ambiguous).
- Language too complex. What do you mean? What is the question?
- According to the Council, the Youth Service is a soft target for cuts.
- Unfair.
- How will the C & F Support Team system work if there is only the Youth Zone?
- Why all this jargon? (Words).

A budget of £100,000 would be made available to support a range of activity including: small grants to local community organisations and some commissioned voluntary sector re-provision of local open-access youth provision, as well as specific pieces of targeted needs led work including local youth democracy

- Used to be £2.8 million.
- Not enough.
- Make sure core costs are covered before spending on other services e.g. don't close any youth groups, community groups etc.
- £100,000 is not enough.
- How do we know if the money will be used on providing a youth provision or other services via the Voluntary Sector?
- What local community groups? Shutting all them down!
- Why is funding prioritised for certain groups of young people rather than others?

Disabilities Groups' (young people and parents) response

Wolverhampton Youth Zone

- When talking about young people and open-access we do not feel as parents / carers this is the correct description of our young people. Our young people have severe and complex disabilities which also includes personal care and issues around non-verbal communication, challenging behaviour, and learning disabilities.
- How will our young people be catered for? How will their individual needs be met?
- How will our young people be safe and secure, because the term open-access to us means just that it will be open to everyone. At present our young people are in a safe and secure place and have structure and the support of dedicated staff who understand their needs.
- How, where and when will they be able to meet their peers in a safe and secure place and not be a target for bullying, victimisation and ridicule? We are still not in an inclusive world and discrimination against our young people still goes on. The sessions that are available at present have a waiting list and young people can only attend every 2 weeks due to how popular it is.
- Will Youth Zone be able to offer continuity of staff, structured program and meet personal care needs? Our young people do not cope with change well and this affects routine and it has a knock on effect to the other services they receive (school, colleges, day centres).
- Will staff be trained in the specialised area that is needed to work with our young people? Will they be able to cope with the emotional needs, regression, challenging behaviour, personal care that includes toileting and feeding, build confidence, life skills and physical challenges? Will they be able to communicate with those who are non-verbal and those who have difficulty in expressing themselves? Will they be able to use sign language in a way that disabled people sign to communicate? Are workers going to have an awareness of the needs of young disabled people and how complex their lives are? How will staff be able to cope with the changes and behaviour in young people? Young People and parents need to feel confident and trust the staff that will work with them; they need to feel confident that all appropriate training and skills are gained.
- How will our young people be able to have social opportunities and integrate in the community as this is an important part of their development, will this mean the end of summer activity program, day activities, residential breaks, open evenings, social events when parents are invited these are very important events because it allows us to share information and meet other parents who understand our needs. Our young people access the community in their current setting and have learnt a lot about personal development and safety in the community.
- Will there be an assessment process so staff will know who they are working with and how the needs of young people can be met? Currently there is a very successful assessment process in place which helps both young people and parents to be assured that needs are met because they are placed in the appropriate group.

- Transport, will this be provided? Our young people are unable to travel independently and cannot travel without supervision / escort.
- Parents need to be able to trust staff and be confident that their young will be supported and looked after in the service they receive. At present we have that trust and confidence. The staff at the Gorge are very dedicated and are able to offer all that we require. We have personal contact with staff at present.
- Disabled people miss out all the time, they are losing services across the board, Windmill Respite is closing, Stowheath Day Centre is closing, they have reduced opportunities, and what age can young people attend Youth Zone because at present the age is up to 24 in the Youth Service. The mental age of our young people is not the same as their date of birth. What is Youth Zone going to be providing? Can a group meet within a group? We not only have a valued service provided for our young people it's also valued by parents / carers by enabling us to have quality time with other members of our family and time for ourselves. What people do not realise is that our role as parents is 24/7 and it is different than those who have non-disabled children because ours is a caring role and our young people are not able to be left alone at any time.
- It's disgusting that we are going to lose our provision where staff understand us and our needs. How do we know staff will be trained to accommodate us? We feel safe and secure as we are and changes can cause distress. How can we feel safe with lots of young people passing through we feel we will be an easy target for bullying and inclusion like this would not work for us, integrating young people in one building can and probably will cause trouble. Changes for disabled people can be too much, we require and need structure, consistency and a specialist service so that independence, life skills and communication can be supported. We need to be able to build relationships with staff and them with us so the important work that is delivered at present can be continued.
- At present parents are able to approach staff and staff support and work with parents and the group, being in a big place (Youth Zone) can be too over loading, there will be too many people and many different things going on that can cause us to melt down. There are also issues around our safety being in a large building. We like being a group who meet with our peers we do not have to explain difficulties we understand each other and accept each other, we find that the staff and young people are more tolerant towards each other because we understand each person has different needs and require different levels of support.
- We are very angry about the changes that are coming and upset because we feel young people with disabilities will miss out. This is confusing for staff and young people.
- What will happen to young disabled people when the Youth Service ends and Youth Zone opens? We are not able to travel independently and need an escort if we use public transport. Because of the type of my wheelchair, public transport is not really an option for me. How are we supposed to get to a Youth Zone. Not all parents drive or own a car so travel is an issue and our personal safety is also at risk because it will not be easy for us to get there?

- Imagine being reliant on someone because of the needs and support you may require this is our life every day every year why take what we have away from us.
- Why not put money into what we already have?
- Is Youth Zone going to be affordable?
- Would not be happy or comfortable in sending my child to Youth Zone.
- Difficulties of mixing with others.
- Can Youth Zone offer parents' evenings, summer programme, celebrations, residential and day trips?

Targeted youth work being provided through a strategic youth work lead and integrated targeted team directly managed through C & F Support Teams

- How can our young receive this service? Our young people are older than non-disabled peers when they are able to leave school. Also will the workers be trained to meet the needs of disabled young people?
- How will this benefit our young people?
- Having one worker per C & F Support Team will not work, how can this be enough one worker for each area how can they meet the needs of young people with special educational needs and disabilities let alone our non-disabled peers. There will be a further increase in paper work and this will reduce the "youth work".
- How will young disabled people's needs be met? It will not support leisure and social skills. Social interaction and social skills are important and need to be gained in the setting that currently serves young disabled people.
- Youth workers do CAFs and play a valued part in a young person's life. Young people with special educational needs and disabilities need to be supported and protected and the small group social setting they have now works for them.
- Will we be able to have a structured program and meet in a group setting like we do now, will there be a mix of male and female workers, some girls are not comfortable around male people?
- How are our needs going to be met?
- Disabled people will not be able to cope in this setting.
- Not possible to mix disabled young people with targeted young people.
- Young people have different needs.
- Disabled young people will be the ones to miss out.
- Disabled young people not having same options.
- Transitional support – who will provide this?

A budget of £100,000 would be made available to support a range of activity including: small grants to local community organisations and some commissioned voluntary sector re-provision of local open-access youth provision, as well as specific pieces of targeted needs led work including local youth democracy

- What a waste of money, keep things as they are. If volunteers take over this, it will limit things for disabled young people. Why build new buildings if it

means others are going to be shut or get knocked down. This is madness.
Why is the Council never happy?

- Use money to keep things as they are, what we have works.
- Safety of young people / voluntary organisations CRBs etc.
- How are staff going to be trained?
- How can volunteers be responsible? Will they cope with the pressure and differences in young people?
- Where do disabled young people stand?
- Miss out on funding opportunities.
- Transition – how would it be managed?
- Volunteer communications with parents.
- Would voluntary organisation be able to provide same service?
- Are they able to provide the same level of activities?

ONLINE CONSULTATION RESPONSES (64 responses)

Wolverhampton Youth Zone

- The Youth Zone will not cater for all children and young people, it will only attract some young people. It will fail. It has no long term future.
- How will young people travel from the four corners of the city into the City Centre due to cost of travel and safety concerns for late evening travel especially at night in the winter.
- In theory it is a good idea, however, it will meet a different clientele than those young people using the city's Youth Service, leaving more needy young people with no service in areas with guns and gangs and drugs and they would not be able to afford the bus.
- Youth Zone consultation based on complementing existing local youth provision.
- I wouldn't be able to afford to send my two teenage lads there. They currently go to their local youth club which provides plenty for them to do.
- The Youth Zone will not be able to cater for my son who has severe disabilities and is currently provided for by the Youth Service.
- Local open-access youth provision is an essential part of early intervention as it prevents countless young people escalating into higher tiered targeted and specialist services.
- I feel that it would be a good venue as it is based within the City Centre and as it opens all days of the week this will offer young people a place to go at all times.
- Placing the burden on the charitable sector is unacceptable.
- It will be difficult for many young people access due to the distance they have to travel and I have reservations about letting my child come into the city centre at night because of the pubs and clubs. However I can see the need for such provision.
- Why should my child have to travel into town to get youth provision when I don't like them being in town at night and especially where this new Youth Zone is going to be built. Also, why should they pay to get in?
- I think that having a Youth Zone one in one location will lead to the facility being underutilised as young people hate travelling.
- I don't think it's a good idea that over 50 youth workers are losing their jobs due to the opening of the Youth Zone. Postcode issues mean that young people won't use this facility whatever you think.
- Crazy!
- Youth work is not all about glitzy new premises it is about real lives in real communities and making a real difference.
- My message to Councillors is to stop this farce of public consultation, you were elected to lead not abdicate your responsibilities. Better to die standing and fighting than submitting on your knees.
- If elected members contract out youth work to either the commercial or voluntary sector then they have lost any moral authority to represent the interest of young people.

- How would a “one service fits all” provision possibly meet the needs of Wolverhampton’s young people?
- For many young people the Youth Zone will be very beneficial if it is run well with proper qualified experienced youth workers. It is good that it is open every day.
- Sounds interesting, could the Council staff be taken on there?
- Completely and utterly flawed.
- A city centre hub is great, but we can’t afford to lose our local centres so that one big one can be built.
- So when all these millions have been ploughed into the Youth Zone, how will the kids get there? No one has been able to answer this question yet. How will kids from low income families access the new services activities if their parents can’t afford the bus fare or to run a car.
- Most parents do not want their children in the City Centre as they foresee danger.
- There is an assumption with this that all young people will go to one venue. Some towns can cope with this well, but a city like Wolves needs a diverse range of provision to meet the needs of a diverse youth. However, OnSide’s previous projects demonstrate a high standard of provision so it could be good for some young people. There will always be a need for detached and outreach work in a city like Wolves as most young people most in need often don’t access the support.
- What you should do is take on board the residents’ views or you will continue to be seen in a bad light by the public, i.e. not listening to them and going ahead with your grandiose plans just because you’ve already made them.
- A lot of money has been put into this new building when less money could be invested in existing youth clubs.
- Whilst I applaud the concept of the Youth Zone and the investment it represents, I do feel it is very short-sighted to concentrate provision on one specific City Centre location. I am not convinced that parents will feel comfortable with their youngsters travelling into town of an evening to use a central facility, especially if there’s a perception that the facility be would be used by youngsters from areas with anti-social behaviour.
- Open-access is not suitable for all young people and I think disabled people are going to be excluded.
- High risk strategy including location, it should be closer to bus station.
- As much as I think it would be a good resource, will the services be free to young people? How about the young people that can’t afford to travel to Youth Zone, will it be safe? There will be a big age range, 8-21 years, how will this be staffed? Will the work being achieved there be issue based or will there be provision to hang out? Who will staff this?
- I believe that the removal of local based provision will furthermore impact negatively on communities leading to an increase in anti-social behaviour resulting in police time being redirected to deal with young people and there will be an increase in the number of young people entering the youth justice system.

- The vast majority of youths will not travel from outside the area to use this facility within the City. You will end up with a really great provision that will benefit a minority.
- As deputy Youth MP for the City, being a Youth Councillor and member of the WAYS young people development group myself, I feel that the WAY being the only provider of youth provision within our city will take all those great opportunities that so many young people have away from them. We all must agree that the facility will be a huge benefit to all, wanting a slice of the action, but we must bear in mind that the success of the Youth Service has been underestimated so badly that the Council practically told everyone that this is the right way forward. All we can ask is “How could they?”
- Don't think young people will travel from all over the City.
- Postcodes in the City don't get along with each other still need youth clubs across the City.
- EPIC Youth Café is perfectly adequate in providing young adults aged 13-18 with a place to learn, socialise and be safe off the streets. By taking that service away and replacing it with a new one it will cause more disruption than good for our age group in particular. Why not leave it be and instead set up something alongside it for other issues you plan to tackle.
- If it is well managed and well-resourced then it has the potential to provide a lot of facilities and support for young people.
- Youth Zone sounds like a fantastic idea but it really does depend on what services are likely to be cut. I myself am part of the D of E group and I think it would be a great loss if this service was cut as so many young people do participate and intend to participate in the future.

Targeted youth work being provided through a strategic youth work lead and integrated targeted team directly managed through C & F Support Teams

- No-one is denying that the Council needs to make huge savings but making further cuts to early intervention services will lead to greater cost pressures on specialist services in the future.
- I agree with youth work being delivered through the C & F Support Team but I also feel that the Youth Service supports many young people through the youth clubs as many young people fall through the net and the youth club is their only sanctuary.
- The existing Youth Service structure is actually very effective. I myself have seen vulnerable young people turn their lives around from the support they are receiving from the existing providers and structure. I have also been on the receiving end of this support from the existing structure and believe it to be very beneficial. You can't predict how any structure will work out until put into action but if something isn't broken, then why fix it.
- This will mean some people will not get spoken to but other kids might get spoken to loads. 7 youth workers aren't going to get around loads of kids.
- Good but a lot of young people who need help are a silent majority who have problems but keep them to themselves. These young people are not causing problems so may not be identified as needing help. They may come from known families etc. but are probably as much in need of help as the easily identifiable young people.

- The C & F Support Team have benefitted from working with the Youth Service to deliver multi-agency provision across the eight current C & F Support Team areas, the supervision and guidance of targeted youth workers may be best from supervisors who are trained in youth work.
- I don't feel the C & F Support Teams have the capacity, expertise or flexibility to do this role. They are not working terribly well as a model at the moment in my opinion and therefore it is dangerous to give further specialist work to this set up.
- There will be more problems on the street and not a lot of workers to deal with the problems.
- Good idea.
- I think that the C & F Support Teams are only open to school age children. What about older young people?
- Our local youth services are in need of more support, not being cut, scaled back and transferred to C & F Support Teams. If it does go to C & F Support Teams we need to ensure that the youth workers are trained, qualified and experienced youth workers.
- Where is the evidence that such a proposal has any merit?
- I like the Youth Service structure as it stands. Maybe some very small aspects could be improved, but why scrap something that is working well.
- The best thing to do would be to pilot it first to understand the problems that arise. Don't do a blanket scrapping and replacing until you know for sure it is more effective. Look at the case of universal credit replacing the various credits and what a shambles that has been.
- Targeted work is predicted on a deficit model of young people seeing them as a problem and as having problems. I would suggest that the only problem that young people have in Wolverhampton is weak Councillors.
- Everyone needs a little help advice and guidance, why should it be only be those who have been identified as vulnerable.
- There will be no real contact or relationship with needy young people. Youth workers have close contact with young people, this lets the young person be able to trust and have confidence in their youth worker.
- This worries me as I am a parent of a child with additional needs and I am used to multi-agency teams that do not provide continuity.
- I think it's a brilliant idea that kids get individual support but in honesty my son gets the support one to one from a local youth worker within the Youth Service.
- I like the idea of targeted youth work support and believe that this will work if the right structures are in place such as proper locations and venues to meet young people and detached youth staff.
- Are these arrangements 9-5? Who will the Councillors call after this time when young people are on the streets of Wolverhampton? 8 youth workers? Or members of the Council?
- A key mistake to be avoided is to think that because youth work is part of a multi-agency team it can be 9-5, that would be a big mistake and waste more money.
- Concerns exist that the role of youth work will be further diluted. Youth work is often misunderstood and the role it plays in supporting young people

undervalued. That said, if it means youth work still existing in a targeted way rather than completely disappearing then yes.

- The success of the Youth Service in supporting young people with unmet needs is through the voluntary relationship grown out of local open-access provision where young people choose to engage.
- I believe targeted work should be done but not to replace Youth Service, it's a good resource.
- It is not open access, you are targeting young people. The benefit of open-access was about working with young people on their terms. Check out your neighbouring local authorities, this model has not worked there, it does not replace good youth work.
- A budget of £300,000 will only likely employ 8 full time youth workers city-wide, this will not provide enough capacity for current or future demands.
- I am not convinced that there is sufficient specialist knowledge in the existing C & F Support Team structure to manage these posts effectively. The role of these posts could become seriously diluted if not managed effectively.
- Targeted youth support targeting individuals groups or young persons is already provided through the C & F Support Teams. This works well, especially PAYP. However due to cost cutting less and less individuals and groups are being accessed. This work has a massive impact on the anti-social behaviour in neighbourhoods throughout Bradley and Bilston and should continue in this very important area.
- Workers whose primary role is to offer additional support to specific young people in addition to a universal open service is positive. However, as the number of youth workers will be small, I don't feel that they will have the capacity to support the number of young people needing support and will need to prioritise those who are at the hard end leaving a large number of young people who are on the fringes with no support and unable to access support as there will be no local open-access provision with workers they have built relationships with.
- For my child to get to see a youth worker they will have to be referred to the C & F Support Team which will then put a label on my child.

A budget of £100,000 would be made available to support a range of activity including; small grants to local community organisations and some commissioned voluntary sector re-provision of local open-access youth provision, as well as specific pieces of targeted needs led work including local youth democracy.

- Are you being ironic, insulting or just plain ignorant?
- How crass to refer to "local youth democracy" whilst cutting services?
- Convene a series of public meetings in local communities, look the electorate and the future electorate in the eye and explain to them why you are running scared from this vile bunch of posh boys in Westminster.
- Get rid of Councillors' allowances, meals and other expenses and give the budget to locally elected young people's groups and let them determine the spend.
- In a sentence, this is youth clubs on the cheap. It may work to a limited degree where you have dedicated volunteers in already existing youth clubs.

- I think this is a very meagre budget to cover a lot of ground although any budget is welcomed.
- I feel that this would clearly help voluntary organisations as a start-up grant but question where the funding would then be in order to sustain a level of provision that I think would be needed.
- I feel that the figure will be far too small for the size of the City.
- I think young people need safe local space with specialist workers to support them.
- Youth democracy programmes are often elitist and tokenistic.
- Given levels of youth disaffection and increasing gang activity in the City it doesn't sound like very much money, but I recognise these are lean times so something is better than nothing.
- In principle not a bad idea, however provision may well end up patchy given the abilities of community led groups to bid for funding. Will there be any staff to support the groups this process and ensure that adequate protection is in place to ensure quality provision?
- You need to ensure that any organisation commissioned, or granted funds has robust safeguarding procedures such as the safe network standards by the NSPCC which also meet Section 11 of the Children's Act.
- £100,000 is not going to go a long way. I feel that areas with high ASB, deprivation and teenage pregnancy and jobless have the most spent on them whereas families can afford to use private companies or supply activities for themselves should have less of the budget.
- I am very angry, I'm raging as you are giving strangers our lives to look after and they could just use the £100,000 for their own benefit.
- It will be bitty, it will not be sustainable, it will not be joined up.
- Yes, in principle this sounds good but without details I cannot comment further.
- Has anyone spoke to the youth themselves? What do they think of these proposals? What happens if there are no voluntary groups, changes have already happened which it is why I am seeing youths walking the streets.
- It simply isn't enough money.
- This won't work as someone has to be in charge and there is never a fair system.
- Yes, it's a good idea, once you have subdivided the budget between the various concerns there will be very little left of the work across the City. An idea may be to allocate a sum to each constituency team for them to fund projects locally that will deliver a real impact.
- Allowing other people to have the opportunity to run a facility themselves will certainly gather interest. All we need is conditions on what they will need to follow and how much they can apply for.
- My children will be excluded as usual due to no issues or interests in politics. All the activities my children want to do I have to pay for. Why can't there be somewhere to go to, to have fun with their school friends.
- Not good use of public money at all, as services for young people need to be operated by qualified workers.
- I work in the voluntary sector, this may help smaller church and very localised groups to capacity build and to increase their offer to young people but it will

not replace mainstream 5 nights a week Youth Service, I could not deliver that on those figures.

- Who is going to control and give out these funds? Who will benefit, will it be just the rich families?
- It's not a lot of money, how will the money be monitored? How many young people are going to be affected?
- Close consideration must be given to evidence based predicted outcomes for young people from the range of activities e.g. The D of E Award create a huge number of certification and accreditation for young people to improve their skills, job opportunities, and self-esteem amongst other things. The allocation of financial support seems appropriate if the provision can prove it will make an evidence based difference to young people across Wolverhampton.
- £100,000 to support the whole of Wolverhampton? To be honest I think it's very insulting that whoever is making decisions believes that the young people and children of Wolverhampton are only worth £100,000. Surely we are supposed to be building tomorrow's leaders?
- The flexibility to commission/support good work and initiatives across the City should have the potential to have good outcomes.
- It's all good and well saying you have these fantastic ideas to improve the way the youth system works but no one has taken into consideration how the young adults feel. We don't want our Youth Service to change. We like it the way it is. This will just push us back into the streets by getting rid of EPIC Youth Café.
- The opportunity to apply for small grants is all well and good but my concern is who would monitor and ensure that the work is being delivered to a high standard and reaching the people who need it most not just small groups for the purpose of numbers and tick boxes.
- The Youth Service support a variety of young people across the City including young people with disabilities and in hospital to name a few. Would these groups still receive access to services?
- There is a big difference between youth work and youth activity. The Voluntary Sector provide the latter not the former.

Other issues or comments raised

- Rethink your current plan. If you lose the current Youth Service you will face more problems. You should not be losing your professional experienced staff.
- Young people who live in the city of Wolverhampton today are hopefully our good citizens and parents of tomorrow. It would be short sighted to cease to provide targeted multi-agency joined-up provision locally to vulnerable young people and expect that Wolverhampton will have a smooth and pain-free future. Balancing the budget now is no guarantee of a healthy community in the future.
- We could keep some buildings open by looking at figures and areas that need it most. We could have some workers walking the streets with kids going to the park, doing projects on the road, or any help we need. Youth clubs could do more charity work or fund raise.

- I realise cuts have to be made but why hit local youth services? Surely it would be better to provide a service locally than plough money into one building where most will not go?
- Joint working with the voluntary sector, co-located teams, shared buildings, targeted work with the most at risk still need a provision for all young people however.
- Have a contingency in place ready for a lot of youth related anti-social behaviour especially in deprived areas such as Bilston East. It's going to happen!!!
- Resign, because either you are not up to the job or you are seduced by the power and authority. If every Councillor resigned as a matter of principle and in solidarity of the people of Wolverhampton you might just save a vestige of respect.
- Do not get rid of the D of E. It is a vital youth service and many people find it so worthwhile, particularly due to the team leaders as they are accredited themselves and the Youth Service.
- Keep local youth clubs open for the sake of the local communities.
- There is going to be more ASB, more drug use because the youth clubs are shut down.
- Youth provision needs to consider closely to what extent youth services provide recognised outcomes for young people, in light of the current financial situation. Long-term, however, the City needs young people who are supported and in a position to benefit our City.
- Look at youth projects and see if they can be put somewhere else. Keep youth clubs though.
- Invest and improve what's already there.
- Listen to parents.
- Ensure the Youth Council are kept and supported.
- Ensure that the gap/void that there will be from when clubs shut to the WAY opening can be avoided.
- Key centres and key buildings need to be kept and other ways of keeping the centres open be thought of.
- Explore the potential of partnership with sports-based activity centres.
- Let the non-Local Authority provided Youth Zone fund itself.
- The situation is grave, but I believe young people's services are being disproportionately cut. Long-term it will not save money.
- Maybe not have it 52 weeks of the year or reduce hours.
- I myself have gone through Youth Service projects and I am now re-doing my A Levels, completed Level 2 Youth Work and being told by tutors to apply for top Universities. It is all down to their support. The only suggestion I have is to put every ounce of effort into this new Youth Zone and ensure it meets the standards set by so many youth centres already providing services. If it can't meet the standards of existing ones it is a dire shame.
- Preventative work is so important and if youth work provision was looked at properly and money was spent then things wouldn't cost the Council more in the future, i.e. gangs, ASBO's.
- Good youth work is, and always has been, under-valued. It is important to see the social cost. You need to support your VCS, but not by chucking small amounts of money at them that will not work. They need to be able to plan

ahead. Listen to young people, yes, but never forget there are a lot of young people who don't feel able to speak up and these are often those most in need. So listen to youth workers and local communities.

VOLUNTARY AND COMMUNITY SECTOR FEEDBACK

Wolverhampton Youth Zone

- Clarification around the previous agreement of £400,000 will now be funded from the Youth Service allocation as opposed to other local authority resources.
- Question around whether Youth Zone decision would be reconsidered given the current financial climate.
- Unhappy that change to decision around funding for Youth Zone that will have a negative impact.
- Young people making contribution to attend – how much, can they afford?
- What will happen to youth centre buildings? Will be up for asset disposal/transfer. Equipment will hopefully be given out to other organisations working with young people within the City. Need to ensure in the right place with correct skills to use specialist equipment.
- Asset transfer – Voluntary Sector will need support to ensure this is possible.
- Concern that Youth Zone consultation did not make clear that was instead of Youth Service – young people misled.
- Use of Youth Zone – will it cope with diversity if this is the only provision?
- Frustration that Youth Café – large investment and now likely to close, value to young people - Value for Money? Will Youth Zone face the same problem on a larger scale.
- Many parents of children won't let young people travel.
- Concerns around postcode and gang issues. Concern around when youth clubs close and no Voluntary Sector able to pick us as none left as cuts to grants mean they will close.
- Question around Youth Café – where will this be funded from. Funded from 2009 and funded Youth Opportunities and Youth Capital Fund. Building with lease to 2019.
- How do police feel about increase in anti-social behaviour?
- Concern expressed that Council funding to Youth Zone will be only grant funding available to Voluntary Sector that will mean there will be very little left to support local voluntary organisations.
- Need for young people being able to access any equipment and resources – joined up approach.
- Youth Zone needs to be involved with Voluntary Sector as a partner in co-ordinating and delivering services to young people across the city. Concern will be the “big school bully” and that voluntary sector will not have sufficient leverage in partnership.
- OnSide need to ensure that they engage voluntary sector partners and some assurances that they will work together with the voluntary sector.
- Voluntary sector organisations applying for funding but being turned down by likes of police as funding going to KICZ project instead. Feel that influence of businessmen is working against the voluntary sector. Mistrust of organisations, charities or not, not being partner orientated. No building on what is already available. Concern that the Youth Zone will be a similar organisation.

- How will the local authority monitor how their money has been used and whether it is doing what it needs to do? Will it have the same expectations as the voluntary sector has when given funding?

Targeted youth work being provided through a strategic youth work lead and integrated targeted team directly managed through C & F Support Teams

- Question about how targeted work will now work?
- How was this decision thought through? A lot of young people are referred in/out and remain in community setting. How will the youth work team work with the community? They would need to be based in community not in a C & F Support Team office.
- How will school issues be dealt with in the community, particularly for young people who travel across the City to go to school. Needs to be a locality based provision not a school response for some issues such as gangs etc.
- How will link between community groups and C & F Support Teams be facilitated and communication kept open.
- Need to ensure that skilled and experienced good youth workers are appointed, not desk bound workers who will be ineffective.
- Will lose some professionalism of workers as they will be directed by C & F Support Teams instead of looking at needs of community.
- Partnership working is key, particularly around ensuring young people feel part of the community – youth clubs are key in doing this at present.
- Increase of crime may also occur if partnerships currently used no longer happening.
- Partners from voluntary sector working with youth services are key at present. Will lose this.

A budget of £100,000 would be made available to support a range of activity including; small grants to local community organisations and some commissioned voluntary sector re-provision of local open-access youth provision, as well as specific pieces of targeted needs led work including local youth democracy.

- Funding opportunities need to be joined up in order to make best use of limited resources available across the city.
- Grant funding needs to have young people's support as part of the key support for grants available and making best use of buildings, equipment and resources. Ensure access to services still available to young people. Needs a collective approach across Council services.
- Question around what will happen to the Communities Initiatives funding that is currently available – will this continue or would this be instead of that funding?
- How will the Council stimulate the voluntary sector if it is being cut back anyway?
- Feel that “encourage and stimulate” wording is patronising to voluntary sector. People and groups that are interested in working with young people are already doing that so who is it going to encourage?

- Need to give support to groups already working to enable them to provide provision to young people after the Youth Service closes, particularly during period between closure and opening of Youth Zone.
- Voluntary sector is well placed to pick up of some of the issues and projects, but limited funding will mean the model won't work, particularly coupled with other cuts received by the voluntary sector.
- Short term proper investment is needed to stimulate long term voluntary sector growth.
- Need to ensure that the infrastructure within the voluntary sector is also sustained in order to assist in "bridging the gap".
- Concern that this could become very fragmented and a collective approach is needed.
- Voluntary sector needs to build a business case on a citywide basis.

Other Comments/issues and concerns

- Concern for young people – nothing for young people to do for the closed period. How will the Youth Zone re-engage young people who will be "lost" during this period? Young people exceptionally unhappy, disengaged and dissatisfied.
- Young people in organisations do not feel that they have been listened to and that engaging young people is difficult as they do not feel there is any point.
- Newhampton Arts Centre – proposed change of use of studios, now being changed to offices, loss of facilities for young people – waste of money and lack of joint up thinking across the local authority.
- Concern about equalities issues around how these direct cuts will reduce and minimise services to protected groups across the City.
- Concern that messages are not being listened to at a higher level in the Council. Voluntary sector to look at doing it as a collective group.
- Selling young people short. Young people need spaces to go to in communities where they live and have professional input from adults to support them. Will increase number of social issues as no Youth Service to support.
- Voluntary organisations receiving cuts will potentially mean that they will be unable to attract further funding into the City, which means that the City will lose out on not just the local authority service, but the ability of the voluntary sector to provide. Feel that Youth Zone funding would be better concentrated on supporting on what we already have.
- Voluntary sector organisations applying for funding but being turned down by likes of police as funding going to KICZ project instead. Feel that influence of businessmen is working against the voluntary sector. Mistrust of organisations, charities or not, not being partner orientated. Not building on what is already available. Concern that the Youth Zone will be a similar organisation.
- YOW in threat due to funding, another attack on young people of Wolverhampton.

PARTNERSHIP GROUPS FEEDBACK

Wolverhampton Youth Zone

- Vulnerable young people in local neighbourhood won't be able to access either due to transport cost or accessibility. Money to access Youth Zone?
- Postcode will become an issue again as neighbourhood work will cease.
- Issue in City Centre having that many young people in one area, safety in the City Centre, especially that part of town.
- How can they put the money from Youth Service budget to fund this Youth Zone if it's a charity?
- It won't be delivering targeted work in neighbourhoods, its just activity based.
- Several concerns noted that it is at the expense of local area youth clubs leaving communities without any provision.
- Negative effect on community identity.
- Have transport links / costs been considered / factored into the budget?
- Increase in youth crime and ASB as little or no local provision e.g. Low Hill Youth Club is to be closed even though it is the most well attended in the City.
- Postcode issues and gangs rivalry either real or perceived by partners, young people and their parents.
- Local youth clubs are a base for wider partnership, community and inter-generational work.
- Will an environmental survey be carried out to identify and locate the most travelled routes and their safety? Do they include adequate crossings, lit subways/alleyways? Location of CCTV?
- This goes against the current format of the Council's service whereby social care and C & F Support Teams are based on local need.
- Issues of access for young people who C & F Support Team work with in local areas, who are more vulnerable young people.
- It seems to be a leisure facility only. This is not what local provision currently offers.
- Not sure how this links with preventative work.
- How many young people are they meant to reach?
- This could attract a lot of young people into the City Centre at one time, and/or leaving at one time. How will this be managed?

West Midlands Police response

- Several concerns noted that it is at the expense of local area youth clubs, leaving communities without any provision.
- Have negative effect on community identity.
- Have transport links/costs been considered factored into the budget?
- Will an environmental survey be carried out, to identify and locate the most travelled routes and their safety? Do they include adequate crossings, lit subways and alleyways, location of CCTV.
- Increase in youth crime and ASB as little or no local provision. E.g. Low Hill Youth Club is to be closed although it is the most well attended in the city. It is

in a recognised priority area for youth anti-social behaviour and closing the club will remove local diversionary opportunities, in an area where young people are unlikely to want or be able to afford to travel from.

- Welcome the Youth Zone as the primary provider but not at the expense of local youth clubs, whose role in engaging young people and empowering them to take pride in their community is essential.
- Post code issues and gang rivalry either real or perceived by partners, young people and their parents.
- Local clubs are a base for wider partnership, community and inter-generational work.

Targeted youth work being provided through a strategic youth work lead and integrated targeted team directly managed through C & F Support Teams

- Early Intervention is high on the government agenda, so why are they cutting it?
- Targeted work will enable a more joined up approach
- Are the Council naive or short sighted? How is this going to save money in the long run?
- Thought the Council were committed to early intervention? This proposal doesn't show this.
- Improve information sharing. Ensure that all partners are part of the targeted team.
- Will this take into consideration work being done by community and voluntary organisations. Will there be a reporting mechanism and a two-way exchange of information?
- Too much for one person to do.

West Midlands Police response

- Targeted work will enable a more joined up approach.
- Ensure that all partners are part of the targeted team.
- Improve information sharing.
- Will this take into consideration work being done by community and voluntary organisations? Will there be a reporting mechanism and a two way exchange of information?

A budget of £100,000 would be made available to support a range of activity including; small grants to local community organisations and some commissioned voluntary sector re-provision of local open-access youth provision, as well as specific pieces of targeted needs led work including local youth democracy.

- How will the inconsistency of voluntary groups be addressed across the City?
- £100,000 is not a lot of money
- Where does early intervention come into this?

- There has been a lot of work to build knowledge locally which will be lost. Why isn't this money being used to support existing youth provision?
- Who are local community organisations and voluntary groups? Are they and will they be mapped? Has consideration been given to their capacity?
- If £100,000 includes specific targeted work, how will the money be divided between that and open-access provision, and how will it be decided?
- Is there a phased approach to changing youth provision?
- Are there any contingency plans in place?
- What geographical guidelines will be in place for commissioned work? Without one, one area of the City may have all of the provision.
- Who will co-ordinate the Youth Council, which is a vital part of Wolverhampton youth democracy and now includes the new Youth Police and Crime Commissioners.
- The withdrawal of funding has an impact on how Youth Services will perform their statutory functions. The movement of services to the voluntary and community sectors does not provide reassurance that the core statutory functions will be able to be carried out with such a significant cut to the service provision.

West Midlands Police response

- Who are local community organisations and voluntary groups?
- Are they or will they be mapped?
- Has consideration been given to their capacity?
- If the £100,000 includes specific targeted work, how will the money be divided between that and open access provision and how will it be decided?
- What about now / 2014.
- Is there to be a phased approach to the change in youth provision?
- Are there any contingency plans in place?
- What geographical guidelines will be in place for commissioned work? (Without which one area of the City may have all the provision).
- Who will run / co-ordinate the Youth Council, which is a vital part of Wolverhampton's youth democracy and now includes the new Youth Police and Crime Commissioners?

Other Comments

- The withdrawal of funding will leave gaps in service provision for those children and young people who are at the lower level of missing or at risk of Child Sexual Exploitation. This will ultimately mean the risk level needs to increase before that child or young person is then picked up by services.

STAFF FEEDBACK

Wolverhampton Youth Zone

- One building providing open-access to Wolverhampton will not work.
- Which group on young people will it benefit?
- Transport – getting to the City Centre.
- Cost implications and safety issues
- What will happen with the “gap” between the Youth Service ending and WYZ opening?
- Youth Zone was never meant to replace local provision. When was this changed and why was this not put across to staff until the meeting in October?
- The goal-posts have changed since the original Youth Zone consultation so the findings are no longer legitimate.
- Will there be anything put in place for our young people who have special needs and will the staff be well experienced?
- Will any of the staff be youth work trained/experienced? What will the minimum qualification be?
- Will any targeted work take place in Youth Zone?
- Area codes/gangs. This will not address it. It will put young people at risk.
- Who will support young people who can't access it?
- A number of local neighbourhood plans identify more local provision for young people as a priority.
- We feel that the Youth Zone would not be able to meet the needs of local young people and identify their specific/complex needs.
- A current important aspect of youth work builds a relationship/support for young people that are incredibly vulnerable through their adolescent years/development.
- If the Youth Zone is for 8-21, does the Play Service have to put part of their budget into the Youth Zone?
- Who will Councillors complain to about anti-social behaviour?
- Young people will be criminalised for behaviour rather than being worked with by youth workers who can help change their behaviour.
- We are concerned about the safety of young people getting to and from the Youth Zone, particularly at night. If young people are concerned about their safety and walk in groups, they are likely to get in trouble for being in a group and dispersal orders (Section 30) could be employed.
- If libraries are being retained on a skeleton basis to re-fund later, why aren't we doing this with our youth clubs?
- Will the Youth Zone provide outreach activity for young people in deprived areas and who are vulnerable?
- Why are Youth Service staff being made redundant midway through 2014 when opportunities for the Youth Zone become available from 2015?
- What is the back-up plan for Youth Zone when it becomes unsuccessful?
- Is this just going to be a glorified leisure centre?

- Youth Zone will cater for the affluent
- Youth Zone is a brilliant idea as an additional resource for young people, it may struggle without youth projects to support it.
- Youth Zones elsewhere rely on them sign-posting young people to Youth Services so what will they do in Wolverhampton?
- How will the delicate relationships with young people be managed as part of an exit strategy?
- We are a diverse workforce with specialist skills, qualifications, experience and life-skills. The Youth Zone will not cater for the diverse communities and dynamics of them that professional youth workers are able to cater for.
- There are individuals and groups of young people with specific needs who will not be able to access the Youth Zone because of disability, mental health needs, sensory issues, financial, self-esteem, debilitating illness and stigma of mixing with young people from outside their own environment.
- Work has been done in local areas to break down the issues regarding postcodes and boundaries. Who will continue this work in the communities, with a knowledge and experience of local issues?
- What will the Youth Zone deliver, how will the impact of the Youth Zone be measured and monitored? If Youth Zone fails to deliver, how will the local authority know this and what sanctions will it take?
- Busy traffic and dangerous roads, town centre pubs and nightclubs and drinkers.
- Why is the £400,000 coming out of the Youth Service budget?
- Youth crime will go up, opportunities for young people will diminish, anti-social behaviour will soar and teenage pregnancies will increase.
- Concerns about qualified and experienced staff being made redundant potentially eight months before they recruit to the Youth Zone when it is completed. It does not make sense. Staff should be offered the opportunity to apply for those jobs.

Targeted youth work being provided through a strategic youth work lead and integrated targeted team directly managed through C & F Support Teams

- If targeted youth work is to be directly managed by C & F Support Teams youth workers will be glorified social workers.
- As proposed, only JNC qualified staff will end up with jobs.
- Who will become strategic lead, will it be someone who will have prior knowledge and experience.
- Job description is unrealistic.
- Overload quantity over quality.
- Practitioners who work in C & F Support Teams do not work after 5.00 pm.
- By being assimilated into the C & F Support Team a concern would be that the traditional youth work roles which have been based on long term relationships with young people/families/communities and schools will be changed to more short term and reactive responses rather than early intervention to reduce the possibility of escalation into higher stages of the Wolverhampton Threshold Model.
- Lots of early intervention goes on in youth clubs which pre-empt CAFs. This will be lost and create more cost to the Council.

- Community based needs will be lost.
- C & F Support Teams deal with schools not communities.
- Current targeted work is based on the voluntary relationship with young people. Young people do not always engage when a relationship is forced upon them.
- Youth work is about social education, youth workers are not agents of social control.
- Because of youth workers' relationships with young people, they are able to advocate on behalf of young people within C & F Support Teams at present, but if being line managed by C & F Support Teams with non-youth work backgrounds, this will conflict with values/ethics etc.?
- What hours would be expected from youth workers within this team?
- Variations in the style of line management across teams will lead to youth workers being inconsistently utilised and losing professional identity.
- Concerns for targeted workers within each C & F Support Team.
- What is a strategic lead?
- Young people with disabilities will be totally lost within this, no youth work/support will be provided.
- One youth worker in each area is unrealistic. How will we meet the needs of all young people?

A budget of £100,000 would be made available to support a range of activity including; small grants to local community organisations and some commissioned voluntary sector re-provision of local open-access youth provision, as well as specific pieces of targeted needs led work including local youth democracy.

- Looking at the needs listed we think that this figure is so unrealistic. With the needs that are not listed, this figure is made more unrealistic.
- Youth clubs will now have to be run as a business.
- For this idea to work there would have to be administration costs. Where will admin costs come from?
- Voluntary sector will not provide open-access provision.
- How will vulnerable young people in the most deprived areas be supported?
- How will it be managed and quality assessed?
- What criteria will be used to ascertain the most priority areas?
- This will lead to a number of young people who are unable to access any provision.
- Will there be targets for the Voluntary Sector as there were for the statutory sector?
- Will this funding be withdrawn in future years when more cuts are needed as is happening with community initiatives.
- Young people should be decision makers on this type of funding, like how Youth Bank was.
- Not enough money to keep it going.
- Dependent upon good will.
- Quality will suffer.

- Young people accessing venues with other user groups could lead to safeguarding issues.

Other issues or comments raised

- All of the information that has been circulated to the public has political spin on it. People do not fully understand the reality and the TRUTH.
- We would like clarification on what the Council means by consultation as we have been through it many times and people just feel there is no point in saying anything.
- The impact on communities has not been thought through.
- Who will pick up the emotional reaction of young people and their families when they realise the impact?
- How can we influence how the £837,000 youth work budget be spent.
- How can senior managers justify the high level of redundancy within the Youth Service compared to other areas of the Council?
- How will publicity be co-ordinated during transition arrangements after April?
- What about specialist workers i.e. disability workers, targeted youth support workers, gang workers and workers with specialist qualifications – what will happen to them?
- Black and ethnic groups will be excluded.
- With youth clubs shutting, this will lead to community tension, more gang related issues and no qualified youth workers there to support them.

Alternative proposals

- Alternative proposal would be to fund a scaled down Youth Service with a budget of £837,000 to deliver a centralised Youth Service providing a service for young people with complex/localised needs across the city. This would see a symbiosis of Youth Zone and quality Youth Service providing centrally and locally for the complex and changing needs of the young people of Wolverhampton.
- This will be a more productive way of maintaining the grass roots of youth work that can be regenerated in the future.
- Staff feel that the £400,000 contribution towards the Youth Zone should be funded from elsewhere as was originally agreed in the Youth Zone proposal.

TRADE UNIONS FEEDBACK



**Joint Union (CYW/Unite and UNISON)
Formal response to Wolverhampton City Council's saving proposals for the
Wolverhampton City Youth Service.**

Introduction.

Unite the Union has a specialist professional section for Community, Youth Workers and Not for Profit organisations. We represent the majority of youth and community workers in the UK and in Wolverhampton.

UNISON is the largest Trade Union in Local Government.

This response including appendices is a Joint Union response for consideration in the budget setting consultation regarding the Youth Service

Attachments

It is vitally important that the reorganisation is seen within the professional and service based context. We have therefore provided a number of substantial, but necessary documents as Appendices for your close consideration.

These are:

The Future of Youth Work - a Unite document detailing Youth work principles and state of Youth Work currently.

The Benefits of Youth Work – a document researched for us by the National Youth Agency and jointly produced with the then sector Skills Council Lifelong Learning UK. This document also includes an important cost benefit analysis of youth work.

Youth Work Matters, a CYW/Unite response.

Statutory Youth Work – A document produced by the National Youth Agency which outlines local authorities' statutory duties for the youth services.

Positive for Youth – Unite Response – this is a comprehensive response to the government's recent consultation on 20 consultative papers relating to the future delivery of services to young people. Many of the general observations of methods of delivery and funding made in this document are highly relevant to the Wolverhampton proposal.

James D Clarke Website Article – Wolverhampton Youth Zone a Disaster waiting to happen. Article by Chair of LNP

The Wolverhampton Proposal

Trade Unions are fundamentally opposed to the proposal to make 76 Youth Service staff redundant outsourcing the universal Youth Service by funding a charity £400,000 per annum to provide activities at a new central location.

We are disappointed at the manner of the implementation which we believe is a cynical attempt to avoid compliance with legislation (TUPE and European regulations). We will resist this proposal by every means possible.

An Alternative proposal would be to withdraw the £400,000 annual running costs from the Youth Zone and to use this additional money to provide a small in house Youth Service that can be rebuilt in 2015 when a different approach and culture to public services might be anticipated. If a Youth Service is completely outsourced it will be lost forever but by keeping a small remnant, rebuilding will be possible. This would also be consistent with the Council's approach towards other services.

The reduced Service could meet identified needs in neighbourhoods in the City. If the Youth Zone charity is committed to providing activities in the City Centre, they will be able to seek alternative sources for this funding and the reduction will be not as high as the reduction faced by the In house youth service providing neighbourhood services.

Staff were advised (but not Members of Council) that in implementing the proposals they anticipated the redundancy of the majority of the Youth Service staff (76 FTE). Only 8 Youth Work posts are identified in the new structure proposed. The proposal anticipates that volunteers will fill the gap and maintain the current provision. We believe that this is a false expectation.

Work is being carried out nationally by Unions to secure Manifesto promises to ensure Youth Services are placed on a firmer statutory footing, including protection of name around Youth Work and a license to practise to ensure the work and profession is not undermined. You would not expect a volunteer to provide Brain

surgery because they have watched a few operations and the same is true of Youth Work.

We would expect the Council to use the controlling interest in Youth Zone to insure that the trade union agreed terms and conditions for Youth Work -JNC for youth and community workers should be used by the Youth Zone for staff employed. Management explain that staff are not to be employed into Youth Work posts but then how can they be expected to provide a Universal Youth Service? The argument that activity staff are to be used undermines the idea that they will provide Youth Work not activities for young people.

At a time of such acute and high unemployment generally (and the highest recorded youth unemployment levels at 1.4 million young people nationally) and increasing problems of youth alienation, we believe that now is a time to be positive for young people and increase investment in them. There are many aspects of detail that could be discussed further and we would strongly recommend that the authority set its proposals in the context of the attached documents.

Commissioning and Outsourcing of services in the context that we are in represents an untried, unpopular and costly and unnecessary development. Services that have commissioned out provision in the very early stages have taken services back in house. Businesses, as many declared in the parliamentary Select Committee proceedings cannot compensate for the scale of funding being withdrawn from Children's and Young Peoples Services in Government and in voluntary sector provision.

This is a proposal based on a cost benefit analysis in the short or medium term and we believe will be more costly to the Council tax and General tax payer in the long run. The Voluntary and Charitable sector throughout the country has been hit very severely and all the recent evidence shows that those organisations previously running youth support services have been affected the worst. 80% record cuts in children and young people's programmes and closure of delivery.

The Unions note the recommendation of the Education Select Committee for a 'mixed economy' of publicly provided Youth Services augmented by voluntary provision and remind Members that that is exactly what has been developed in Wolverhampton. The Union strongly applauds the local partnerships between voluntary organisations and the Local Authority Youth Service and the tremendous role of volunteers in Wolverhampton.

The unions are aware that such partnerships and such creative engagement exist because of the professional intervention of trained Youth Workers who attract and sustain volunteers and funding and motivate voluntary organisations. We believe a cut of this scale and these proposals will irreparably damage the service to young people and commence a process of total decline.

There is no real evidence that the voluntary sector and volunteers will pick up abandoned services. There is no mandate for this proposal of a Youth Zone at the

cost of neighbourhood provision from the electorate or from young people, professionals or the public at large.

We believe that the most cost effective and quality delivery guarantee for the service in the future will be to maintain a reduced in house publically provided publically delivered Youth Service for rebuilding in the future. We would resist the change of focus to so called targeted Youth Work in the savings proposal, which is about pseudo social work on the cheap and devalues the role and work of the Youth Service in providing group work based support to young people with an informal education approach (see benefits of Youth Work). We assert the importance of a universal service in Wolverhampton and further insist that support to individual young people at risk can only be effective in the context of a universal service.

Wolverhampton Youth Service has enjoyed a professionally staffed service and positive resources and has been an important public service for communities, recognised by all local administrations of whatever political party over the last twenty plus years. The resources have not been ill spent and numerous reviews and Ofsted inspections have found the service to be value for money.

The proposal fails to recognise that Voluntary Sector provision is currently dependent in many instances upon the support of the statutory service in many fundamental ways (free use of statutory service minibuses and Youth facilities and equipment as well as for the training of staff) Outsourcing/privatising/commissioning/re-provisioning will undermine that positive partnership.

Young people have significantly fewer opportunities in their lives than they did in 2010. The rate of Youth Unemployment is the highest it has ever been. Cuts to EMA, tuition fees, and lack of further education opportunities and lack of job opportunities should not be compounded by cutting the service that young people turn to for support to cope with these challenges.

We repeat our previous concern that the response from Wolverhampton Council to develop a strategy around youth unemployment has been slow, excluded the youth service and has been woefully inadequate. To say to young people 'you must get better qualifications to compete better' is no strategy. More recently there has been the development of an apprenticeship scheme, which will begin to lead the way though the number of apprenticeship places seems very low for the funding. More work should be done with Council contracts to require apprenticeships as part of the delivery as well as work with Wolverhampton Companies and voluntary and third sector to advocate clear policies. The Youth Service works with young people to get them to the stage where they can even apply for such schemes or work as often they have no regular routine, poor lifestyles and no confidence as a result of their experience. They are not interview ready let alone work ready

The removal of this level of funding from the local economy will add to the economic downturn and effect business and the local economy. This level of funding cut will inevitably produce higher instances of social and behavioural difficulties, which will require increased expenditure in other services. Any approach to tackling anti-social

behaviour such as providing effective alcohol and substance abuse education and working within communities to support good parenting, cannot successfully take place in the absence of an infrastructure of professional youth and community development services.

The proposal is an ideologically driven approach to public services that prioritises increased competition and outsourced delivery over evidence based service design. The outcome will be a return to the race to the bottom in service contract bids and will further undermine the viability of many not for profit organisations. This is a green light to bad employers to squeeze workers' conditions in order to make profits from public services and to local governments to cut costs in their service contracts. Will the Council ensure that arrangements with other parties to deliver services will pay the living Wage and fair wages negotiated with recognised trade unions?

We are particularly concerned at the approach to implementing the changes being proposed in Wolverhampton and can only deduce this is a cynical attempt to avoid commissioning legislation designed to protect service users, employees and providers. In addition it will be to the detriment of young people and service delivery, as there will be no strategic overview of needs and how these can be best met quickly by a cohesive service. We believe these services should remain a publicly funded, publicly provided service for young people at a moment when they need it most.

We are seeking an immediate assurance that the relevant youth work professional qualifications and terms and conditions, the JNC terms and conditions will apply to posts in house and in Youth Zone.

We ask for any evidence that the voluntary sector will pick up the abandoned service projects to be made public.

We also request that further evidence is made available immediately demonstrating the mandate for this proposal from the electorate or from young people, professionals or the public at large.

We ask you to implement the alternative suggestion outlined at the start of this document.

Stage 1- Initial Analysis Form

Equality Analysis - Stage One – Initial Analysis

What you are analysing? Savings Proposals for the Youth Service

Is it a; service function policy procedure

Is it? A new service, function, policy or procedure

An existing service, function, policy or procedure

An amended or revised service/ function/ policy/ or procedure

<p>1. What are the main aims and objectives or purpose of the service, function, policy or procedure (proposal)? What needs or duties is it designed to meet?</p>	<p>The Council has a statutory duty under section 507b of the Education Act 1996 to secure services and activities for young people aged 13 to 19, and those with learning difficulties to age 24, to improve their well-being.</p> <p>Whilst the duty does not prescribe what services and activities for young people should be funded or delivered, the Local Authority should take the strategic lead to work with young people and other stakeholders in order to assess needs and secure a sufficient local offer, that so far as is reasonably practicable, promotes equality of access for all young people, Nevertheless statutory guidance states local authorities should not assume the role of default provider of positive activities and should instead use planning and commissioning processes to identify the most appropriate provider; utilising the strengths of organisations within the voluntary and private sectors alongside those of the local authority itself.</p> <p>The duty sets out two forms of activity (not mutually exclusive) to improve well-being. The first activity is “educational leisure-time activities”. The legislation also includes sufficient educational leisure time activity and associated facilities that are for the improvement of young people’s personal and social development. This sub-set relates to activities that are delivered using youth work methods and approaches. The second activity is “recreational leisure-time activities” which includes sports and informal physical activities as well as a wide range of cultural activities including music, performing and visual arts.</p>
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	<p>The current proposal is to establish a new reduced Youth service structure and offer in order to make saving of £1.1million.</p> <p>In order to make savings it is proposed that a new structure is established to deliver the youth offer for young people in Wolverhampton including:</p> <ul style="list-style-type: none">a) The establishment of a strategic youth work lead and integrated targeted youth work team directly managed though Children and Families Support Teams (C&F) (formerly Multi-Agency Support Teams (MASTs)) across 8 areas.b) A budget of £100,000 to be made available to support a range of provision including; small grants to local community organisations, some commissioned voluntary sector re-provision on local open-access youth provision in areas of particular need, and some specific pieces of targeted needs led work including support for local youth democracy <p>In order to fulfil the current 2014/15 savings target of £500,000 the service will defer the current savings plan to implement alongside the 2015/16 savings.</p> <p>Savings will be implemented midway through 2014 in order to achieve the target savings.</p>
<p>2. Who is or will be affected by this proposal?</p>	<p>Young people from the City in many neighbourhoods who currently access youth clubs and targeted youth provision directly delivered by the local authority youth service. It will also affect their parents and wider family members.</p> <p>Young people who access any of the followings services:</p> <ul style="list-style-type: none">• Open-access youth provision• All youth service buildings (Except Epic until March 2015)• A dedicated Disability Team• Detached youth work• Sector management• Support for volunteering

	<ul style="list-style-type: none"> • YOT youth workers • Music provision (formerly Sam Sharpe) • Infrastructure support for Youth elections • Post 16 support • Holiday activities and summer programme • Youth Offer development • Apprenticeship scheme <p>Closure of a number of youth service buildings will also impact on a number of voluntary and statutory partners and community groups.</p>
<p>3. Is the proposal affected by external drivers for change? (e.g. new or amended legislation, national policy, external inspections etc.)</p>	<p>The proposal is driven by the Council's need to save £123M as part of the Coalition Government's cuts to Wolverhampton City Council's budget.</p>
<p>4. Who is responsible for defining and implementing this proposal?</p>	<p>Emma Bennett – Assistant Director, Safeguarding, Business Support and Early Help Services. Robin Morris – Youth Service Manager.</p>
<p>5. How does Wolverhampton City Council interact with other bodies or organisations in relation to the implementation of the proposal?</p>	<p>Youth Service works with a range of partners to deliver open-access and targeted youth provision and specialist services across the City.</p> <ul style="list-style-type: none"> • Voluntary and Community Sectors • MAST professionals • Connexions • YOT • Schools • Health • Police • Social Care • LNP's <p>The Council will also work with the community and voluntary sectors as well as a range of partner agencies to deliver on youth programmes in line with resources available and will work to maximise external resources for youth services.</p>
<p>6. What analyses, information or data relating to the proposal already exist?</p>	<p>Census data for the 11-25 population. Current participation statistics, recorded outcomes, accredited achievements.</p> <p>Number of voluntary youth organisations within the city.</p>

	<p>The views of local communities and community groups, young people, local neighbourhood partnerships, secondary schools, Multi-Agency Support Teams, Youth Organisations Wolverhampton, WVSC, local youth organisations, trade unions, disabilities groups, PCT, Connexions, YOT.</p> <p>The views of disabled young people and their parents.</p> <p>A range of stakeholders were consulted with a view to gauging the views of a large range of communities. This generally worked well, however there are some groups who did not provide formal responses.</p> <p>The youth service works across the city but prioritises local need and thus provides a service disproportionately to those young people requiring a local service.</p>
<p>7. Is there any evidence of higher or lower take up under the proposal for any particular groups? (from formal monitoring or informal anecdotal evidence)</p>	<p>The proposal dictates that the Youth Service open-access provision will cease in line with these proposals. Therefore this provision will cease for all young people.</p> <p>Monitoring information, on the existing youth service shows that the Youth Service, is only collated on the race, gender and disability of service users. Monitoring systems will be looked at in capturing the other protected characteristics, where appropriate, when looking at further support for community based youth work of small grants and commissioning opportunities for local and voluntary sector providers.</p> <p>The local authority provision will take the form of targeted youth work based in multi-agency support teams. A significant budget reduction of £1.1 million on top of the previous reduction of £750,000 will result in a significant reduction in opportunities available locally, however it is yet to be seen if this will impact on the numbers of young people who are able to access a range of provisions in the future. Monitoring systems will be put in place to capture this.</p> <p>Closer co-ordinated links with the voluntary and community sector need to be established in order to build on any external funding that can support youth work and youth activity in community settings.</p>

<p>8. Is there any evidence that the proposal may be directly or indirectly discriminatory?</p>	<p>No. At present the Youth Service works with a diverse range of young people across the city targeting those in neighbourhoods requiring additional support. The service also targets resources at young people who are most vulnerable and where their additional needs are not met. The proposal will mean a complete withdrawal of service delivered by the local authority in a number of areas. Please also refer to EA undertaken relating to Council's MTFS (2014 – 2019).</p> <ul style="list-style-type: none"> • Open-access youth provision • All youth service buildings (Except Epic until March 2015) • Disability team • Detached youth work • Sector management • Support for volunteering • YOT youth workers • Music provision (formerly Sam Sharpe) • Infrastructure support for Youth elections • Post 16 support • Holiday activities and summer programme • Youth Offer development • Apprenticeship scheme <p>In relation to all the other services being withdrawn there will be no direct or indirect discrimination – the withdrawal will affect all groups of young people who currently access these services' Closer co-ordinated links with the voluntary and community sector need to be established in order to build on any external funding that can support youth work and youth activity in community settings.</p>
<p>9. If the proposal is discriminatory, can it be justified?</p>	<p>The proposal affects by definition young people who may be considered as having protected characteristics in terms of age, gender and disabilities, however impact is more likely to be differential as opposed to discriminatory, on the basis the services will be reduced or fully ceased in the case of open access provision.</p>
<p>10. If the proposal is not discriminatory, is there any evidence that it has a differential impact?</p>	<p>The proposal affect by definition young people who may be considered as having protected characteristics in terms of age, disability, race and gender.</p> <p>Young people from a number of disability groups directly supported by the youth service would lose this bespoke provision; however, it is planned that the</p>

	<p>proposed Wolverhampton Youth Zone will aim to mitigate this withdrawal of provision by offering opportunities for young people with additional needs.</p> <p>A differential impact may occur for disabled young people as the targeted disability team will cease. This will be mitigated through disabled young people being a priority for the Targeted Youth provision, together with alternate funding being identified through Short Breaks funding to continue a provision for this group.</p> <p>Youth provision which directly supports young people from a range of ethnic minorities particularly in neighbourhoods and wards with a particular concentration of population may also be directly affected.</p> <p>It is more difficult to identify direct discrimination against the other protected characteristics as the service does not collect data on these. The savings proposal affects the provision of services across the city and should not impact disproportionately on any group with protected characteristics.</p> <p>The 3 strands aim to mitigate for loss of local neighbourhood services by;</p> <ul style="list-style-type: none"> • Creating a significant city-centre open access provision. • Support for young people with identified additional unmet needs. • Additional support for neighbourhoods by providing seed funding to voluntary and community groups.
<p>11. If there is a differential impact, is it likely to have an adverse impact on any group?</p>	<p>Please see list of groups identified in 9 and 10.</p>
<p>12. If there is an adverse impact, can that impact be justified?</p>	<p>As previously outlined, all young people who access open access youth provision will be impacted, including those with protected characteristics. An adverse impact may be justified in the context of savings having to be made for non-statutory services across the council.</p>
<p>13. What evidence have you used to make your judgment of</p>	<p>Awareness of service users. Previous savings proposal consultation responses and equalities</p>

discrimination and/or adverse impact?	analysis.
14. If the discrimination/adverse impact cannot be justified, how do you intend to deal with it? Is there any alternative measure which would achieve the desired aim without the adverse impact identified?	See above.
15. Does or could, the proposal contribute to a specific duty in equality law? <ul style="list-style-type: none"> • eliminate discrimination, harassment and victimisation • advance equality of opportunity between people from different groups • foster good relations between people from different groups. 	The Council will aim to use its available, although limited resources to help support vulnerable young people across the city.
16. Are there any groups which might be expected to benefit from the intended outcomes but do not?	All young people, including those belonging to protected characteristics, accessing voluntary and community sector groups are expected to benefit from the proposals, however it remains to be seen what effect the grant available will have on opportunities for those groups.
17. Is the proposal intended to increase equality of opportunity by permitting or requiring action to redress disadvantages? If yes, is it lawful?	No, however the proposal aims to minimise the negative effect on young people with protected characteristics by proposing a dedicated targeted youth service together with the provision of additional funding for the voluntary and community sector for the development of on-going local youth activities. This is in line with legislation, in particular Section 507B of the Education Act 1996 places a duty on the Council to secure access to sufficient educational and recreational leisure time activities and sufficient facilities for such activities 'so far as reasonably practicable' and for the improvement of the young peoples' wellbeing.
18. Have you consulted as part of your analysis? Who have you consulted? What methods did you use?	Yes. <ul style="list-style-type: none"> • Young people • Users and non-users • Community Groups • Volunteers • Public • Local neighbourhood partnership

	<ul style="list-style-type: none"> • Staff • Trade unions • Stakeholders <p>Methods included face to face meetings, focus groups, on-line survey.</p>
<p>19. Is there any public concern (in the media etc.) that the proposal is being operated in a discriminatory manner?</p>	<p>No.</p>
<p>20. Have there been any important demographic changes or trends locally? If so, are these anticipated or dealt with by the proposal?</p>	<p>No.</p>
<p>21. How is information about the proposal publicised?</p>	<p>See no.19. Through consultation including briefings, targeted information; mailing and e-mailing.</p>
<p>22. How will you monitor in future?</p>	<p>Equalities analysis will be continually monitored within the new structure by the Council through the direct provision of the new service or through contract monitoring including equalities by the Council.</p>
<p>23. Is there any other relevant information?</p>	<p>This savings proposal cannot be looked at in isolation to further savings proposals of other services for children and young people across the city.</p> <p>Other examples include:</p> <ul style="list-style-type: none"> • Early intervention grant • Connexions including PAYP contract • Short breaks • YOT • Social Inclusion services • Voluntary and community sector reductions • Play service

Is there a need for a full Equality Analysis?

1. Are there any concerns or evidence that the proposal affects or could affect people differently or that the needs of certain groups would not be met?
(Consider all the equality strands – age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation;

Yes / No / Don't Know

- If the answer is **No**, then there is **no need to carry out any further analysis**, record the basis for your answer and send this form to be signed off.
- If the answer is **Yes**, record your concerns and any evidence and **move on to question 2**.
- If the answer is **Don't Know**, record what evidence is needed to help you make a decision and **move on to question 2**

2. If the proposal affects or could affect people differently, does this mean that some groups of people would experience a less favourable service than others or that the needs of some groups would not be met?

Yes / No / Don't Know

- If the answer is **No**, then there is **no need to carry out any further analysis**, record the basis for your answer and send this form to be signed off.
- If the answer is **Yes**, record what the worse service involves and any evidence and **move on to question 3**.
- If the answer is **Don't Know**, record what evidence is needed to help you make a decision and **move on to question 3**

3. Can this less favourable service be justified on the grounds of advancing equality of opportunity?

Yes / No / Don't Know

- If the answer is **No**, record the basis for your analysis and **move on to question 4**.
- If the answer is **Yes**, the basis for your analysis should also be recorded, now **move on to question 4**.
- If the answer is **Don't Know**, record what evidence is needed to help you make a decision and **move on to question 4**.

4. Can the proposal be amended so that no one experiences a worse service and the overall aims and objectives are still fulfilled?

Yes / No / Don't Know

- If the answer is **No**, unless the proposal can be justified on the grounds of advancing equality of opportunity, the proposal should be referred back

- If the answer is **Yes**, what amendments are required? When the necessary amendments have been identified, **move back to question 1**, to assess the likely impact of the amended proposal.
 - If the answer is **Don't Know**, record what evidence is needed to help you make a decision and **move on to question 5**.
5. Should there now be a full analysis of the proposal? Consider the responses to all the previous questions to decide whether to carry out a more detailed review. If necessary, take advice from colleagues and other stakeholders before reaching a decision.

Yes / No / Don't Know

- If the answer is **No**, set a review date, agree what monitoring will be required and send this form to be signed off.
- If the answer is **Yes**, move onto the full analysis form.
- If the answer is **Don't Know**, detail what information you need to make a judgement and outline how you will obtain this information with timescales

Officer(s) completing the analysis: Robin Morris

Job Title: Youth Service Manager Tel: 5117 Date: 5/2/14

Upon completion of this form please record the date sent to:

Authorising Officer	Date sent 5/2/14
Head of Equalities	Date sent 5/2/14
Equality Project Group (if appropriate)	Date sent 5/2/14

Stage 2 – Full Analysis Form

Equality Analysis - Stage Two – Full Analysis (to be completed after Stage One)

What you are assessing? *Savings Proposal for Youth services*

Step 4 – Collection and consideration of further information and data (steps 1 - 3 should have been completed in the initial analysis)

1. In Stage One, did you identify that you needed further information? If yes, what data and information would be useful?

Yes. The proposals will impact on all groups of young people given the open access youth provision will cease. The impact of this will need further analysis over time. The proposal to develop a more targeted youth service will ensure that the most vulnerable young people, including those from under-represented groups will continue to receive youth provision.

In developing a future Youth Offer, the analysis of the targeted youth provision will inform any future strategies that may need to be put in place to encourage usage by under-represented groups, including those who may have protected characteristics.

Wolverhampton Council will also need to work with those communities whose young people are disadvantaged from the removal of open access provision to stimulate, promote and support the voluntary or community sectors to provide youth activities.

2. How will you obtain this data and information and who will be responsible for collecting it?

Wolverhampton City Council will collect this data.

3. Does the information gathering have to be built into the equality action plan or can the information be acquired quickly?

It will be built into an equality action plan.

4. If you have been able to gather further information, what does it tell you?

Further information has not yet been gathered.

Step 5 Adverse Impact and Considering Alternatives

- Using all the information gathered, consider what impact your proposal will have on the following groups.

	Neutral	Positive *	Adverse	Unknown
Sex Women/Men			X	
Gender Reassignment				X
Race Asian/Black/Mixed/White/ Other			X	
Disability Consider the full range of impairments			X	
Sexual orientation Lesbian/Gay Man/ Bisexual/Heterosexual			X	
Religion or belief Buddhism/Christianity/ Hinduism/Judaism/Islam/ Sikhism/Other/No religion				X
Age Consider all age groups			X	
Pregnancy and Maternity				X
Any other equality issues				

*Advances equality or fosters good relations

- Have you identified an adverse impact on any group(s)?

Yes/No/Not Sure

If yes or not sure, please give details.

The Youth Service works with young people aged 11 to 21 (and 25 if they have a disability.)

All local authority open-access provision will cease as part of this proposal, and although this loss in provision may be mitigated by the planned development of an independently managed Wolverhampton Youth Zone, all current users of the service will be affected.

The service currently works with a large constituency across the city which does include those with protected characteristics.

The proposal affects by definition young people who may be considered as having protected characteristics in terms of age.

Young people from a number of disability groups directly supported by the Youth Service would receive a reduction in this bespoke provision.

Youth provision which directly supports young people from a range of ethnic minorities particularly in neighbourhoods and wards with a particular concentration of population may also be directly affected.

It is more difficult to identify direct discrimination against LGBT populations, although the consultation aimed to target individuals who may be affected by these proposals.

The savings proposal affects the provision of services across the city and should not impact disproportionately on any group with protected characteristics.

If following work described above the Council finds that this has happened then the funds set aside will be used to target those groups so affected.

The savings proposal aims to mitigate for loss of local neighbourhood services by;

- Support for young people with identified additional unmet needs as part of an integrated targeted youth service.
- Additional support for neighbourhoods by providing seed funding to voluntary and community groups.

3. If a significant negative impact has been identified, can it be explained?

The Youth Service budget reductions will mean that all local authority open-access will cease from the end of July 2014.

This will affect all users including those identified as having protected characteristics.

4. Could the proposal lead to **direct discrimination**?

Yes/No/Not Sure

Please explain.

The proposal affects by definition young people who may be considered as having protected characteristics in terms of age however impact is more likely to be differential as opposed to discriminatory.

5. Could the proposal lead to **indirect discrimination**?

Yes/No/Not Sure

Please explain.

The proposal affects by definition young people who may be considered as having protected characteristics in terms of age however impact is more likely to be differential as opposed to discriminatory. Where the reduction in Council budgets will impact on specific groups mitigating actions will be taken to either maintain essential activities or signpost alternatives. This includes the proposals for a targeted youth service, together with the provision of small grants for the voluntary or community sector in order to potentially continue some youth activities. Both provisions will target the most vulnerable groups of young people including those with protected characteristics.

6. Does or could, the proposal contribute to a specific duty in equality law?

- eliminate discrimination, harassment and victimisation
- advance equality of opportunity between people from different groups
- foster good relations between people from different groups.

No

7. If the analysis shows that the proposal is likely to have an adverse impact on some groups or could unlawfully discriminate, can you identify alternative ways of achieving the aims which will not result in an adverse impact or unlawful discrimination? (Remember to ensure that any option that reduces adverse impact on one group does not create adverse impact on another group.)

The proposal will mean that all service users across the city will cease to have access to open-access youth provision delivered by the Council.

This cessation of service will affect all of the service's current users. Users of the Youth Service include young people who have the protected characteristics highlighted above.

Wolverhampton Youth Zone (WYZ) is currently being proposed by the Wolverhampton Youth Zone Charity. Wolverhampton Youth Zone (The Way) plans to provide an independent open-access city centre facility managed by Wolverhampton Youth Zone charity with support from OnSide. The Youth Zone plans to offer a range of activities for children and young people aged 8-21, 7 days a week, 52 weeks per year from an iconic city centre facility. It should be noted that the provision of services and activities at the WYZ will be determined by a separate legal entity, the WYZ Board.

The Youth Service has produced a number of successful city centre programmes from its city centre venues including Epic Youth Café and Penn Island Skate-park. These projects have proved that with the appropriate support, young people will use city centre venues, even if they come from neighbourhoods associated with perceived gang and youth violence issues.

Further support for community based youth work will be provided in the form of small grants and commissioned opportunities for local community and voluntary sector providers.

The local authority provision will take the form of targeted youth work based in multi-agency support teams. A significant budget reduction of £1.1 million will result in a significant reduction in opportunities available locally; however it is yet to be seen if this will impact on the numbers of young people who are able to access a range of provisions in the future.

Closer co-ordinated links with the voluntary and community sector will be established in order to build on any external funding that can support youth work and youth activity in community settings.

8. If an adverse impact is unavoidable, are you satisfied that the decision to proceed can be justified, i.e.;
- it is essential in order to carry out our business;
 - there is no other way to achieve the aims;
 - the means employed to achieve the aims of the policy are proportionate, necessary and appropriate;
 - the benefits far outweigh any adverse effect.

Please see 7 above.

Due to the unprecedented cuts to local authority funding, the Council is forced to make difficult decisions on the on-going provision of services. In relation to the specific proposals for the Youth Service – there is no other way to achieve the savings and the proposals for the future Youth Offer are proportionate, necessary and appropriate. Further, both the proposals for the targeted youth service and the funding identified for the voluntary and community sectors for supporting local youth provision will ensure the most vulnerable young people, including those from protected characteristics can continue to access and receive youth services.

Step 6 - Formal consultation on the actual and likely impact of proposals

1. Who is directly affected by the proposal? (Groups, organisations, individuals)

The Youth Service currently works with young people aged 11-21 (aged 25 for disabled young people.)

The main benefactors of the current service include;

- Young people and their parents
- Local Communities
- Youth Service staff
- Schools
- MAST teams

2. What relevant groups have a legitimate interest in the policy?

- Young people and their parents
- Local Communities
- Youth Service staff
- Schools, MAST teams and other partnership agencies.
- Voluntary and community sectors.
- Trade unions

3. How will we ensure that those affected or with a legitimate interest in the policy are consulted?

All of the stakeholders identified above have been invited to take part in the Youth Service savings proposals consultation using a range of methods. This took place between October 2013 and January 2014.

4. What methods of consultation will be used?

The methods used during the consultation included:

- Social media – publicity of consultation opportunities (Facebook)
- Online Survey Monkey (advertised across social media and stakeholder networks).
- Facilitated meeting with the voluntary/community sector.
- Facilitated young people's consultations.
- Staff conference.
- Individual staff team meetings
- Formal trade union consultation.

5. How will information be made available to those consulted?

The collated Youth Service savings consultation form part of the appendices of the February 2014 Cabinet report.

This is a public document which will be shared with consulted stakeholders.

6. How can we ensure the information will be accessible to everyone?

As above.

7. Have previous attempts at consultation with particular groups been unsuccessful? If so, why, and what can be done to overcome any obstacles?

No

8. How will you report back to those you have consulted?

The collated Youth Service savings consultation will form part of the appendices of the February 2014 Cabinet report.

This is a public document which will be shared with consulted stakeholders.

Step 7 – Re- assess proposal in light of consultation and, if appropriate, consider alternatives

1. What have you learnt from the consultation?

A range of different views were received in response to the proposals. While many respondents recognised the need for the proposals, there was also a significant degree of general opposition to them particularly from employees within the current workforce and young users of the service.

Young people were very vocal in championing the services that they currently receive. They were equally disappointed that any reduction in youth services should be proposed particularly if it affects their own provision directly. There was also concern about the accessibility of the proposed Youth Zone and their ability to both travel to it and afford to use it.

The voluntary and community sectors were keen for the profession of youth work to be continued to be recognised by the local authority. The sector was also interested in re-providing some local services and championing the role of the community sector.

Objections were more particularly pronounced at staff and trade union consultation meetings. The objections particularly centred on the risk of large scale redundancies across the service and any change in the terms and conditions of youth workers.

A number of respondents expressed the view that decisions had already been made and that they therefore had little confidence that the consultation would have any impact. Many took the view that there was so much detail provided that it was evident that the outcome of the proposals had already been pre-determined. It was noted that the proposed development of the Youth Zone may be perceived to be at the expense of the local authority youth service.

The Council believes that it has taken all reasonable steps to undertake an effective, meaningful and successful consultation exercise with residents, local communities and other stakeholders; that it has rigorously considered all the responses received; and that the responses received have informed the decisions the Council now has to make after all due consideration of the outcome of the consultation exercise.

Given the scale of the savings being made by the Council, this is the only viable option available to consult on.

A number of alternative delivery methods have been explored over the last two years both with staff and stakeholders. These have included the exploration of the development of social enterprises, mutual organisations and community interest companies. The Council has also explored models developed within other local authorities. Unfortunately these proposals have not been viable due to both finance and capacity issues.

The service is currently exploring the creation of business cases to maintain a self-sustaining Duke of Edinburgh Award service and further income generation to maintain training and infrastructure support for youth work going forward. The service will continue to provide a reduced youth provision for disabled young people in line with current Short Breaks funding.

2. Do you need to make any changes to the proposal as a result of the consultation?

The Council acknowledges the views expressed by a number of respondents objecting to the proposals made. The Council also acknowledges the wide range of differing and sometimes opposing views expressed about different aspects of the proposals from various communities and particularly young people who currently use the service and staff employed by the Youth Service. The Council also acknowledges the degree of general anxiety and uncertainty about proposals that will involve changes to current and traditional models of service. The Council is, however, also gratified to note the degree of attachment to, and appreciation of, the youth services that the Council currently provides for the benefit of its local young people and communities.

Whilst the Council sympathises with the concerns expressed that there should be no changes to the existing arrangements, the Council has to balance such wishes with the budget challenges now facing the City. The Council has a duty to local council taxpayers to ensure that all of its community services represent good value for money. The Council believes that its vision for the development of the proposed youth offer is a way to protect some local services whilst achieving the savings necessary.

The proposed Wolverhampton Youth Zone as an independent youth provision will go some way to mitigating the loss of local open-access youth services.

The Council notes that the most forceful views expressed in opposition to the proposals were reinforced in consultation with staff and trade unions.

The Council is left with the challenge to maintain services that are clearly valued by local communities while reducing costs in the face of unprecedented Government spending cuts. To address this dichotomy, the Council remains convinced that its vision for the delivery of youth services provides the best model in the longer term for maintaining a level of service albeit delivered differently whilst achieving savings. The Council believes that the recommendations now made will help it to achieve a fair balance between those objectives.

3. If the consultation has shown that the proposal is likely to have an adverse impact on some groups or could unlawfully discriminate, can you identify alternative ways of achieving the aims which will not result in an adverse impact or unlawful discrimination? (Remember to ensure that any option that reduces adverse impact on one group does not create adverse impact on another group.)

The proposal will mean that all service users across the city will cease to have access to open-access youth provision delivered by the Council.

This cessation of service will affect all of the services current users.

The users of the Youth Service include young people who have the protected characteristics highlighted above.

Wolverhampton Youth Zone (WYZ) is currently being proposed by the Wolverhampton Youth Zone Charity. Wolverhampton Youth Zone (The Way) plans to provide an independent open-access city centre facility managed by Wolverhampton Youth Zone charity with support from OnSide. The Youth Zone plans to offer a range of activities for children and young people aged 8-21, 7 days a week, 52 weeks per year from an iconic city centre facility. It should be noted that the provision of services and activities at the WYZ will be determined by a separate legal entity, the WYZ Board.

The Youth Service has produced a number of successful city centre programmes from its city centre venues including Epic Youth Café and Penn Island Skate-park. These projects have proved that with the appropriate support, young people will use city centre venues, even if they come from neighbourhoods associated with perceived gang and youth violence issues.

Further support for community based youth work will be provided in the form of small grants and commissioned opportunities for local community and voluntary sector providers. Neighbourhoods where young people are unable, or find it difficult, to access any city centre provision will be prioritised as appropriate where there are options for alternative provision, although it noted that this is dependent on local community or voluntary sector providers.

The local authority provision will take the form of targeted youth work based in multi-agency support teams. A significant budget reduction will result in a significant reduction in opportunities available locally, however it is yet to be seen if this will impact on the numbers of young people who are able to access a range of provisions in the future.

Closer co-ordinated links with the voluntary and community sector will be established in order to build on any external funding that can support youth work and youth activity in community settings.

Human Resource Implications

The Council is committed to maximising front line provision across its services. The proposal is to harmonise the terms and conditions for youth workers to those in the recently negotiated Single Status Collective Agreement for NJC employees. There is work in progress to explore the inclusion of Youth Work in the job family framework which may include moving from JNC terms and conditions.

Before finalising the recommendations and savings from terms and conditions changes the Council is currently undertaking a review of specific staff groups who are currently not on NJC terms and conditions.

It is anticipated that following formal consultation a restructure of the Youth Service will be required, which may result in a reduction in employees required for the restructured service.

Full and timely consultation, at the earliest opportunity, will take place with the affected staff groups and trade unions, and wherever possible the need for any compulsory redundancies will be minimised through managing both current and imminent vacancies, voluntary redundancy requests, and redeployment opportunities.

The service currently has 84 FTE mainstreamed established posts.

The number of posts potentially at risk of redundancy across all proposals is approximately 75 FTE.

The Youth service currently holds 14.27 FTE vacancies.

Proposed restructured organisational charts can be found in Appendices J and K of the Cabinet report.

The Council is committed to full and meaningful consultation with staff and trade unions on all aspects of the restructure of the Youth Service.

Any unavoidable reductions in employee numbers, which may result in compulsory redundancies, will be carried out in accordance with Council's standard Human Resources policies and procedures under the advice and guidance of Human Resources department.

Those employees who are subject to compulsory redundancy will be given full outplacement support by the Council to assist them in their search for suitable opportunities elsewhere (e.g. time off to attend job interviews).

It is noted that there are no TUPE implications for staff that may be made redundant as part of the re-structure of the Youth Service.

4. If an adverse impact is unavoidable, are you satisfied that the decision to proceed can be justified, i.e.
 - it is essential in order to carry out our business;
 - there is no other way to achieve the aims;
 - the means employed to achieve the aims of the policy are proportionate, necessary and appropriate;
 - the benefits far outweigh any adverse effect.

Due to the unprecedented cuts to local authority funding, the Council is forced to make difficult decisions on the on-going provision of services.

Step 8 - Make a decision

- 1 Do you intend to adopt the proposal, and if so, will any changes be made as a result of this analysis and the available evidence collected, including consultation?

The proposal will be adopted as presented.

Step 9 – Setting equality objectives and targets

1. Please list any recommendations for action that you plan to take as a result of this equality analysis.

The Council will undertake an equalities action plan in order to assess, monitor and mitigate any impact on young people including those from protected characteristics.

2. Who will have responsibility for the objectives and targets?

The Council's Strategic Youth Lead will have responsibility for taking this forward.

3. What are the timescales?

The new structure will begin in August 2014.

Step 10 – Monitoring and review

1. What arrangements have you made to monitor the proposal once it is operational?

The Council will continue to assess the needs of the young people of Wolverhampton and address them as appropriate.

2. What analysis criteria will be used for monitoring the equal opportunity effects of the proposal?

The Children and Families Support Teams will continue to monitor the work of the targeted youth service and any funded voluntary or community youth provision via a clear performance management and outcomes framework for the youth service.

3. Who will be responsible for monitoring including collecting data, producing reports and monitoring information, and deciding how targets will be revised to achieve continuous improvement?

The Children, Young People and Families service area will be responsible for this.

4. When will the proposal and the Equality Analysis be reviewed?

The Proposal will continue to be reviewed as part of the overall implementation Process, initially in December 2014.

Step 11 - Publish the results

Please complete the summary form and then send the complete Equality Analysis to the corporate Equalities function who will publish the summary on Wolverhampton City Council's website.

Officer(s) completing the analysis: Robin Morris

Job Title: Youth Service Manager

Tel : 01902 555117

Date: 5th February 2014

Upon completion of this form please record the date sent to:

Authorising Officer

Date sent 5th February 2014

Corporate Equalities function

Date sent 5th February 2014

Equalities Advisory Group (if appropriate)

This report is PUBLIC
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Summary Form for Publication

Equality Analysis Summary Form

1. What is the name of the service/function/policy/procedure (proposal) you have assessed?

Savings Proposal for Youth Services.

2. Please give a brief description and explanation of the proposal. What needs or duties is it designed to meet?

The Council has a statutory duty under section 507b of the Education Act 1996 to secure services and activities for young people aged 13 to 19, and those with learning difficulties to age 24, to improve their well-being, as defined in Subsection 13.

Whilst the duty does not prescribe what services and activities for young people should be funded or delivered, the Local Authority should take the strategic lead to work with young people and other stakeholders in order to assess needs and secure a sufficient local offer, that **so far as is reasonably practicable**, promotes equality of access for all young people to the positive, preventative and early help they need to improve their well-being, including youth services.

The duty sets out two forms of activity (not mutually exclusive) to improve well-being. The first activity is “educational leisure-time activities”. The legislation also includes sufficient educational leisure time activity and associated facilities that are for the improvement of young people’s personal and social development. This sub-set relates to activities that are delivered using youth work methods and approaches. The second activity is “recreational leisure-time activities” which includes sports and informal physical activities as well as a wide range of cultural activities including music, performing and visual arts.

A new structure is being proposed to deliver the £1.1 million saving and £750,000 saving identified in the 23 October 2013 and 24 July 2013 Cabinet Reports in respect of the youth offer for young people in Wolverhampton.

The establishment of a strategic youth work lead and integrated targeted youth work team directly managed through Children and Families Support Teams across 8 areas.

A budget of £100,000 to be made available to support a range of provision including; small grants to local community organisations, some commissioned voluntary sector re-provision on local open-access youth provision in areas of particular need, and some specific pieces of targeted needs led work including support for local youth democracy.

3. Please explain how the proposal was assessed for its likely effects on different groups, with clear references to the information and research used.

Young people from across the City.

It will also affect their parents and wider family members.

Young people who access any of the following services:

- Open-access youth provision
- All youth service buildings (Except Epic and Graiseley)
- A dedicated Disability team
- Detached youth work
- Sector management
- Support for volunteering
- YOT youth workers
- Music provision (formerly Sam Sharpe)
- Infrastructure support for Youth elections
- Post 16 support
- Holiday activities and summer programme
- Youth Offer development
- Apprenticeship scheme

Closure of a number of Youth Service buildings will also impact on a number of voluntary and statutory partners and community groups who currently use these buildings.

The proposed development of the independent Wolverhampton Youth Zone will offer a range of activities and services to young people, independent of the Council, who may not previously have accessed local authority services.

Census data for the 11-25 population.

Current participation statistics, recorded outcomes, accredited achievements.

Number of voluntary youth organisations within the city.

The views of local communities and community groups, young people, local neighbourhood partnerships, secondary schools, Multi-Agency Support Teams, Youth Organisations Wolverhampton, WVSC, local youth organisations, trade unions, disabilities groups, PCT, Connexions, YOT.

The views of disabled young people and their parents.

A range of stakeholders were consulted with a view to gauging the views of a large range of communities. This generally worked well, however there are some groups who did not provide formal responses.

The youth service works across the city but prioritises local need and thus provides a service disproportionately to those young people requiring a local service.

4. Is there any evidence to suggest that the proposal could affect some groups of people differently? Is there an adverse impact? What are the reasons for this adverse impact?

The youth service works with young people aged 11 to 21 (and 25 if they have a disability.)

All local authority open-access provision will cease as part of this proposal, and although this loss in provision may be mitigated by the proposed development of an independently managed Wolverhampton Youth Zone, all current users of the service will be affected.

The service currently works with a large constituency across the city which does include those with protected characteristics.

The proposal affects by definition young people who may be considered as having protected characteristics in terms of age.

Young people from a number of disability groups directly supported by the youth service would experience a reduction in this bespoke provision.

Youth provision which directly supports young people from a range of ethnic minorities particularly in neighbourhoods and wards with a particular concentration of population may also be directly affected.

It is more difficult to identify direct discrimination against LGBT populations, although the consultation aimed to target individuals who may be affected by these proposals.

The savings proposal affects the provision of services across the city and should not impact disproportionately on any group with protected characteristics.

The savings proposal aims to mitigate for loss of local neighbourhood services by;

- Support for young people with identified additional unmet needs as part of an integrated targeted youth service.
- Additional support for neighbourhoods by providing seed funding to voluntary and community groups.

5. If the service, function, policy or procedure does have an adverse impact, can that impact be justified?

Due to the Council's savings programme, the youth service budget reductions will mean that all local authority open-access will cease from the end of July 2014.

This will affect all users including those identified as having protected characteristics. Given the size of the savings required, it is not possible to retain any one of the current youth service facilities. In relation to the specific proposals for the Youth Service – there is no other way to achieve the savings and the proposals for the future Youth Offer are proportionate, necessary and appropriate. Further, both the proposals for the targeted youth service and the funding identified for the voluntary and community sectors for supporting local youth provision will ensure the most vulnerable young people, including those from protected characteristics can continue to access and receive youth services.

6. If the impact cannot be justified, how do you intend to deal with it?

The proposal will mean that all service users across the city will cease to have access to open-access youth provision delivered by the Council.

This cessation of service will affect all of the service's current users.

The users of the Youth Service include young people who have the protected characteristics highlighted above.

Further support for community based youth work will be provided in the form of small grants and commissioned opportunities for local community and voluntary sector providers.

The local authority provision will take the form of targeted youth work based in multi-agency support teams. A significant budget reduction will result in a significant reduction in opportunities available locally, however it is yet to be seen if this will impact on the numbers of young people who are able to access a range of provisions in the future.

Closer co-ordinated links with the voluntary and community sector will be established in order to build on any external funding that can support youth work and youth activity in community settings.

This particular savings proposal will mean the loss of the traditionally based youth services as a result of the need to make savings. The £100,000 will be used to mitigate in areas where there is evidence that a high number of young people are not using the youth zone in areas where locality provision is needed if this is a viable and affordable option.

7. Give a brief description of the consultation methods used (if appropriate), and a summary of the overall findings.

- Social media – publicity of consultation opportunities (Facebook)
- Online Survey Monkey (advertised across social media and stakeholder networks)
- Facilitated meeting with the voluntary/community sector.
- Facilitated young people's consultations.
- Staff conference.
- Individual staff team meetings
- Formal trade union consultation.

A range of different views were received in response to the proposals. While many respondents recognised the need for the proposals, there was also a significant degree of general opposition to them particularly from employees within the current workforce and young users of the service.

Young people were very vocal in championing the services that they currently receive. They were equally disappointed that any reduction in youth services should be proposed particularly if it affects their own provision directly. There was also concern about the accessibility of the proposed Wolverhampton Youth Zone and their ability to both travel to it and afford to use it.

The voluntary and community sectors were keen for the profession of youth work to be continued to be recognised by the local authority. The sector was also interested in re-providing some local services and championing the role of the community sector.

Objections were more particularly pronounced at staff and trade union consultation meetings. The objections particularly centred on the risk of large scale redundancies across the service and any change in the terms and conditions of youth workers.

A number of respondents expressed the view that decisions had already been made and that they therefore had little confidence that the consultation would have any impact. Many took the view that there was so much detail provided that it was evidence that the outcome of the proposals had already been pre-determined. It was noted that the proposed development of the Youth Zone may be perceived to be at the expense of the local authority youth service.

The Council believes that it has taken all reasonable steps to undertake an effective, meaningful and successful consultation exercise with residents, local communities and other stakeholders; that it has carefully considered all the responses received; and that the responses received have informed the decisions the Council now has to make after all due consideration of the outcome of the consultation exercise.

8. What conclusions were reached through the analysis and consultation as to the likely ability of the proposal to meet each part of the equality duty?

The Council acknowledges the views expressed by a number of respondents objecting to the proposals made. The Council also acknowledges the wide range of differing and sometimes opposing views expressed about different aspects of the proposals from various communities and particularly young people who currently use the service and staff employed by the Youth Service. The Council also acknowledges the degree of general anxiety and uncertainty about proposals that will involve changes to current and traditional models of service. The Council is, however, also gratified to note the degree of attachment to, and appreciation of, the youth services that the Council currently provides for the benefit of its local young people and communities.

Whilst the Council sympathises with the concerns expressed that there should be no changes to the existing arrangements, the Council has to balance such wishes with the budget challenges now facing the City. The Council has a duty to local council taxpayers to ensure that all of its community services represent good value for money. The Council believes that its vision for the development of the proposed youth offer is a way to protect some local services whilst achieving the savings necessary. The proposed development of the Wolverhampton Youth Zone as an independent youth provision will go some way to mitigating the loss of local open-access youth services.

The Council notes that the most forceful views expressed in opposition to the proposals were reinforced in consultation with staff and trade unions.

The Council is left with the challenge to maintain services that are clearly valued by local communities while reducing costs in the face of unprecedented Government spending cuts. To address this dichotomy, the Council remains convinced that its vision for the delivery of youth services provides the best model in the longer term for maintaining a level of service albeit delivered differently whilst achieving savings. The Council believes that the recommendations now made will help it to achieve a fair balance between those objectives.

9. Were any modifications to the proposal introduced as a result of the analysis and consultation?

N/A

10. Please explain of whether and how the adopted proposal differs from the original proposal.

N/A

11. What equality actions have you identified?

An equality action plan will be developed to assess, monitor and address any equality issues raised through the development of the reduced Youth Offer.

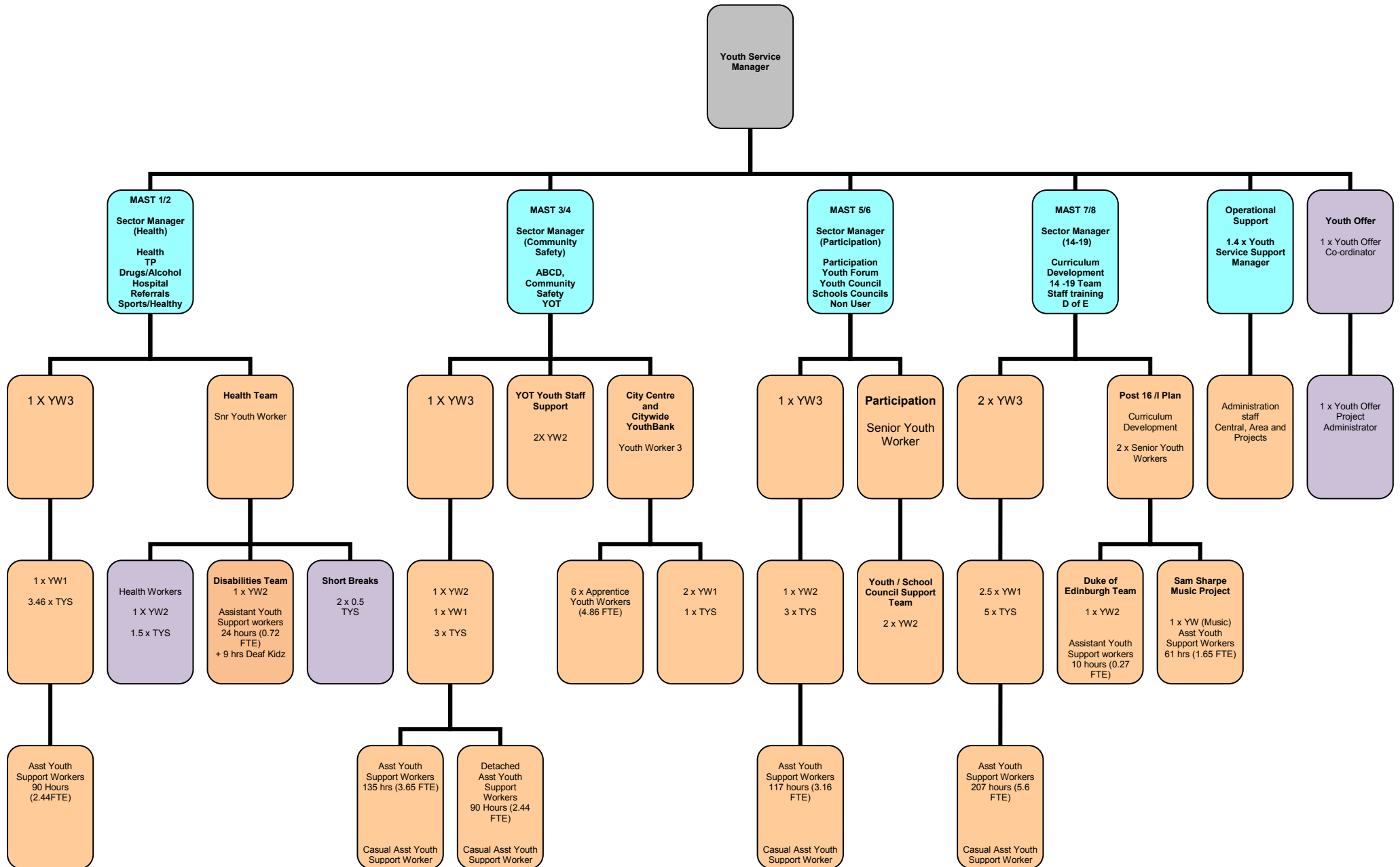
12. What plans do you have for monitoring the proposal when it is put into effect?
Through a clear performance management framework, identified outcomes and an equalities action plan.

Signature of the lead officer undertaking the analysis:

Full name: Robin Morris.
Position: Youth Service Manager.
Dated: 5 February 2014.

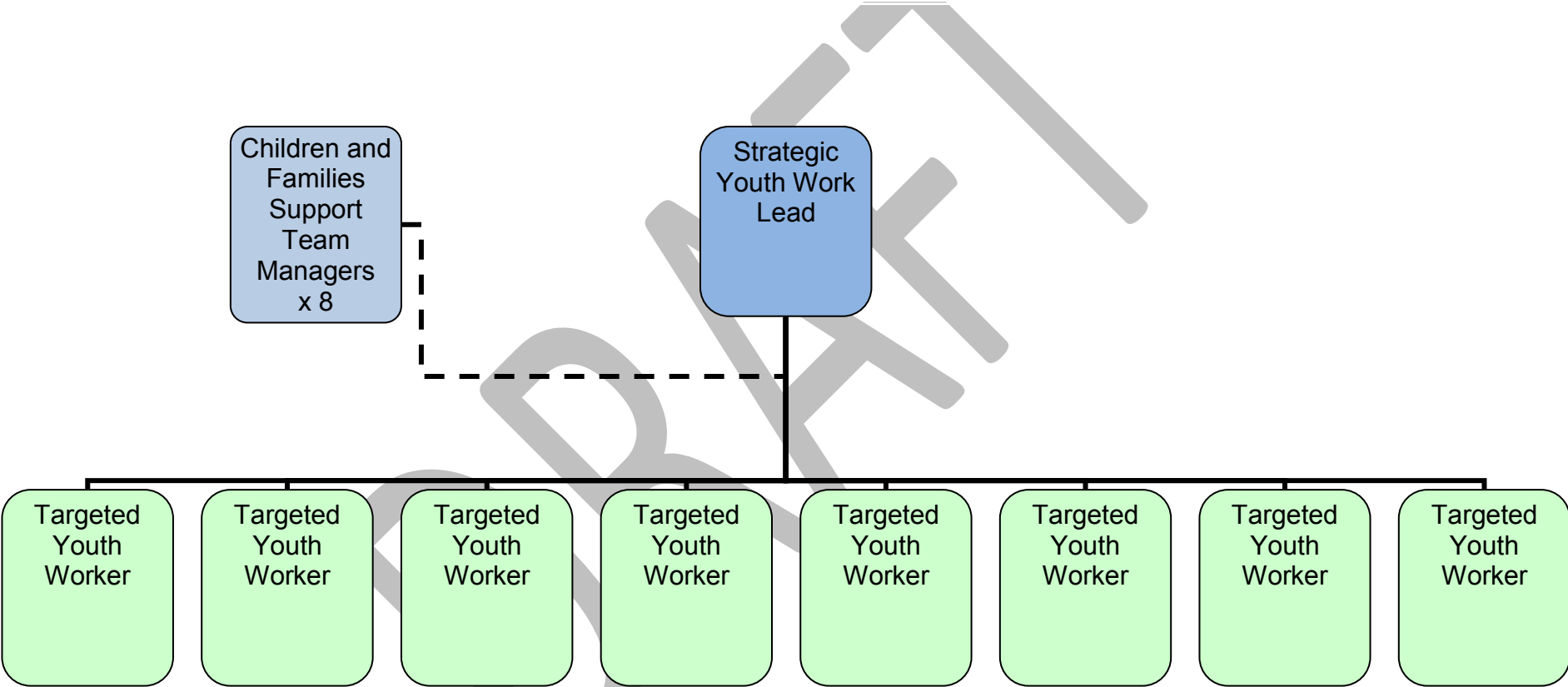
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Current Youth Service Structure

Appendix I

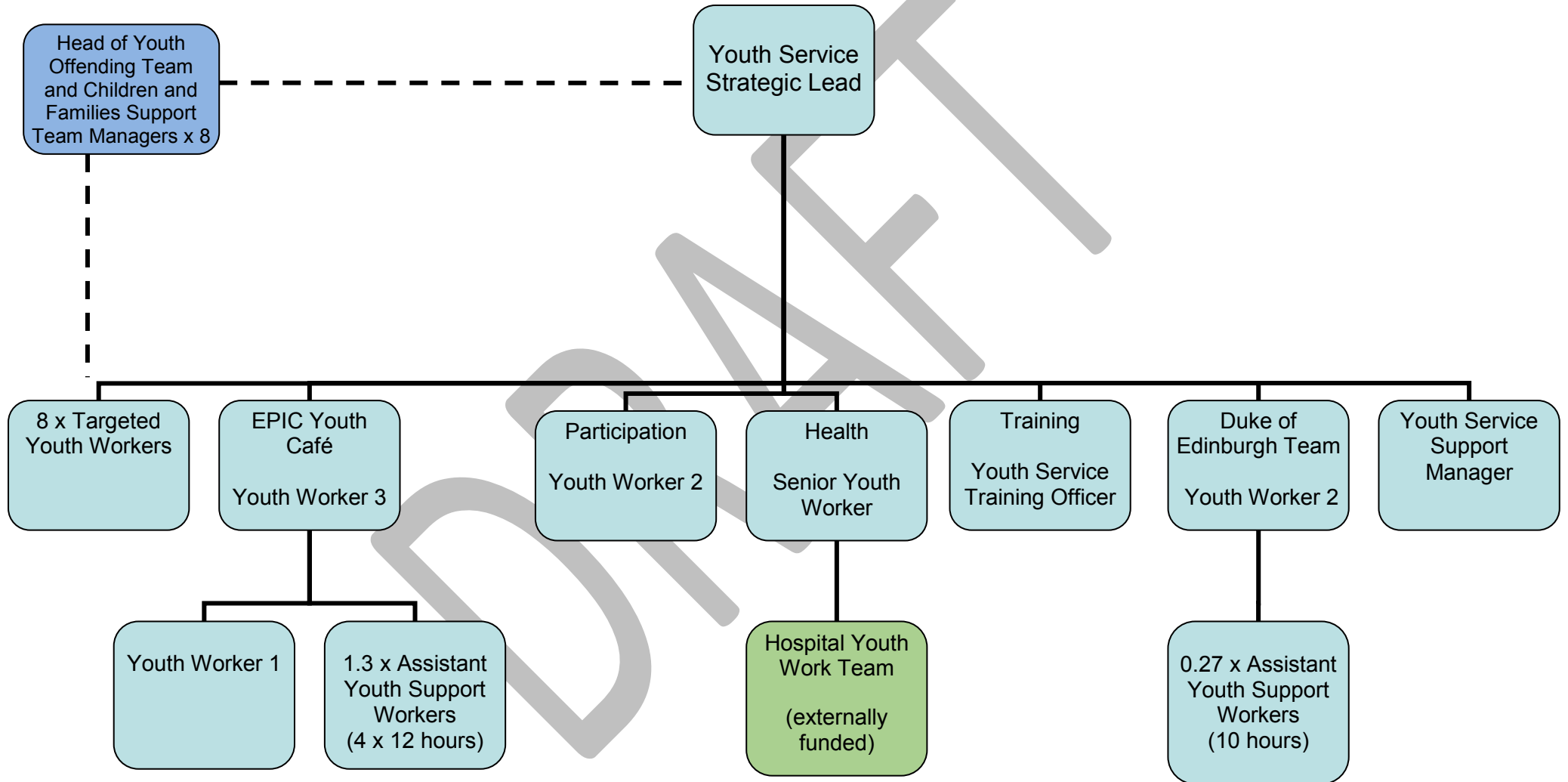


PROPOSED YOUTH SERVICE STRUCTURE

APPENDIX J



Proposed Youth Service Transitional Structure





Cabinet Meeting

25 February 2014

Report title	Increase in Adult Social Care Non-Residential Contribution Rates (0055)	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Steve Evans Adult Services	
Key decision	No	
In forward plan	No	
Wards affected	All	
Accountable director	Sarah Norman, Community	
Originating service	Financial Support Services	
Accountable employee(s)	Helen Winfield	Acting Service Manager – Financial Support Services
	Tel	01902 555351
	Email	helen.winfield@wolverhampton.gov.uk
Report to be/has been considered by	Strategic Executive Board	13 February 2014

Recommendation(s) for action or decision:

The Cabinet is recommended to:

Approve the proposals to implement increases to the current rates of service user contributions for Adult Social Care non-residential care – including Very Sheltered Housing and Supported Living services as set out in Schedules 1 and 2 of this report (at paras 3.4.1 and 3.5.1).

Recommendations for noting:

The Cabinet is asked to note:

1. The findings of a report on the outcome of the December 2013 - January 2014 public consultation on the proposed increase in Adult Social Care non-residential contribution rates (as set out in Appendix 2 of this report);
2. The proposed “Council’s response” to the issues raised in the course of the consultation exercise (as set out at section 3 of this report);
3. The Equality Analysis of the impact of these proposals (as set out in Appendix 3 of this report).

1.0 Purpose

- 1.1 This report seeks to set out the Cabinet's recommended response to the consultation exercise and equality analysis concerning the proposals for an increase to the current rates of service user contributions for Adult Social Care non-residential care as set out in the "Five Year Budget and Medium Term Financial Strategy 2014/15 to 2018/19" report agreed by Cabinet on 23rd October 2013.

2.0 Background

- 2.1 The development of the Council's medium term financial strategy has identified the need to deliver significant savings over the next four years. These savings are required due to cuts in Government grant at a time when the Council's costs continue to increase due to a combination of price and demand pressures.
- 2.2 As a result the Council proposes to reduce the Council's contribution to the costs of non-residential, including Very Sheltered Housing and Supported Living, services (by applying corresponding increases in individual service user contributions).
- 2.3 The policy review applied to all non-residential services, including those provided in Very Sheltered Housing and Supported Living accommodation, and those applicable to day care and outreach services. It also applied in respect of direct payment arrangements in lieu of service provision. It was applied consistently to all service groups (older people and adults under 65 with learning disabilities, physical or sensory disabilities, or mental health problems).
- 2.4 Essentially, the Council's existing and this proposed contributions policy envisages that those individuals in receipt of social security/disability benefits paid because they have personal care needs should be expected to contribute a share of the benefits they receive towards the costs of the care the Council provides in order to help them to meet their care needs. Corresponding contributions are also expected from a small number of service users who do not receive any care benefits or means-tested benefits, but may nevertheless reasonably be expected to pay higher contributions because they have higher incomes than most service users.
- 2.5 The policy review ensured that any contributions required of service users would remain fully compliant with the Government's statutory "Fairer Contributions" and "Fairer Charging" policy guidance which aims to ensure that no-one may be required to contribute towards the costs of their care more than may reasonably be expected of them. Consequently, some service users will continue to be exempted from the requirement to pay any contributions at all, and those with relatively low incomes (or relatively high commitments particularly in respect of other disability-related expenditure) would continue to pay relatively low contributions.
- 2.6 In spite of the increases in previous years, the Council has inevitably had to continue to review the impact of national cuts to public sector funding on its medium term financial strategy. As part of that review, it has been necessary for the Council to take a fresh

look at its different schemes of fees and charges to ensure that an appropriate balance has been struck between the extent to which the Council undertakes to subsidise the costs of services individuals may need, and the extent to which such individuals may also reasonably be expected to contribute towards the costs of services provided for them, so that the Council may seek to maximise the income available to it without unduly disadvantaging the most vulnerable and dependent.

- 2.7 Taking into account the findings of previous consultation exercises, when respondents clearly indicated their objections to extensive and intrusive enquiries to facilitate detailed means-tested financial assessments, and in order to avoid having to raise extra revenue to support the costs of expensive administration, the Council has no wish to depart from its current simplified and relatively inexpensive contributions scheme. However, it is clear that in order to continue to be able to afford the level and quality of social care services it plans to provide for the future, it must nevertheless seek to reduce its current level of subsidy towards the cost of the services it provides, and in so doing must expect service users who benefit from the care services it purchases for them to increase the contributions they make towards their cost.
- 2.8 The current and proposed Wolverhampton City Council contributions rates for non-residential support can be compared to other local council's rates for service users aged 60 and over at **Appendix 1**. The majority of council's apply the standard 'Fairer Charging' calculation based on a detailed financial assessment for each service user which is far more expensive to administer. It should be noted that each service user's individual disability-related expenditure would need to be deducted from the rates stated for these councils.
- 2.9 Cabinet agreed to submit these proposals for consultation with a view to considering the outcome of that consultation exercise and an Equality Analysis before making any final determination on the proposals. That consultation exercise and Equality Analysis have now been concluded and have helped to inform the recommendations now made in this report.

3.0 Response to Consultation Exercise

- 3.1 The details of the proposals submitted for consultation, and the mixed responses received to the consultation exercise, are set out in the report on the outcome of the December 2013 - January 2014 public consultation on proposed changes to the current scheme of contributions for non-residential care – including very sheltered housing and supported living” (the “consultation outcome report”) attached at **Appendix 2** to this report.
- 3.2 The Council acknowledges both the degree of support for the proposed increases in service user financial contributions towards the costs of the care services provided for them, as well as those concerns expressed about their impact, whilst also seeking to balance these concerns with the Council's own need to reduce its own contribution to service provision costs.

- 3.3 The Council accepts concerns raised about the individual notices of the public meetings dated 10 January that were, in some cases, not received by service users and carers until 17 January, after the meeting on 15 January. In order to help address this, the Council arranged a further public meeting on 31 January.
- 3.4 The Council recognises that one of the most frequent comments received in the course of the consultation was in relation to the higher increase for service users in Bands D and E (£5.95 per week) than other Bands (Bands B and C - £0.34; Band F - £3.10 and Bands G and H - £2.66). Whilst the Council accepts that this is a higher increase it considers that it is in line with the Government guidance which identifies both disability benefits received by this group of service users (Attendance Allowance or the equivalent rates of Disability Living Allowance care component or Personal Independence Payment daily living component and the additional amount for severe disability) as benefits that can be taken into account in the calculation of contributions whilst leaving a disposable income of at least the threshold amount (basic benefit plus 25%).
- 3.3 The Council considers that the separate arrangement for 14 tenants in the Pocklington Supported Living scheme which was agreed by the Council for April 2013/14 should remain on the grounds that the scheme provides a re-ablement type service of a transitional nature rather than a 'home for life' and therefore is more similar to ordinary non-residential services than 24 hour supported living. This arrangement means that Pocklington tenants make a contribution at the ordinary banded contribution rate (Bands A to H – see Schedule 1) according to their income and capital with an added 'night-time premium' of £10.00 for those service users in receipt of the highest rate of Disability Living Allowance care component in recognition of the night-time services they require.
- 3.4 The full impact of the revised proposals is set out below:

Non-Residential Care Service Contributions

- 3.4.1 After consideration of the proposals in the light of the findings of the consultation outcome report and the Equality Analysis, it is recommended that the Cabinet should proceed with the proposals to increase the contributions required of Adult Social Care non-residential service users (and Direct Payment beneficiaries) as set out in Schedule 1 below with effect from 7 April 2014:

Proposed Increases to Maximum Rates of Contributions to the Cost of Adult Social Care Non-Residential Support

Band	Benefits Received by Service User	Current weekly Contributions	Proposed new April 2014 rate (per week)
A	You (or your partner) receive a means-tested benefit* and you do not receive Attendance Allowance**	NIL	NIL

B/C	You (or your partner) receive a means-tested* benefit and you receive Attendance Allowance**	£7.66	£8.00
D/E	You (or your partner) receive a means-tested benefit* you receive Attendance Allowance** and an additional amount or premium*** for severe disability is paid to you	£58.25	£64.20
F	You (or your partner) do not receive a means-tested benefit* and you do not receive Attendance Allowance**	£51.10	£54.20
G/H	You (or partner) do not receive a means-tested benefit* and you receive Attendance Allowance**	£71.54	£74.20
J	You have savings above £23,250.	FULL COST OF SERVICE	FULL COST OF SERVICE

Proposed Increases to Maximum Rates of Contributions to the Cost of Non-Residential Care and Support at Pocklington Supported Living

Band	Benefits Received by Service User	Current weekly Contributions	Proposed new April 2014 weekly rate
A	You (or your partner) receive a means-tested benefit* and you do not receive Attendance Allowance**	NIL	NIL
B	You (or your partner) receive a means-tested* benefit and you receive lower rate Attendance Allowance**	£7.66	£8.00
C	You (or your partner) receive a means-tested* benefit and you receive higher rate Attendance Allowance**	£17.66	£18.00
D	You (or your partner) receive a means-tested benefit* you receive lower rate Attendance Allowance** and an additional amount or premium*** for severe disability is paid to you	£58.25	£64.20
E	You (or your partner) receive a means-tested benefit* you receive higher rate Attendance Allowance** and an additional amount or premium*** for severe disability is paid to you	£68.25	£74.20
F	You (or your partner) do not receive a means-tested benefit* and you do not receive Attendance Allowance**	£51.10	£54.20
G	You (or partner) do not receive a means-tested benefit* and you receive lower rate Attendance Allowance**	£71.54	£74.20

H	You (or partner) do not receive a means-tested benefit* and you receive higher rate Attendance Allowance**	£81.54	£84.20
J	You have savings above £23,250.	FULL COST OF SERVICE	FULL COST OF SERVICE

* **'means-tested benefits'** are: Pension Credit (Guarantee Credit), Income Support, Income-related Employment and Support Allowance, Income-based JSA and/or Housing benefit and/or Council Tax Benefit.

** **'Attendance Allowance'** means: Attendance Allowance or the equivalent rate of Disability Living Allowance care component or Personal Independence Payment for daily living component

*****'premium for severe disability'** means: The 'severe disability premium' or 'severe disability additional amount' that may be included in a 'means-tested benefit'.

3.4.2 Essentially, this proposal is based on the reasonable expectation (as set out in the Government's "Fairer Charging" statutory policy guidance) that those individuals in receipt of social security benefits paid to them because they have personal care needs should be expected to contribute a higher share of the benefits they receive towards the costs of the care the Council provides in order to help them to meet their care needs. There are corresponding increases proposed to the contributions expected from a small number of service users who do not receive any care benefits or means-tested benefits, but may nevertheless reasonably be expected to pay increased contributions because they have higher incomes than most service users.

3.4.3 The proposed rates take into account the inflationary annual upratings in social security benefits that have been paid to service users which are due in April 2014.

3.4.4 The proposed rates will still provide for exemptions for low income service users who do not receive disability benefits from which they could otherwise reasonably be expected to contribute, and provide for relatively low contributions from those with relatively low incomes (see rates for Band A and Band B/C service users in Schedule 1 above), whilst also providing for higher contributions from those with higher incomes. They also allow for individual representations to reduce or waive the amounts of any contributions expected, should there be convincing evidence of the risk of hardship arising as a consequence of any contributions required. All contributions levied will of course remain compliant with statutory government guidance on "Fairer Charging" and "Fairer Contributions".

3.5 Very Sheltered Housing and Supported Living Service Contributions

3.5.1 After further consideration of the proposals in the light of the findings of the consultation outcome report and the Equality Analysis, it is recommended that the Cabinet should proceed with the proposals to increase the contributions required of Very Sheltered Housing and Supported Living service users as set out in Schedule 2 below, commencing from 7 April 2014:

<u>Proposed Increases in Customer Contributions to the cost of 24-hour Very Sheltered Housing and Supported Living Care Services (with less than £23,250 capital) (excluding Pocklington)</u>			
<u>Very Sheltered Housing/Supported Living customer financial circumstances</u>		<u>Current rate (p.w)</u>	<u>Proposed new April 2014 rate (p.w)</u>
In receipt of Higher rate Attendance Allowance/Disability Living Allowance care component/Personal Independence Payment daily living component (currently £79.15 per week, due to rise to £81.30 from April 2014) and an amount for severe disability (£59.50 per week due to rise to £61.10 from April 2014)	Higher Rate	£87.17	£89.53
In receipt of Lower rate Attendance Allowance/middle rate Disability Living Allowance care component//Personal Independence Payment daily living component (currently £53.00 per week due to rise to £54.45 from April 2014) and an amount for severe disability (£59.50 per week due to rise to £61.10 from April 2014)	Lower Rate	£74.10	£76.10

3.5.2 Essentially, the rationale for the proposed increases for Very Sheltered Housing and Supported Living service users (i.e. those service users in receipt of 24-hour day and night care and support apart from Pocklington as discussed in para 3.3 above) is as for other non-residential service users (as set out para 3.4.2 above, i.e. that it is reasonable to expect those who receive social security benefits on account of their personal care needs should contribute a share of those benefits towards the cost of services provided to help meet those care needs). The rationale for the difference in the scheme of contributions for Very Sheltered Housing and Supported Living tenants from the scheme for all other non-residential service users is that those who are provided with 24-hour day and night services may reasonably be expected to contribute a higher share of those benefits than those who require only day time support and are living more independently in their own homes.

3.5.3 The Council considers that the formulae to determine the contribution rate for very sheltered housing and supported Living scheme service users which was agreed by the Council for April 2013/14 should remain the same at a 50% share of the Attendance Allowance/Disability Living Allowance care component/Personal Independence Payment daily living component paid to them on account of their personal care needs and an 80% share of the means-tested amount for severe disability that most VSH/Supported Living residents may be expected to be able to rely on. Those whose incomes are too high to

enable them to qualify for means-tested severe disability components will nevertheless be assumed to be able to afford them because of the higher incomes available to them. However, in all cases, all service users will be entitled to make individual representations for more detailed financial assessments where they may consider they may not reasonably be expected to contribute the maximum amounts indicated.

3.5.4 As with all service user financial contributions subject to the requirements of the Government's statutory "Fairer Charging" guidance, provision will be made for reductions or waivers of these contribution rates wherever appropriate.

3.6 Welfare Rights Service

3.6.1 In order to maximise the charging revenue available to the Council from increasing the contributions expected from service users awarded social security benefits for their care needs (such as Attendance Allowance, Disability Living Allowance care component, Personal Independence Payment daily living component and consequential additional awards of means-tested benefits such as Pension Credit, Income Support and Employment and Support Allowance), the Welfare Rights Service will continue to assist service users in taking up and securing entitlement to such benefits. This is consistent with the Council's "Fairer Charging" obligations which specify that the Council is required to "ensure that appropriate benefits advice is provided to all users of non-residential social services and carers services".

4.0 Financial implications

4.1 The Medium Term Financial Strategy includes a savings proposal for the increase of non-residential adult social care contribution rates of £200,000 in 2014/15. The proposal set out in this report is estimated to achieve this target.

[MK/13022014/R]

5.0 Legal implications

5.1 Section 17 of the Health and Social Services and Social Security Adjudications Act 1983 (HASSASSA Act 1983) gives the Council discretionary power to charge adult recipients of non-residential services. The Council may recover such charges as are reasonable in respect of relevant services.

5.2 Section 7 of the Local Authority Social Services Act 1970 allowed the Secretary of State to issue guidance to Councils on the exercise of their social services functions, including those which are exercised under discretionary powers. In exercising those functions, Councils must have regard to guidance issued under section 7.

5.3 In 2003, The Department of Health issued guidance entitled 'Fairer Charging Policies for Home Care and other non-residential Social Services' (updated and revised in June 2013). In 2010 guidance entitled "Fairer Contributions Guidance: Calculating an individual's contribution towards their personal budget" was also issued. The proposed policy changes comply with the relevant provisions of the guidance documents.

- 5.4 Local Authorities may also charge for services provided directly to carers under the provisions of the Carers and Disabled Children's Act 2000. The current Wolverhampton policy (and most other council policies nationally) exempts those in a caring role from contributions.
- 5.5 Where the 'Fairer Charging Policies for Home Care and other non-residential Social Services' does not provide clarity in a general area or where there is direct reference, the Council also observes the Department of Health's Charging for Residential Accommodation Guide (CRAG) published in June 2013 for fairness, clarity and consistency reasons.
- 5.6 All of the proposals set out in this report will comply with these legal duties and relevant statutory policy guidance (notably the "Fairer Charging" and "Fairer Contributions" guidance).

[RB/12022014/K]

6.0 Equalities implications

- 6.1 A Stage 2 Equality Analysis is attached at **Appendix 3**. It is a requirement of the public sector equality duty that Councillors should have "due regard" to the findings of this Equality Analysis before making final decisions on the recommendations set out in this report.

7.0 Environmental implications

- 7.1 There are no identifiable environmental implications arising from this report.

8.0 Human resources implications

- 8.1 There are no identifiable human resources implications arising from this report.

9.0 Schedule of background papers

- 9.1 "Fairer Contributions Guidance 2010 - Calculating an Individual's Contribution to their Personal Budget" - Department of Health November 2010.
- 9.3 "Fairer Charging Policies for Home Care and other non-residential Social Services. Guidance for Councils with Social Services Responsibilities" - Department of Health Updated June 2013.

Non-residential Care - Comparative Contributions Examples (April 2014) Appendix 1

Customer Aged 60+	Total Weekly Income	Maximum Contribution Under 'Fairer Charging'	WCC Weekly Proposed Contribution April 2014/15	Amount Remaining for DRE	Dudley	Walsall	Sandwell	Warwick-shire	B'ham	Coventry	Telford & Wrekin	Stafford-shire
								Minus any Disability-related Expenditure				
Band A: MTB only. No AA	£148.35	NIL	NIL Band A	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Band B: MTB and LRAA.	£202.80	£17.36 Less any DRE	£8.00 Band B	£9.36	£6.47	£17.36	£9.20	£17.36	£17.36	£17.36	£17.36	£17.36
Band C: MTB and HRAA.	£229.65	£17.36 (or £44.21 if night time services provided) Less any DRE	£8.00 Band C	£9.36	£6.47	£17.36	£9.20	£17.36	£17.36	£17.36	£17.36	£17.36
Band D: MTB and LRAA and SDAA.	£263.90	£78.46 Less any DRE	£64.20 Band D	£14.26	£55.35	£78.46	£41.58	£78.46	£78.46	£78.46	£78.46	£78.46
Band E: MTB and HRAA and SDAA.	£290.75	£78.46 (or £105.31 if night time services provided) Less any DRE	£64.20 Band E	£14.26	£55.35	£78.46	£41.58	£78.46	£78.46	£78.46	£78.46	£78.46
Band F: No MTB. E.g. Income of £250 p.w. No AA.	£250.00	£64.56 Less any DRE	£54.20 Band F	£10.36	£64.56	NIL	£34.21	£64.56	£64.56	£64.56	£64.56	£64.56
Band G: No MTB. E.g. Income of £250 p.w. plus LRAA.	£304.45	£119.01 Less any DRE	£74.20 Band G	£44.81	£108.12	£88.32	£63.07	£119.01	£119.01	£119.01	£119.01	£119.01
Band H: No MTB. E.g. Income of £250 p.w. plus HRAA.	£331.30	£119.01 (or £145.86 if night time services provided) Less any DRE	£74.20 Band H	£44.81	£108.12	£101.75	£63.07	£119.01	£119.01	£119.01	£119.01	£119.01
Band J: Capital of more than £23,250	N/A	FULL COST	FULL COST Band J	N/A	FULL COST	FULL COST	FULL COST	FULL COST	FULL COST	FULL COST	FULL COST	FULL COST (If over £25,000)

Key: **MTB** = Means-tested Benefit; **LRAA** = Lower rate Attendance Allowance; **HRAA** = Higher rate Attendance Allowance; **SDAA** = Severe Disability Additional Amount; **DRE** = Disability-related Expenditure

**Public Consultation Report on the
Outcome of the:**

**Proposals to
Increase Non-Residential Adult Social Care
Contribution Rates for
Non-residential services – including Very
Sheltered Housing and Supported Living**

23 October 2013 – 31 January 2014

WOLVERHAMPTON CITY COUNCIL

Appendix 2

Contents:

Page 3	Purpose of Report and Methodology
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Page 4	Summary: Pocklington Supported Living meeting
Page 5	Summary: Stakeholder Workshop
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Purpose of Report:

Proposals to Increase non-residential Adult Social Care Services contribution rates

Wolverhampton City Council are proposing to increase the level of service users' contributions to their non-residential Adult Social Care services, including those provided in very sheltered housing and supported living accommodation.

Methodology

A three month consultation commenced on 23 October 2013 and finished on 31 January 2014

A series of meetings were held at each of the Very Sheltered Housing schemes including Pocklington.

Information on the proposed care contribution increases for non-residential, very sheltered and supported housing was sent to service users, carers and members, along with a letter inviting them to attend one of the meetings held at the schemes or one of three public meetings.

Three public meetings were held

One stakeholder meeting was held

Contact details for the Participation Officer's and feedback sheets with prepaid envelopes were distributed

Consultation was published on the City Council current consultation pages and engagement database inviting comment.

Posters advertising the consultation were displayed at all of the schemes

A dedicated telephone response line was advertised and circulated

A total of 122 people attended meetings at the Very Sheltered Housing Schemes and Pocklington.

A total of 43 people attended the public/stakeholder events

A total of 106 feedback forms were received see page 14.

For a printed copy of the report please contact: Rose Powell, Participation Officer for Older People on 555494

The report can also be viewed by visiting the council website at: www.wolverhampton.gov.uk/results

Consultation Report

Summary from Older Peoples Very Sheltered Housing Scheme meetings

An introduction and overview of the proposals was presented by Helen Winfield and Matt Fisher. A question and answer session was held after each event. Following the meetings all service users were offered personal welfare rights and/or financial assessments advice in order to ensure that all benefits were maximised and financial assessments were correct.

There was little opposition to the proposals from participants at the very sheltered housing schemes, the main points that were made referred to their views that the council had already made the decision and that they couldn't see the need for the consultation meetings. It was pointed out to them that the decision had not already been made and all comments would be considered but that if the formula remained the same in future years with increases being directly in line with benefit increases there may not need to be extensive consultation.

Attended by a total of: 135 Participants:

Date	Scheme	Number in attendance
9/1/14	Langley Court	8
14/1/14	Broadway Gardens	5
16/1/14	Bridge Court	12
16/1/14	Verona Court	12
17/1/14	Bushfield Court	15
21/1/14	James Beattie House	34
21/1/14	Thomas Pocklington	10
24/1/14	Pine Court	16
24/1/14	St Matthews Place	23

See detailed Notes on page 6 below.

Summary from Pocklington Scheme meeting:

An introduction and overview of the proposals was presented by Helen Winfield. A question and answer session was held after the event. Following the meeting all service users were offered personal welfare rights and/or financial assessments advice in order to ensure that all benefits were maximised and financial assessments were correct.

Users and carers were opposed to the increase in contributions and in particular they felt that the different percentage increase in the different bands were unfair. They felt that it should be a 5% increase across all bands despite it being explained that fairer contributions and different rises in benefit rates made that difficult to do. Service users were concerned that due to the increases in care contributions that they were being left with less and less disposable income which in turn meant that they were unable to take part in as many activities.

Two of the participants pointed out that they were also now having to pay council tax contributions which was reducing their expendable income. Participants were all concerned about how they were going to be able to afford the proposed increases.

See detailed Notes on pages 7 - 9 below.

Summary from Stakeholders Workshop:

Stakeholders queried why the levels of contributions are different for people in Supported Living than for those in residential. They pointed out that not all tenants received 24 hour support, but mainly used overnight services. A stakeholder felt that some clients would be affected to the tune of an extra £300 per year. The restructure and closure of day centres meant that users who had previously used these facilities are now paying to take part in activities and meet the associated travel costs. Stakeholders wanted clarity on what the council had to offer people in crisis, particularly whilst someone is waiting for confirmation of benefit entitlement but requires support. It was suggested that the local authority looks at the contract it holds with other Council's to see if savings can be made there.

See detailed Notes on pages 9 – 12 below.

Summary from Public Workshops:

Date and venue	Type of meeting	Number in attendance
13/1/14 Civic Centre	Stakeholder Workshop	9
15/1/14 Action 4 Independence	Public Workshop	3
15/1/14 – evening Civic Centre	Public Workshop	0
30/1/14 Civic Centre	Public Workshop	31

There was some opposition to the proposal. Some of the participants were of the belief that this was a yearly process for a decision that has already been made. They felt that the local authority should challenge central Government in regards to the cuts expected to public services to stop vulnerable people being targeted in this way. Attendees were concerned with the financial burden they felt was being placed on the most vulnerable in society and that individuals should be made aware of and offered detailed financial assessments (FAF2) if they would benefit from them. They felt the level of take up for detailed financial assessments in Wolverhampton was unacceptably low. Participants felt that FAF2's should be better promoted, particularly by Social Workers carrying out assessments. They felt that the banding system, threshold, FAF2 and indicators which may trigger the need for a FAF2 could be made clearer.

Participants felt that factors such as food and fuel poverty were not being considered, particularly for people who suffer from illnesses such as arthritis. They felt a lot of people who are affected are experiencing hardship. They felt the presentation made it seem that disabled people are in receipt of large sums of money through benefits, however, they receive the minimum amount which is necessary for their care needs. It was felt that those who were

assessed as being able to contribute more should, but not at the same rate as those who could not. The best interests of the most vulnerable and their quality of life should be considered.

The following concerns were also raised:

- Service provision, including the effect of the changes to day-care provision and subsequent transport which have led to confusion and irregularity.
- How the proposals affect Direct Payment Schemes
- If there are any proposals to change the Bands
- How appropriate the 15 minute calls are in terms of delivering care
- The care component should be deducted from the Independent Living Fund (ILF) before payment.
- The alleged proposal to pay Direct Payments on a pre-paid card

See detailed Notes on pages 12 - 26 below.

Detailed Notes of Meetings

Notes from 9 x Very Sheltered Housing Scheme Meetings

Questions and Comments	RReplies
We won't have a council soon	
Will this payment go up every year?	Yes the formula is unlikely to change you are expected to contribute 50% of Attendance Allowance (lower or higher rate) or the equivalent rate of DLA Care (middle or higher rate) and 80% of the amount for severe disability. If the formula remains the same, in future years you may just receive a letter informing you of any rises.
There is no point in these meetings you will do what you want anyway. Should have not bothered and saved the money you have spent on the consultation.	
We can't do much about it anyway.	
Doesn't leave us much to live on.	The government has a fairer charging policy which tells councils how much people should be left with after their care contributions. In Wolverhampton that amount exceeds the government guidelines.
Looks like you are taking three quarters of the rise in DLA are you coming back again when pensions go up?	No that has already been built in.
You are just trying to get our few bob of us when it is the council that's caused this. You have wasted money on consultants, interim managers and computer systems. Now you are expecting the most vulnerable to pay.	

Notes from Pocklington Meeting 21 January 2014

Questions and Comments	Replies
Why is it that instead of everyone's charges going up by 3% some are 10% and some are nil?	Fairer care contributions guidelines require a contribution but taking that contribution into account cannot drop disposable income to below 125% of income support.
How has the new rate for band D been arrived at?	They all follow the same formula. Different benefits have increased by different rates which are reflected in the increases for the different bands.
Would this compare with last year's increases?	Again it is a reflection of the different benefit increases.
What's gone up by 10% to give the 10% rise?	Attendance allowance (AA) and Disability living allowance (DLA) have both gone up as has the scale of disability related expenditure (DRE). Different people have different benefits and they have increased by different amounts so this takes account of all of the different benefit increases.
Can't see how this is going to be affordable.	Wolverhampton city council is leaving people with extra disposable income than the Government guidelines require.
What are you actually trying to do?	We have to save £200,000 as part of the council's savings programme.
£200,000 is the extra revenue; will that be swallowed up by extra people in the system? Do these proposals cover the entire £200,000?	These savings are not just from the Pocklington scheme it is across all of the Non-Residential Supported Living and Very Sheltered Housing services.
Do these figures include the cost of living rise or will they go up again later?	No that has been factored in for this year.
If the people who live here do not have savings you are asking most of them for a 10% rise, that doesn't seem fair.	Band E – if people are in receipt of higher rate and severe disability amount, those two benefits are for disability and for disability expenditure, to enable it to meet care needs.
I used to receive direct payments and there was no issue with the costs going up we could choose what we spent the money on.	JD – When you live elsewhere you have the choice of what happens and how you use your direct payment. This is very sheltered housing and is staffed 24 hours per day, when you decide to come in here you make the choice to pay in a different way for your care. This is planned care not an on call service. People within the scheme cancel care staff if they don't need them at a particular time; this in turn contributes to the high cost of the scheme. People who live here can't have direct payments as well, that would be double funding. If you decide that this scheme is not for you at any point we would support you to find alternative housing in the community where you could receive direct payments. The ethos of the scheme is to enable

	people to grow and develop, this means that as time goes on most people have less care needs and possible could move out to the community with direct payments.
If you want people to progress and move on why do you need schemes like this?	As this assists people to become re-enabled and allow them to move on if they wish to. That in turn frees up space for different service users.
We used to have waking night staff now only got night services.	JD – That allows staff to concentrate more on enabling support during the day. Lots of people move on from here, the scheme helps people to regain independence and move on.
Isn't DLA care going as a benefit?	It is changing to Personal Independence payment (PIP) The same rates will be payable for standard and enhanced payments.
3 years ago when you first came here you quoted that people should be left with at least 125% of income support, people now have to pay council tax contributions which will go up again this year. This is cutting the amount of money available to them to do other things. Above inflation level rises means less for them to be able to use.	Council tax contribution requires all people to pay but that cost still falls within the 125% of income support that everyone is left with.
They are getting squeezed by all aspects of the council, with increases in care, increases in council tax all contribute to a drop in what they are left with. Less and less money to fill their time leads to social exclusion. Yes and we are grateful for that.	JD – Council have moved in other ways to minimize what people have to contribute, we have supported this scheme with the bedroom tax and made sure that all people here are exempt.
	We can advise people to consider having a full financial assessment (FAF2) if the money that is spent is beyond DRE of £38.25 per week, if that applies to you ask to be reassessed.
We feel like the loading is wrong and it should just be a 5% rise for everyone. Seems very unfair.	If we put other bands up by 10% We would fall foul of the Fairer contributions guidance. There are a lot of calculations that have to be taken into account to ensure that we abide by the guidelines.
Will everyone have a reassessment?	If the proposals go through you will get a new amount to be paid if you think you require a full assessment you can request one then.
I have been told by the DWP that I have got to start paying tax on my pension.	That is happening increasingly at the moment, if you have an occupational pension.
Is the level of support paid by the council going to remain the same?	There are no plans to increase it at the moment.

Ad hoc support here is difficult now only planned care.	JD – While there has been no cuts in the support from the council paid to the scheme, there has been no increase either, staff here have to work within the resources that they have available.
Seems to be increases in charges for a less efficient service, we are getting less and less in return.	Councillor Evans – The harsh reality is that over the next 4 years we are going to be losing millions of pounds. Wolverhampton has lost 52% of its funding from central government since 2010. We have to put forward a balanced budget, if we don't, the government will send accountants in to slash all of the budgets; there will be no consultation they will just do it. They will cut to the statutory minimum; we are trying to avoid that. The harsh reality is how many councils can survive past 2015; there are over 100 councils at risk of insolvency. We don't know if we will still be in business next year it is going to get harder. Accountants are not interested in social care only balancing the budgets.
My view is still that you should reduce the proposed rise here.	The actual cost of care here per person is £350 per week you are only paying quite a small contribution to that.
Are you going to cut the staffing at the civic centre? How much has it cost to have this consultation here, look at the number of staff here it must have cost a fortune.	Councillor Evans - Yes. It is worth it to listen to people's views, it is right that we have consultations like this and to listen to what you have to say we know it is not easy. It does not cost the council anything to run these consultations as the staff are already being paid, they don't get paid extra.
Do you always have to consult on every rise?	We have had above inflation increases so yes we have to consult.

Notes from Stakeholders Workshop 13 January 2014

Questions and comments	Replies
Cllr Evans: If I was a resident looking at the figures for Band D/E and saw that it had increased by 10% and the other bands had increased by less, I would be wondering why. Can you explain a bit about the formula?	What we do each year when the Government announce benefit increases. We look at the Fairer Charging Guidance and get the maximum contribution that we are able to without leaving people short and below set disposable income levels. We look at contributions more so from people who receive higher benefits to pay for care and support as they receive those benefits for that purpose.
Why are the contributions different for people living in supported living than those living in residential?	People living in the community are normally in receipt of sessional care, that is care and support for a number of hours. Not on a 24

	<p>hour basis, this is different because 24 hour support is on hand through wrap around services due to the nature of the client's needs.</p>
<p>What if you are supporting a tenant that is not receiving 24 hour support? We provide overnight services but not 12 hour support. Would they be in a lower band?</p>	<p>This would be about an assessment of need; maybe it is not an appropriate place to be if they do not need 24 hour support. That would need to be looked at by the people who assess need.</p>
<p>Is there going to be a single benefit so that people can see what there entitlement is each week?</p>	<p>I think you are referring to Universal Credit. It will not apply to people of pension age. There have been some setbacks with the implementation of this scheme and it is not in Wolverhampton yet, but it is being rolled out across the country. Statutory guidance will need to be changed such as the Fairer Charging guidance so that the local authorities know what they are allowed to ask as a contribution from benefits. The banded contribution system in Wolverhampton saves a lot of work and is easy to understand and is easy for social workers to explain to users.</p>
<p>Cllr Evans: Do we have the figures for the number of people in each band to give them a rough idea of how many people may be affected?</p>	<p>I have data from a couple of months ago</p> <p>Altogether the total number of service users is: 2370</p> <ul style="list-style-type: none"> • Band A – 185 • Band B – 323 • Band C – 336 • Band D – 297 • Band E – 216 • Band F – 79 • Band G – 79 • Band H – 103 • Band J – 106 <p>There are some bands where we have partial information where we may be waiting for information and some may have had to move to another band once we have the information. Some may be exempt under section 117 of the Mental Health Act, there are 27 users in this category. There are 82 people who have had their contributions reduced due to assessment. Some have been fast tracked, this is where people who are not receiving a means tested benefit but the benefit they receive takes them over the required benefit level. Some people can be fast tracked to the same rate as they</p>

	<p>would once they are in receipt of a means tested benefit, this applies to 18 people. 20 people are in supported living receiving the lower rate. 10 people are in supported living receiving the higher rate. In very sheltered housing 24 people have had a FAF2 assessment. 61 people in very sheltered accommodation are on the lower rate. 140 people in very sheltered accommodation are on the higher rate. 48 people are self-funding in very sheltered or supported living.</p> <p>We are expected to reduce the council contribution by £200,000. People may decide to stop receiving care; this has already been factored in.</p>
<p>Some people will be looking at paying an extra £300 per year.</p>	<p>Cllr Evans: This is just one of 165 proposals across the council. It was a massive change for some people when it was first introduced, but it is not so much so this time.</p>
<p>Is that £200,000 per year?</p>	<p>Yes Cllr Evans: It's not nice and we never enjoy asking people to contribute more. It's seems like they get a slight raise in their benefits and we take it. In the position the council is in we cannot provide these services for free and we cannot ignore increases in benefits. We will continue to provide Welfare Rights support to provide maximisation to people's income and benefits checks and people have found this helpful.</p>
<p>I'm not sure it's relevant but has the closure of day centres been taken into account as users who had previously utilised these facilities are now paying to take part in activities.</p>	<p>If they are incurring cost they think are relevant and should be taken into account they can have a detailed financial assessment.</p>
<p>They are now paying taxi fare to go to activities further away. They are spending a lot of money on travel expenses to engage.</p>	<p>This needs to be taken into account if it is a substantial or critical need. If it is then it should be taken into account.</p>
<p>What would you offer to people in crisis? If they are moving between cities, local authorities or housing?</p>	<p>It would depend on the crisis. If it was around benefits it would be Welfare Rights, if it was around needs, it would be the Care Management and Assessment Team and a social worker would look into it. If they were coming in from other areas it should not be a difficulty for the person. They should still have their needs assessed and the funding would be clarified between the local authorities.</p>

What about the period if someone is waiting for benefits but needs support, can this be taken into account?	The default position is if a person is in need of care they are liable for the full cost if there is a delay through benefits. However, no debt recovery action would be taken until the benefits are awarded. Welfare rights can provide assistance.
Cllr Evans: In my experience some people are claiming all of the benefits they are entitled to but not all. For example, at Harrowby Court there was an increase in contributions. However, some were helped to maximise their income. So not only were they able to pay the increase but they had surplus income. It is difficult to encourage them sometimes to look at making sure they are getting all that they are entitled to.	And also to maintain their income. For example; submitting the information when it is required and maintaining appointments. In Wolverhampton last year 4000 claiming went to an Independent Appeal Tribunal. Only 700 were represented but all of those were successful. In Wolverhampton, for those that challenge decisions there is a high rate of success, in challenging the decisions that the Department for Work and Pensions make.
Have we moved to Personal Budgets?	Yes it is around, not everyone can take it but it is an option for people to take a direct payment.
Will you be approaching other local authorities to look at contracts they have with yourselves?	There are so many proposals in adult social care, it may come into other areas. Local authorities continue to review all contracts in place. However, that does not come into my area.

Notes from Public Meetings

Wednesday 15 January 2014:

Questions and comments	Replies
Your reference, to do with mental health. This says after-care services under Section 117 of the Mental Health Act 1983 are exempt. Does mean anyone?	No, it specifically relates to people who have been detained under the relevant sections of the Mental Health Act. So Section 3, 37 and 45 of the Mental Health Act which is all about compulsory detention and compulsory treatment It is a very small, but growing proportion of those people who are receiving services because they are having treatment which is imposed upon them.
That's what happened to me in the past.	If you have been under the relevant section in the past and you are still eligible to receive after-care services due to that or a service because of that then that service you should be exempt from contributing. If you think that that is you, then you need to raise that with the Financial Assessment section Officers to look at the records because it is a formal certificate of entitlement that is signed off by the consultant in charge of the care, the consultant

	psychiatrist and adult social care.
I have evidence that I was detained on record.	You need to enquire about that, because if we have been charging anyone we shouldn't have been, then of course we would need to review it and reimburse the person, so you would need to raise that with the Financial Assessment Section.
What sections does it come under?	HW- Section 3, 37 and 45. Elaine what is your extension? I have got it down and I will give you a bell. I will check when I get back to the office.
It was in this county where I was detained.	The responsible authority is the authority where the customer is detained. That might be something that Elaine may need to look into to see who is responsible for making payments towards the services that you need. That might be a nice little case for Elaine to be working on so you can sort it out between you.
That's the Mental Health Act 1983, what about the Mental Capacity Act 1985?	The Mental Health Act that this is relevant too, and that's been amended by subsequent acts but this is still the enabling act for mental health services and this is still the act that mental health services are delivered under.
So it won't apply to this at all? The 1985 Act is not included?	The 1985 Act is related to different parts. They have amended some of the Mental Health Act but for Section 117 it's still under the Mental Health Act 1983 will be the relevant Act. And so is Section 3, 45 and 37. Any other questions about the proposals? Any comments that you want to make? No?
<p>Cllr Evans: Can I just make one comment. It would be unusual if I wasn't on a tape. In all honest we don't enjoy coming to see you every year saying we're increasing contributions. But it is one of 165 proposals, the whole Council and everything it delivers is under review. That is on the basis that we are losing £98 million in funding from the Government by 2018. That's when we drew up those proposals. Since then the Government have come back and told us actually the funding that we are going to take away from you by 2018 will be £123 million. So you can see it's not a case we are just coming to pick on adult social care, and people who use our services. You will have seen in the press no doubt about libraries, Central Baths or Bantock Park etc. No, it's every service that's under review. So we're really not picking on people, and as Helen has explained we've got a duty to make sure you are left with a minimum amount under the Government Fairer Charging Guidelines so we try to be fair. There's a smaller increase than there was in previous years but if you remember, I think Wolverhampton had the lowest contribution rate towards the services across the whole country at one time. So it was quite a big jump in previous years. But really this year it's just based on the benefits that's increased and we sticking to the formula that give the figures that Helen has talked about today.</p> <p>So if you have got any questions about benefits or charging, then there are colleagues here that can help you with that. Other than that please make your comments and thank you for attending.</p>	

Thursday 30 January 2014:

Questions and comments	Replies
<p>Is the income support based on a weekly or fortnightly amount?</p>	<p>It is based on a weekly amount.</p>
<p>Can I just say that I had a financial assessment for disability related expenditure. I had to push for that through getting the information through a national body and basically I don't make a contribution now because of my disability related expenditure. That's what I would advise everybody to do, get that form filled in. They sent the form out and filled it all in, fantastic people. But it's something that is not provided as it should be. It is not flagged up by social workers. My social workers did not make me aware of it; I was just presented a statement saying you must pay. It was only me contacting and asking for advice it came from a national. I then spoke to the Council, I found them very easy to work with and they sorted it all out, and now I don't have to make a contribution. So if everyone did that, I don't see how the Council are going to gain from not giving everyone a detailed assessment? Why not just give the two forms straight away?</p>	<p>I will answer that in two parts; firstly in regards to advertising that a detailed financial assessment is available. On the letter people receive saying what the amount they are expected to pay it does say that a detailed financial assessment is available. And on the leaflet that is produced which explains which tell people all about what contributions are and how they are worked out, on that leaflet is also talks about not only detailed financial assessments but also those that can be fast tracked detailed financial assessments where people are just above the means tested benefits. So there are two information points. I will take back the comments about social workers needing to reinforce that when they undertake their assessments. But the information is available on the literature. Otherwise we would fall foul of guidance, which is statutory guidance from government. The second point why don't we give everybody an individual financial assessment. That is what the rest of most of the country do. They have teams that are three, four times to five times the number of the Team, the very small Team we have here. That larger Team obviously costs more money and not only that but the majority of people actually pay less under the Wolverhampton scheme than they would do under an individual financial assessment. Lee's Team have done lots of individual financial assessments where it's been shown that in fact they can afford the banded contribution because their disposable income is much more. And if it was an individual assessment that took over the banded amount then they would be paying more than the banded amount. But for some people like yourself Sir if they have a significant amount of disability related expenditure, that's when it can be advantageous to have an individual full assessment.</p>

<p>This is why we need a mentoring service that will work with us. Nobody was there available to give me correct advice. It was a case of going on the internet, getting the information. But surely there has got to be a need for a community interest company that could be started up that would not cost Wolverhampton City Council money so that they can get on a do this cos disabled people to go to for help. They're going to get the money in and they don't want to have to worry about money. Thank you</p>	<p>Yes, I agree in terms of there needing to be more information and advice available. We have a Welfare Rights Team Wolverhampton Council and Welfare Rights Officers do deal with disability related expenditure full assessments and that information and advice is hopefully going to be developed with community organisations over Wolverhampton as part of a Benefits & Advice Strategy. And so that information should be more easily accessible from organisations in Wolverhampton in future.</p>
<p>Can you tell us about the direct debits and the Penderels Trust because it's all changing. They say we have to pay contributions by credit card instead of paying by cheque for the contributions. They told us that they are changing that for everybody. Now by credit card that would worry me because if the credit card is stolen or lost.</p>	<p>No, I think what you're talking about has nothing to do with contributions. That is not even a proposal at the moment, but there are thoughts around direct payments in terms of how some people receive that direct payment, not how they make their contribution, but how they receive a direct payment. And people who receive direct payments for buying their own care and support, those people receive those monies net of the contribution they are required to make. So if a person received a £100 for their care and support but was in Band B/C and had a contribution of £8 to make that payment would be reduced by £8 so that the person would only receive £92, the contribution is taken away before that payment is received. I think in future there may be a proposal to pay direct payments on a pre-paid card, not a credit card, a pre-paid card and that's a scheme that's being introduced all over the country but it's not a proposal in Wolverhampton at the moment. And Penderels should not be giving information that doesn't actually apply to Wolverhampton at the moment.</p>
<p>But they said we've got no choice that is being brought in. We were told this at the Peer Group last Friday.</p>	<p>Well I will find out about that because there is no proposal. I'm not saying that there won't be, because it's a very good way forward both for individuals and for the Council, but it isn't a proposal yet. And it's nothing to do with the contributions proposals.</p>
<p>They actually told us</p>	<p>I'm going to go back and find out what they are saying because it is not correct. It's not correct because I also am in charge of Direct Payments. Ok, any other comments?</p>
<p>Yes, I have mentally handicapped children who go to the adult centre.</p>	<p>A day centre?</p>

<p>Yes, and sometimes you don't even know where one goes, from where the other goes because they closed one of the day centres and then they move some of them from Oxley to Newhampton Road. And some from there to Neil Docherty. Sometimes they turn up, and sometimes they don't turn up.</p> <p>Yes</p>	<p>Turn up? You mean the transport?</p> <p>That is an issue really for the providers of the care and support, so if that's the council then that comment needs to be made to the council who provide those services. This is about the payment towards those services, rather than the services themselves. And if anybody has a complaint about the service that they receive, the care or support or day-care or whatever, then that needs to come back to the Council to be investigated. This consultation is in relation to how much you contribute towards the cost of that care and support. Certainly if you want to make a comment to that affect we can include it in the comments going back to the Councillors.</p>
<p>Can I just let you know that this was raised at the Including Everyone meeting and John Linighan is aware of it.</p>	<p>Oh, brilliant.</p>
<p>We actually told them at the meeting yesterday.</p>	<p>Thank you. So John Linighan who is an Officer at the council is obviously taking that back to look into as it's about the condition of a service rather than a contribution toward the cost of it.</p>
<p>You said the government tells you that people are supposed to have a disposable income of 125%. What does that actually mean?</p>	<p>It means that at the moment the government have not caught up with the benefits can now be in payment. So in terms of the Fairer Charging Guidance which is statutory guidance and all councils must follow it. The guidance speaks only in terms of people getting pension credit and people getting income support so we have a threshold amount for people getting over pension credit age and an amount for people under pension credit qualifying age. And the amount for pension credit is based on that calculation that we looked at earlier so the basic amount is £148.35, so that amount plus 25% of that amount comes to that figure of £185.44. So it is £148.35 x 25% equals the amount of £185.44. and for income support those people</p>

	<p>below pension credit qualifying age the amount if someone is on the highest rate of DLA care is £149.25 and that is worked out by looking at the basic rate of income support and any premiums apart from the severe disability premium times 25%. So it's a calculation that is all governed by benefit figures.</p>
<p>Can I just say, you are putting those figures up there. It makes it look as if disabled people are getting an awful lot of money. The government would not pay us a lot of money unless we needed that money.</p>	<p>Absolutely</p>
<p>But it would seem just to do a little assessment on it, Wolverhampton City Council want to take that little bit of extra money off disabled people. Now till they have done the disability related expenditure I don't see how we can move this forward and actually do something like that. Because if people have got expenditure, and we have, and the only reason the government pay disabled people that money. It is giving the impression that we get awful lot of money, we only get it because we are disabled.</p>	<p>I absolutely accept that and it's not high rates of income at all. But what this council and other councils do is look at that money that is paid for disability benefits. The Attendance Allowance, severe disability amount for those benefits to be used to contribute towards the cost of care and of course the cost of care is the care that's been organised by the council and then there may be other care that you purchase independently and so the overall look at what care you receive needs to include that independent care as well as the care and support funded by the council. So it is both types of care that we look at. And just by way of example the amount after paying the contribution people are left with, for instance if they are on the higher rate below 60 in Band D/E, then if a person is receiving Employment and Support Allowance they would be left with £52.65 after the contribution. So unless disability related expenditure was more than £52.65 a week then there wouldn't be any reduction. And in other councils they would be expected to pay that £52.65 as well as the contribution we're asking.</p>
<p>The government only pay us the bare minimum, not any more. If I was to get sent to prison, that costs £22,000. But when you compare that to that, I don't see prisoners making any contribution towards their support.</p>	<p>That's an issue to take up with the government.</p>
<p>The government have decided that's the money we should get. And now you're saying that you want a slice of the cake.</p>	<p>No, we cannot go below those amounts.</p>
<p>Unless you do the figures for disability related expenditure as they did with me and then it was found you don't have to pay...</p>	<p>Sir, sir in those circumstances the disability related expenditure that you have was not typical of the disability related expenditure that other people have. Because we did a</p>

	<p>consultation some years ago when fairer charging was just brought in. We asked people of Wolverhampton if they wanted a banded scheme so you can pay a set amount or an individual financial assessment and the overwhelming majority said they wanted a banded scheme. And that's because the people who have got say £10 - £15 per week disability related expenditure, they can keep income which is £35 more than if they were on an individual assessment. Because if you have an individual assessment you don't have a safety net of a banded contribution if you are asked to pay more. You pay more. So if your financial assessment had worked out to be say £15 but you were only in Band B where you are expected to contribute £7.66, in an individual assessment scheme you would pay £15 and not £8.</p>
<p>Yes, well I can only use myself as an example. I filled the questions in and then I got the money. I had my contributions taken away so I would advise anyone else to do the same.</p>	<p>And I would advise the same if you have significant disability related expenditure. Please get a detailed financial assessment.</p>
<p>On Signal local radio this morning said that seven out of ten people in Wolverhampton can't afford to heat their homes because the gas and electric bills keep spiralling and it's never ending. Disabled people need warmth for their health. Especially if they are suffering from arthritis. Is there any help for people in that position?</p>	<p>I agree and the council is part of an Affordable Warmth scheme which is understand is being looked at by councillors in order to provide more assistance to people who are in fuel poverty, along with other schemes. So it is something that councillors are aware of and that council officers are aware of. In terms of the contribution towards care, we don't set these figures in the council; these are figures that are set by government. I agree that they are not very generous but that is a personal view of mine. But we can't use any other figures than those figures.</p>
<p>Can you give details on the affordable warmth scheme?</p>	<p>I can, Shen do we have details on affordable warmth? SB: I will take your details and forward it on to you. HW: Thanks Shen.</p>
<p>I wanted to talk about the gentleman who said his assessment was wrong. The schemes of financial assessment, they could be wrong and that could bring people into hardship. The scheme does not take into account fuel or food poverty. It doesn't take this into account and if the assessment is wrong it will put people into hardship.</p>	<p>The assessment is not wrong because the contributions policy we have is the banded scheme. So it's not a wrong assessment it's just for individuals, if they want a detailed financial assessment, that's when all the information is collected and provided. But if we did that for every person receiving, the 2,900 or so that are receiving care and support in</p>

	<p>Wolverhampton, then we would need a much bigger Financial Assessment Team. That would be cost that is not appropriate.</p>
<p>Do you agree that the system could have missed out the assessment of so many people? Because if you have got a banded system it could be that in Wolverhampton that people are paying too much.</p>	<p>For any person in hardship and saying they cannot afford to pay the amount of the contribution and automatic individual financial assessment is conducted. Because if somebody can't afford to pay what they are being assessed as being required to pay, then it might be indicative of their being disability related expenditure. And so then a financial assessment is done. It doesn't mean that people have to come and ask for I would like a detailed financial assessment for my individual circumstances, if there is any indication either from a social worker, either from somebody who hasn't made a payment that then when Financial Assessment Officer's contact them they say I'm finding it difficult, those things also trigger an individual assessment. The number of individual assessments that we're getting are rising but as yet not all 2, 900 and odd people or individually assessed. If they were we would need a lot more resources to do that because it's very onerous.</p>
<p>I agree. But if you had a road map for everybody to go through if they think their assessment is wrong, they know there is a road map to go through. At the moment there is nothing like that.</p>	<p>Yeah, that is the purpose of saying in the leaflet about what it is that may indicate that a person needs a full financial assessment. That is currently in the leaflet but what we could consider putting in this year's leaflet is these figures. And directing people in accordance with the threshold. So I take you point that that could be made clearer.</p>
<p>I just want to say I support the banding system; the majority of people don't have excessive needs it works well. You've got your benefits and it's the same for everyone and if you do need extra help or you do want to do a financial assessment, I think you have got it right that the individual asks for that. I totally agree that a complete financial assessment for everybody would be wasted money just in administration. The banded system is a fairer system. At least it's a starting point, and if people are not happy with it there are processes that you can go through which is based on individual need.</p>	<p>Thank you, but I will look at doing more detailed information such as the levels to indicate when a person should ask. Maybe that's the point to be taken from this.</p>
<p>I agree with the banded system, I think it's a good system. The only thing I would point out</p>	<p>People who are getting what is now a closed fund, Independent Living Fund (ILF) monies</p>

<p>is people on the Independent Living Fund. That they do deduct the care component before they are paid.</p>	<p>are required to make a contribution to the Independent Living Fund for the care and support they receive from that fund. And so you have got government taking through ILF some contributions and the council taking contributions as well. In those circumstances it is our policy but one or two had fallen through the safety net but we have addressed that, but anything that you pay to the ILF should be taken into account when the contribution is set. This means that the ILF two, three years ago said right we will take into account the amount you pay to the local authority as a contribution and we will allow you that in the contribution you make to us. But 2 - 3 years ago they froze that amount, so the contribution we had 2-3 years ago of about £5 in Band A and in Band B/C, those amounts have not changed we will not increase the contribution that we will require from those people. So those people getting ILF should not pay more than they were doing for the years in the past. There should not be an increase because an increase in or contributions isn't reflected now by the ILF.</p>
<p>So if an increase comes through we need to contact you.</p>	<p>You will need to contact Elaine Jones.</p>
<p>I believe that those that have much, they should be happy to pay. But what makes me sad is those that have much and those that have little have to pay the same. And those are suffering already as you heard the other speaker say some of them are poverty stricken.</p>	<p>We hope that we have got it about right in the banded scheme in that that is why there are so many bands you had to listen to. Because those are dependent on the income a person receives so those receiving means tested benefits are expected to pay less than those not receiving means tested benefits. Those receiving the severe disability amount are expected to pay more than those who don't. Those who don't get a means tested benefit are expected to pay another amount that is more. So we hope we have got the bands just about right. They going to need to be looked at again when Universal Credit comes in but at the moment we think we've got it right. But if you think there's a better way of banding people because we haven't taken income appropriately into account then please make the suggestion.</p>
<p>I'm very, very glad that 18,000 of us in the UK who receive ILF were able to mount a legal High Court challenge in the High Court to save</p>	

<p>the ILF. The judge ruled in the high court that government trying to abolish it. We won the victory because it was deemed as illegal and against human rights for disabled people. So I think that was something good we achieved.</p>	
<p>I'm listening to all that's been said, last year it was the same thing and I feel that every year it will go up by a percentage but ultimately we're targeting people who are very vulnerable and disabled and they are paying a high amount of money and nobody is talking about what is in their best interests or quality of life. My concern is why don't we challenge the government to say that vulnerable people should not be targeted in this way. We have MP's who have high salaries and that's by and by. People are vulnerable, why target them? Really it's about quality of life. They will carry on like this until death. The other side of the spectrum we have MP's who are paid a large amount of money and nobody challenges it. Why don't we cut a percentage off the MP's and give them quality of life. We have to accept a proposal that is going to go through anyway. Why have a meeting when it has already been decided.</p>	<p>I can say and I can confirm that it has not already been decided. In every year that I have been making the reports and including your comments to Cabinet there has been some alteration to the proposals that were originally made based on the comments that we have received. So there has been transitional protection for some people, there has been a phased increase for others, so there has been some importance to the comments people make. I have to sympathise with the comments you're making in terms of the wider society but I'm afraid that as an individual council, we can't do anything but accept that the funding from central government has significantly reduced, will significantly reduce in future and we haven't got the money to provide for people's care and support unless people make a contribution. And the people are necessarily receiving council services are those people who are more vulnerable. It's the way the national system works and now the national system is about to be changed in terms of the Care Bill that is currently going through in the House of Lords, it is set to cost councils a lot more and because of the cuts that are being made its going to mean even more difficulty for local councils to manage with reduced funding. It is a national issue that you are talking about.</p>
<p>Can I just ask one stupid question? The money that we contribute who gets that? Does Wolverhampton Council retain that?</p>	<p>Yes</p>
<p>Wolverhampton Council seems to have an awful lot of money coming in from our contributions. 3,000 people times by £76 that £228,000.</p>	<p>The overall revenue collected from contributions is only a tiny part of the cost of the care. The council got to save £123 million. The funding that comes from central government has more than halved when there has been an increase in demand for services. So we have got less than half of what we got from central government before, providing for more care and support and the contributions that people make are a tiny part of the expenditure that is made on adult social care.</p>

	<p>For instance in terms of very sheltered housing. That in Wolverhampton costs £166 per week. So if you pay a contribution of £70, the council are paying the rest of that. So whilst those £70 might equate to that amount the rest of the £90 is paid by Wolverhampton City Council equates to more. So these proposals, all they seek to do is not altering the cost of care, this is just a swings and roundabouts. The council is needing to pay less; we are needing people to pay more so the revenue in the council is such that we can continue to provide services with the cuts that are being made by central government. So it is like that, the overall cost of the care remains the same. It is who pays what towards it, and what proportion is paid by individuals as a contribution and what proportion is paid by the council.</p>
<p>Is there a balance sheet with that somewhere so we can understand it. Because if you're getting X from central government, you're saying there's a shortfall and then asking us to contribute towards it. But the question I ask is who gets that money and you say Wolverhampton City Council.</p>	<p>Yes, the contribution you actually make goes back into the adult social care pot to pay for the overall cost of providing care and support.</p>
<p>How much does it cost you to administer then?</p>	<p>Administer the Financial Assessment scheme?</p>
<p>Well, yeah. For social care, how much is the cost on that then?</p>	<p>In terms of the financial assessment team we have here in Wolverhampton, which as I have said is quite small comparatively. We have got five non-residential officers, soon to be depleted to less than that because of redundancies and in the residential side...</p>
<p>Won't they just come back as consultants is what seems to be happening. They get made redundant and come back as consultants.</p>	<p>Not for financial assessments</p>
<p>All I'm trying to say is if we are paying for the service, which it would seem that we are, we are part of the county England. We get money downloaded from central government but I've looked at all sorts of various reports and it would also indicate that all councils, some are better than others. But Wolverhampton seems to be failing on the disability related expenditure. You're saying you haven't got the money available. If you read that report you have got in your hand. Which I have read</p>	<p>Which report?</p>
<p>The statutory guidance...</p>	<p>The statutory guidance...yes</p>

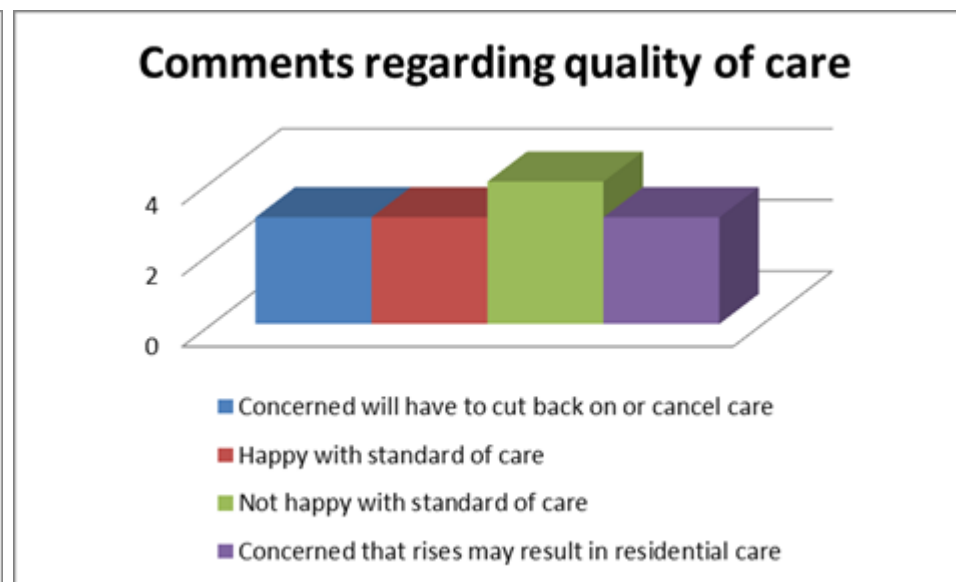
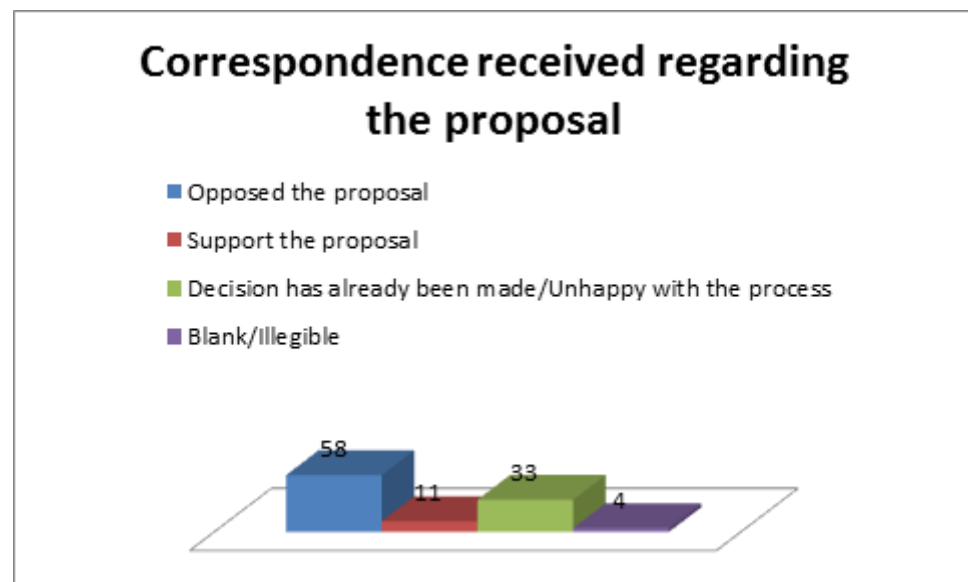
<p>On that there are various quotes about disability related expenditure if I've read the right report.</p>	<p>This isn't a report sir; this is statutory guidance that has been around since the beginning of Fairer Charging. And this is what local authorities have to follow. If there is a point in here that we are not following, then that is cause for concern and I want to know it.</p>
<p>I may have read something different and you read something different, but all I'm saying is you've got to do these disability related expenditures.</p>	<p>I'm sorry sir but I think we have done the disability related expenditure.</p>
<p>No we haven't</p>	<p>We have</p>
<p>How many people out of the 3,000 have had the FAF2?</p>	<p>How many out of the 3,000?</p>
<p>Can you answer that</p>	<p>We can roughly LM: There's about 70 people paying nothing at all. In terms of having the assessment done, it's 210. There have also been people who have had FAF2's and it has shown up that they are able to contribute. And in most cases can afford to contribute a lot more than the banded system.</p>
<p>Oh my God</p>	<p>So, many people have had these assessments and still....</p>
<p>So how many out of the 3,000 have had FAF2's assessment?</p>	<p>LM: About 210</p>
<p>That pathetic really isn't it. I think you need more resources to.</p>	<p>LM: Most people don't have the disability related expenditure that you have got so there would be no point doing a FAF2 for them. HW: This is going to go on and on and on. All I want to say sir is please make your comments. What we know from consultation in the past is that Wolverhampton does not want an individual assessment scheme. They want as you've heard other people say here today is that they want a banded scheme. So we have got to weigh that up. Banded scheme, individual scheme. Individual schemes cost much more and we don't want to spend the money on administration we want to spend the money on care. So you've got to weigh that up. No sorry sir, but you have had a lot of time...</p>
<p>Is it the disabled people that have been asked?</p>	<p>Yes. The consultation sir that you would have been involved in when Fairer Charging was first introduced. When Fairer Charging was introduced around the country we said we've got a scheme in Wolverhampton that we think people like, let's ask them. And we asked them, and people came back. We had a, I</p>

	<p>know because I managed a whole service of people answering calls asking what does this mean for us, we want to keep the scheme we have got already, because basically if we don't we will end up paying more unless we've got significant disability related expenditure and most people have not got that extent, more than £50 per week of disability related expenditure. So I think we have exhausted that.</p>
<p>The last thing I want to say is that I was interviewed by the Social Worker I was not told about that assessment.</p>	<p>But sir I have addressed that. I have addressed that in saying that we need to make sure that our social workers and our front line staff need to be much more aware. But it is in the contributions leaflet, it is in the letter that we sent you and it is known about in other areas such as Welfare Rights and the Financial Assessment Team. It is advertised, we will have to address Social Workers failing to say.....</p>
<p>I appreciate there are anxieties, but I think you are targeting the wrong people for our discomfort. This is not a Wolverhampton scheme I understand. The government has changed the goal posts. The government have reduced the money to Wolverhampton and that's affected everybody in Wolverhampton and our services. Whilst we are looking at people with specific needs, it is being targeting the swimming baths and whatever; the whole range of services is being targeted. And I don't like it any more than perhaps you do or these people here do. But this is the government; it isn't the council, unless I am getting it wrong. I think if we are as angry as we seem to be that might be a better target for us that we should perhaps be writing to our MP's. Some people actually have an MP which is part of the government. My MP is part of parliament but not part of government and they haven't voted for this, they voted against it. So maybe that's what we need to do.</p>	<p>I appreciate that and I think that is absolutely correct.</p>
<p>The burden, the proportion of burden, the financial burden is in this case here on vulnerable people who have not got a voice. They are not spoken for at the moment.</p>	
<p>But these people haven't changed it so perhaps you need to talk to those people who are proposing...</p>	

I have already talked to MP and he has got an email.	
I'm willing to pay what I must but me and the rich man is not the same. So who have much as I have said before should be willing as I am willing.	Thank you.
How many calls do you purchase, the 15 minute calls?	I have no idea because that is the care side of it rather than the financial cost of the contribution towards it. But I know that there is an issue about 15 minute care and I know it is being looked at in the Care Bill, so that perhaps is a comment that needs to go back through the social workers, commissioner etc. Because that is about the service itself.
Does the council have a policy on this?	It may well have, but not that I'm aware because it does not fall under the financial contributions towards care. I know it's an issue nationally.
I'm concerned that 15 minutes is not enough time to wash and dress someone.	That is the point that is being made and I think councils are having to address what counts as adequate time for span of care.
Direct Payment schemes, how will the proposals affect those?	The banded contribution scheme applies equally to those getting commissioned services through the council and those in receipt of direct payments. The only difference is that where people are billed and making a contribution into the council if they are getting commissioned services. Those people getting a direct payment receive less of a payment because they are expected to put their contribution into the account where the payment sits. So it doesn't come to the council in order for us to give it back to you again that would be silly. We give you the amount of direct payment net of the contribution which is exactly the same contribution that other people make for a commissioned service.
He was told about the FAF2 by his Social Worker.	I do think that in the main Social Workers are aware of it and inform them, but I still will take back because there are clearly some that have missed that out so I will take that back.
If the person that you care for is in Band B or Band D, are they changing or are they staying in that band for now?	People will stay in the same band; the only time that will change is if their financial circumstances change.

Correspondence/feedback forms

Out of the 106 items of correspondence received 58 opposed the charges outright, eleven supported the increases and said that they were happy to pay, four items were blank or illegible, and five were of the opinion that the decision had already been made or were complaining about the consultation process. Four people complained that consultation letters were received after the date of the consultation meetings had passed.



Views and Comments: Non-residential Care Contributions Consultations 2014

Number	Person commenting	Comments
1	Relative	Think we pay enough already, should not keep being increased
2	Service user	If I don't attend Beacon Centre for the Blind one day per week I wouldn't leave the house. I'm not happy with the price increase
3	Relative	I am aware that cuts in public sector funding affect the costs of this service, however the service is provided for one of the most vulnerable groups of society, who have little means of paying additional monies. The costs have risen regularly over the last few years and therefore seems to determine an ongoing pattern. I have heard of several users

		who have stopped accessing the service due to costs, however these people are in definite need of the service. Even though costs do rise is it a false economy; the service helps users integrate and also acts as a support system. Therefore if it is taken away, does it result in more costs in the long run; eg older people needing the full time care of a care home? Even though the council has no control over funding, should the overall picture be looked at – if costs continue to rise and people stop using the service, what are the consequences; social and cost wise? This is a growing problem.
4	Service user	I could not afford any increase so would be unable to use the service, should the charges increase.
5	Relative	<ol style="list-style-type: none"> 1. The carers are very good. The organisation (name supplied if required) could be a lot better. 2. If my wife was in hospital it would be free for us, but cost the NHS a lot more. 3. One of the disadvantages of paying into a pension fund and NHS contribution is to disqualify one for benefits later on?!!
6	Relative	The proposed increase for non-residential support is an utter disgrace. Where is the non-residential support user expected to get the proposed increase in money from – The benefits rise by about £2.50 per month but you are proposing an almost £30.00 increase - leaving a shortfall of around £27.50 to be found should this increase be forthcoming. Wolverhampton will have no option but to find me residential care. I would not be able to continue to live independently.
7	Relative	I care for my mother who has dementia. The care afforded to her by myself is above and beyond the amount of money she receives. Her needs are becoming much worse. I attend at least four times a day. Cutting her services or asking her to contribute more would definitely impact on the money that could be afforded to her. It is not fair! More money should be put into those who have senile dementia.
8	Service User	We accept the increase as there is no point arguing as it will increase whether we like it or not.
9	Service User	Thank you for asking me for my input, the money I'm currently getting is to meet basic needs, I worry about money all the time. My honest option is there are lots of ways the council could save money but choose not to i.e taking me to court for non-payment of council tax when I had already agreed a payment plan and kept to it. But they chose to go to court and get a liability order thus costing the council money it could have saved instead of wasting money. Why if I was sent to prison the cost don't come into it. But when I need help I'm made to feel cheap and disposable. I feel it's good to have a public consultation, Wolverhampton Council are good at taking money but when they are given the job of looking after people like me who have been born, worked and paid all their taxes in Wolverhampton. I applied in Feb 2013 for help, I was not assessed until May 2013, I did not receive a payment until Sept 2013 and then it was only backdated until May. How can this be looking after people who need care and help, leaving them 7 months to look after themselves, without help from family and friends I would have been a bed blocker in hospital. Good luck with consultation and your penny pinching of vulnerable people like me. One last tip on saving money: Get rid of incompetent people who feel the money they give out should not be given and stop council workers wasting time

		chasing money that has been paid.
10	Relative	Pay enough already
11	Service User	Being an old age pensioner and only living on my small amount of money how can I carry on with all the payments going up all the while. I am really worried it's not fair.
12	Relative	I am satisfied with the support given.
13	Relative	Every time there is an increase we just have to pay. My daughter is in band D at the moment. We are expected to manage on less and support her.
14	Relative	I find the allowance to be fair plus I find any personal query that I have are very helpful.
15		Blank
16	Service User	Once again you are penalising the most needy and vulnerable section of society because they are so disabled and have extra expenditure because of this. That is why they receive it not so that the council can keep chipping away at it annually. Then by some cockeyed logic you offer the same back to us as a pipe dream separate: 7.3 knowing full well you would find some reason not to implement this. Why do you waste money on these useless questionnaires, other than to prove you offered consultation and public opinion when you and most of us know it's only a token and you will carry out your proposals as the decision has already been made. I am disgusted with this farce.
17	Relative	I would <u>not</u> be in favour of my sisters contributions towards her non-residential support being increased. She currently receives only approx. £77.00 per week DLA care of which you have already assessed her contribution as £58.25 – The small amount remaining from her DLA i.e. approx. £18.75 is used to pay for someone to do her cleaning and also her weekly shopping. If you take higher contributions for her 'care and support' she will not be able to keep her home clean or have a shopper – these are essential tasks which physically and mentally she cannot do for herself. You need to take these things into consideration when assessing peoples essential needs.
18	Service User	I agree it's nice to see that the wages of carers a good well done social services. I also get help 16 hours per week and need it. Some days I feel reasonably ok other days I can't even get out of bed without help. SS really have looked after me, in fact the whole council – lovely adapted prefab, shower room etc. and it really is appreciated. Thanks to all of you.
19	Relative	John has learning disabilities and doesn't understand the consequences of increased contributions of payments.
20	Service User	All I have to say I pay for my care, my health is no better. I cannot walk , I cannot stand on my own. I've had strokes, my daughter does my shopping, the nurse visits. I am happy with my carers. I don't go anywhere, my doctor comes to me, we pay our rent and council tax, that's all I have to say.
21	Service User	I am happy to pay the full cost but if the was amount was stated, the same as the proposed new contributions are it would be most helpful. I have now telephoned the response line about the amount involved and received the answer to my query.

22		I enjoy meeting friends at Beacon Centre for the Blind.
23	Service User	No comment – has no value- will not change proposal.
24	Service User	The cost is going up again yet DLA isn't going up the same to match the increase, in addition if you get the severe disability premium of income support you get charged more per week and this isn't mentioned on the website either which is unfair. The system is still unfair because even if you have just a few hours care you still pay the same amount regardless.
25	Relative	I'm happy with the service provided by housing 21 and realise they require funds to operate.
26	Relative	I do not mind contributing a small amount towards the care my son receives. We use direct payments for three days of his care (6 hours per day) and 5 hours on Saturday. Without this care our son would not leave the house, would not learn any skills, feel valued in the community, try to extend his independence for life on his own eventually. In order to keep these services I as a parent would be happy to contribute a small amount as I want the best possible outcome for my son.
27	Relative	Thank you for all the help you give and support and direct payments. Without you all I would be nothing.
28	Service User	I struggle to pay my contributions as my care/support always goes over my allowance. No 2 days are the same for me as I've got older things have become harder and there is not a day I don't have to call for help.
29	Service User	Not Happy with increase. "Give in one hand, take away with the other" But my opinion will make no difference and the increase will go ahead anyway. Increase is a foregone conclusion.
30	Service User	I have no comment to make rises in costs have to be made due to the economic situation.
31	Relative	My Grandmother values the help and care she has from her carers – she cannot afford the rise in cost however she would not be happy to lose the help and company she has every day from two very good carers.
32	Relative	Charges still a little too high. In some cases resulting in elderly people having to cut down their day care or stop it altogether. To hear of this is sad because it might be their only outing.
33		Blank Form
34	Relative	Thanks for reminding me about these proposals, after searching I found them. I have no objection whatever to the proposed increase, I think it is exceptional value.
35	Relative	We do not know what this means . Currently pay £6.02 for each half hour visit, twice a week, you give examples which mean nothing to us. If it goes up too much we will cancel, if its reasonable we will continue.
36	Service User	Not unexpected with all of the cuts it's just a shame that my band has the highest increase by some distance £5.95 per week, the next highest is £3.10 which seems a bit unfair.
37	Relative	I understand that there has to be an increase in non-residential care but as there is "no more or less care" in the time my mother has had to have carers, it is a big increase to her when she still has to pay for normal everyday expenses (gas, electric, food, clothes, toiletries, water rates)

38	Relative	I would support the increase in cost (band G/H) The support my mother receives is invaluable. It has allowed her to remain in her own home whilst suffering from dementia. I would hope that the increase In cost means that people can continue to be supported to live at home and there is no cut in the support they receive.
39	Relative	Correspondence about the non-residential care going up slightly and why you didn't let us know that the payment has gone up I had to find out from someone else.
40	Relative	It does not matter how many meetings you have it still does not stop the prices going up and the money having to be paid, I have put my views forward before but it still comes down to the same thing!!
41	Service user	I understand the reason for the increase but would like to say thank you for your support.
42	Service user	That this along with last year's increase will mean that more people will go into residential care homes costing far more money.
43	Relative	My husband's care costs increased by 29% last year and care is about to go up again by another 4%. Obviously we are not happy but we are a 'captive audience' We need his care and will have to budget harder. I only wish the council could do the same. Whilst I do appreciate all the council has done and continues to do for my husband, I do feel it could improve its own housekeeping in looking for cuts. Eg; Council staff should start and finish at the same time (no flexi time) and cut energy costs therefore. No surplus council premises. If not used sell them off or rent out. Could some benefit be gained by those on jobseekers allowance being asked to do council manual duties, such as litter picking etc. To save on council costs and earn their benefits as they do in other countries.
44	Relative	I try to help my brother with things he can't cope with anymore (paperwork, bills and his banking) He is paying full cost for his stay at Bridge Court because he has savings above £23,500. I have explained to him there will be a rise in April, as like everything else he will just have to pay as he is getting the care he needs.
45	Service user	Blank sheet
46	Service user	At the moment I pay £60.00 a week for non-residential support. I receive pension, pension credit and DLA however I have to pay for the care alongside household/utility bills which are expensive. I will have to cancel my care package if prices keep rising, I will really struggle if I have to do that.
47	Service user	Increases and cutbacks are always distasteful but cannot stop them.
48	Service user	If it keeps the service that we receive I am for the increase.
49	Relative	I am generally in agreement with proposals, give the current budget situation of the council. However I do feel it is time to review the savings threshold from the current £23,250 to perhaps £30,000 as this has not changed for some time to allow for current circumstances.
50	Relative	I agree £8.00 pw contribution to direct payments.
51		I believe that if the costs have to go up to keep with modern day prices, then that must be so. I am nearly 102.

52	Service user	Ways to save money: Council could reduce heating in all their public buildings. Rooms are overheated and get too hot. Reduction in unnecessary care assessments for those with long term illness they should automatically realise the need for continuity of care. Reduce or streamline health and safety as it is taken to the extreme. Fracking - councils will receive business profits. Reduce weekly bin collections to two weeks. Turn off street lights after 11pm. Abolish sweet biscuits at public and other meetings as they are unhealthy and contrary to combatting obesity, diabetes etc. Councils should charge 50p to all using public toilets
53	Relative	My wife receives non-residential care at a charge pf £7.66 per week. I am classed as her carer and get nothing. She had a stroke three years ago, I have to do everything, cooking, cleaning etc. So I don't agree politicians pay I don't think so. Two laws – one for the rich other for the poor. We are all in this together, Mr Cameron – don't make me laugh. Wolverhampton Council has wasted the money, they should be held to account. Not a happy bunny.
54	Relative	I am the relative/carer of one of your service users. I have taken into account your public consultation and I am not happy you state what is a non-residential support and direct payment should get in point 3.2 Home support; we get none of the listed things. In point 4.0 what are the current contributions arrangements and you state again on point 4.4; if a person is not exempt from making contributions they have assessed capital over £23,250 they will be expected to pay the full cost of support, we get no support and my mother does not have capital above £23,250. And the income she has after paying her gas, water, electric, respite, insurance she can barely make ends meet. How you expect a person of 82 with dementia without help to carry on living is beyond me but then again you don't care it's not your worry. You expect her to survive, I don't know how but then again you don't care. (Contact information not supplied)
55	Service user	I understand that the council has to make savings however this increase would put an additional strain on my already strained finances. The cost of living has already made a difference to my money and this increase would be an added pressure.
56	Relative	In current financial times these proposals are broadly fair. Benefit levels are to be considered along with other incomes – pension earned or saved as seems appropriate.
57	Relative	The additional costs will provide other difficulties.
58	Service user	Contributions are fair for band B/C
59	Relative	My mother has moderate/severe dementia with hallucinations. She relies on me for most of her needs and social life. I have 8¾ hours of care allocated to me which I make up to 9 hours. This is to give be a break from dealing with dementia and from falling ill myself. I also need to spend time with my family. I was hoping to increase the allocated hours as moms needs become greater. However the proposed changes on 8¾ hours per week take more of the attendance allowance. This is before I increase the amount of care she receives. I am struggling like many other carers to keep my mom independent, well and out of hospital. I am sure my actions save the state money. The proposed increases not only impact on my mom, but mainly on my mental health. Anyone who spends lots of time with dementia patients will know of the mental stress it can cause. I feel that I will need more help, not less as the condition worsens.

		Please reconsider the proposed cuts and the consequences they will have on the amount of care people can afford and the consequences of mental stress on tired carers.
60	Service user	We shouldn't have to suffer through the government cutting our benefits. We are paying quite a lot and things are very hard. There are lots of bills to be paid and every year it goes up higher. I just feel the money that we should pay has already risen why ask again. This won't change anything I suppose.
61		I am very happy with the direct payments/non-residential service I am in receipt of. Since I have been using direct payments my life has become more independent. I have four daughters who are very caring towards me; however, since I lost my husband I have been living on my own with direct payments. My family has peace of mind in regards to my care.

Views and Comments: Very Sheltered Housing/Supported Living

Number	Person commenting	Comments
1	Relative	This consultation does not give me any idea whether my daughter will have to pay more for her care. She has profound and multiple disabilities so her living costs are higher than a normal person. She receives incapacity benefit and higher rate care allowance if you take £64.50 per week she will starve. I am not sure incapacity is means tested currently but she has no other income but £8.00 would be ok – she pays more than this already.
2		I realise that costs for these types of services could increase annually and if the increase is not any more than the proposed amount suggested, and taking into account that April is the month that hopefully weekly benefits also increase, then I believe this is a fair amount to be expected. I can still remember when the day centre users with learning disabilities were <u>paid</u> a nominal £4.00 per week, which gave them a sense of worth and their own pocket money in their hand, opposed to in a bank, therefore the weekly payment will be equivalent to at least £12.00 per week and I shall always be aware of that and hope you are too when discussing these charges.
3	Service user	I currently pay for all my housing, bills and care needs following the sale of my house a few years ago – my money has nearly all gone and I am struggling to pay my charges which are approx. £1500 per month – I don't receive benefits.
4	Service user	I would be quite willing to pay the increase of £8.00 per week.
5	Relative	I think that it is appalling that people with special needs have to pay any more contributions, after all their lives are difficult enough. Comment made on immigration policy.
6	Service user	I don't mind paying more to continue getting the carers I do.
7	Service user	I think I already pay enough towards my care.

8	Service user	I'm on a low income and can't afford to contribute to any changes.
9		I feel that the government will keep taking from the disabled. Cutting services until we have nothing. They are not man enough to pick on people who can fight back. Why are these services provided as extra if you are taking part of their living expenses as well. Councils have dug themselves into deep holes taking big pay rises and wasting money and now they have to make cuts. Take it from the disabled again don't let them be out of pocket.
10		I do not think that your charges/what we pay should be increased. Not sure why I have received this form as I do not have any very sheltered housing of supported living. I do attend a day centre.
11	Carer	In reply to your letter I do not fully understand the new proposal changes for direct payments, that my daughter receives and the increase we will have to pay ourselves. We are allowed 28 hours care a week and also pay £7.00 ourselves. How much more will we have to pay if the new proposals are passed. My daughter is fully dependent on myself and her carer 24 hours a day since my husband died 12 months ago. Without this help she would have to go into care, which I do not want to happen. My husband and I looked after her for 35 years with no help financial or emotional, so I think it's unfair to keep increasing our contributions.
12	E mail	<p>I live at Thomas Pocklington trust and get care that is provided by you. I fund part of the costs however I disagree with the proposed increase in the cost of care</p> <p>I feel what I pay now is too much for what we get in terms of hours and with the possible increases in Council tax and other charges I have to pay I will simply not have any disposable income to fall back on for emergencies.</p> <p>I have a disability that requires urgent assistance in the night if my knee cap dislocates so I don't have anywhere else to move to apart from my mom's if there is no longer financial support and I don't want to be seen as going backward in my goal to be able to support myself with care assistance.</p> <p>It's not my problem that government has reduced your grants and why is it you hit people most in need of your help with these cuts??</p> <p>Not everyone is able to work and get off welfare and not all the money we get physically can go to help towards the cost of care did we choose to be born this way? Do you think it's nice we have to live on hand-outs? I think it's so wrong the way this government is treating it's citizens</p> <p>I look forward to the outcome even though this getting opinions off people is a waste of time because you have already made your minds up like you have in previous years.</p>
13	Relative	You have put up care slightly and you did not send us correspondence and let us know. It's not fair no wonder people can't afford their utility bills.
14	Relative	As number 13 plus; the whole system is wrong and shambles the government rip off whole of learning disabilities and the disabled and elderly.
15	Relative	My husband has recently been assessed for non-residential care. We are happy with the amount we are paying for one

		day a week but sadly if the amount goes up we will not be able to afford it. He enjoys meeting other people and it would be a disaster if many of these day centres are closed for many old people.
16		I am very happy with the services provided.
17	Service user	I believe the contributions to be fair as long as I receive the care I need and want.
18	Relative	Why is it that every time the government makes cuts to the councils budget they then decide to claw the money back from the most vulnerable people in our city. These people need all the help they can get so they can try to lead a normal life. Once again Wolverhampton Council it will be to your everlasting shame.
19	Service user	I am happy with the service I receive.
20	Relative	Downes syndrome person with a weekly budget of £98.00 pw which is a mere pittance but looking at the current climate with all these savage cuts by the government to local councils we have to be grateful for small mercies. Whatever I think will have no bearing on this matter we shall just have to go along with it.
21	Relative	I am not very happy with this as the government I feel are hitting the most vulnerable in our society. Not the ones who were responsible for causing these problems i.e bankers. For a person who receives less than £200 pw. The government's fairer charging policy would leave very little money for them which could lead to them being more isolated.
22	Relative	My sister lives at Bushfield Court and I think Wolverhampton council are very fair in contributing towards her costs enabling her to live there. However I do think that taking 80% of her attendance allowance and 20% from her pension credit for approx. 9 and a half hours a week totalling £87.17 per week is maybe a little high. Although I appreciate that 24/7 care is available should she need it. After £87.17 and £34.00 is deducted from her total income she has to put aside money to pay for her dinner's, phone bill and weekly groceries etc. I may be completely wrong in my understanding of the above but you asked for opinions which I am giving and maybe she could be charged a little less for her care.
23		Husband goes to the day centre 3 days per week and pays £7.66 but if the council says £8 in April there's nothing we can do but pay because it's the council's decision and it's no comment from us.
24	Service user	No comment
25	Carer	I am very disappointed that there has been a mistake in sending out the original letters with regard to the above (mine was dated 14th January which I received on the 17th January) the additional meeting has again been arranged for 10 am and not in the evening. This means that a number of carers like myself who also have to work as well as act as chief carer for a relative have been excluded from the opportunity of attending these meetings. I already have difficulty in acquiring any support for myself since the carer support service is not open when I am not at work and they do not respond to emails. However with regard to the increase in charges, I do not see that there is any alternative to the increase given the dire straits the council has got itself into financially. We need the care and that is all there is to it. How we are to fund it

		remains to be seen. It is all very well saying that if someone is on the higher rate of attendance allowance they can afford the increase, but when meals on wheels are taken into consideration then they are already eating into their pension. With the increase in rent, services and fuel this is putting a lot of strain on people's resources and decisions have to be made on what to retain and what must go. I fear that there will be individuals who will not be able to afford the care or meals and will suffer as a result. I am sorry that the council was not able to organise this consultation properly. I hope lessons have been learned.
26		I have found the leaflet hard to understand, on p.6 the case studies confused me. My daughter attends a day centre and receives a good service. I'm sure most people/parents wouldn't mind paying a little more (NOT DOUBLE!) to keep our services and transport up and running as I wouldn't know what would/will happen if we were to lose these services.

Views and Comments Forms: Service not stated

Number	Person commenting	Comments
1	Relative	It is a shame it has to go up but I can understand it. It's an extra 34p.
2	Service user	I use the Beacon Centre, DLA lowest level currently pay nothing.
3	Service user	
4	Service user	I can't afford it, I live on my own, I only get pension.
5	Service user	I pay the full cost, what do the proposals mean for me? Will I pay more?
6	Service user	Currently pay £7.66 proposal from April up to £8.00: I don't mind it being put up, but there should be guidelines. The council already know what they are doing but don't listen. It's not fair for people with a LD, should go up at the same rate of inflation not more
7	Service user	Why raise it every year? I'm not working, not gaining any income. I have changed band and they put it up every year. Water rates/electricity/gas and the phone is very expensive. I still have to eat/drink. The utilities are going up. How will I live – it is hard. The rich will be richer the poor are poorer. Pay £233 every 4 weeks for the care. How will I manage? I can hardly buy anything to eat. Some days I can only afford to eat dry toast and boiled egg. The only money I have put aside is for my funeral. I will pray and leave it to God. I can't do anything for myself. I need the care and I have to also pay for a cleaner and the ironing. I am not happy with the quality/standard of care; they leave mess on my carpet. I am feeling it really hard. All I ate this morning was banana and a piece of dry toast.
8	Service user	Easy Read version – it is appalling, patronising and uninformative. Pictures irrelevant (calendar December but it ends in January) Don't do anything for anyone. Should say: at the moment you pay x amount for your care. As of April 1 st

		you will pay ... These are the reasons why. Bands are confusing – different % but no reasoning. Meetings badly attended, frightened. Don't see the point or understand. Need to do the legwork and some advocacy. Do not understand the philosophy of consultation or what they can influence it.
9	Relative	My son goes to a day-care centre and respite. For what he's getting, to me it's worth it because the staff they have got are really good. The staff are great. They always call me first before they do anything. I am really involved and happy with the care he receives and the drivers are very good too!
10		You are always picking on the old, vulnerable and disabled. The financial situation is not our fault. Tis started in America and we cop for it. It's not fair. I have lost my wife and my son; I have no relatives to help. I'm fed up of it all.
11	Service user	I feel it's fair and I understand the situation. I have no issues with the rise.
12		Consultation letter arrived a day late after the meeting had taken place.
13		I have received a letter re care charges. The letter is dated 10 th January it is date stamped 14 th January and is in a 2 nd class envelope. The meeting is on 15 th and the letter was received on the 16 th . Is this a deliberate attempt to prevent people having their say? I will go to the Express and Star.
14	Service user	Nothing I can do about it. If I have to pay I will pay, I can't do without the carers. I have Parkinson's and I am unable to do anything for myself anymore.
15	Relative	Not affected
16		Not affected – nil contribution
17	Service user	The contributions going up but DLA is not matching this increase. In my band it's an extra £30 per month. If they reduce the hours of care you still pay the same. If DLA increase matched it would be fine. My DLA has gone up by £1 per week I have had to cancel my care because of the cost PIP will pay the same. Had a FAF2, get disability premium of income support. They still charge the same. FAF2 makes no difference because of disability premium paid £131 pw for respite because of disability premium. Then you lose your DLA whilst in respite.

Views and Comments Non-residential Pocklington Supported Living

Number	Person commenting	Comments
1	Relative	A – regarding lack of care I have to wait until carer is available to fill out forms or any other small jobs that need attending to – sometimes quite urgent- this is in addition to my regular calls. I understand that these small tasks were inclusive of my care package. B – There are no social activities which we rely on, none at all, Only a short time ago

		<p>there was at least various outings arranged and in-house get togethers. No explanation has been given other than staff shortages. C –Previously we contributed to the “tenant’s fund” and when all social activities ceased we asked for our refund. We were told that fund belonged to the other management so I wonder where the money has gone.</p>																																																		
2	Relative	<p>Consultation on Changes to Charges for Pocklington Supported Living We are writing on behalf of our daughter as our contribution to the subject consultation process in response to your letter dated 9th December 2013 and following the meeting held at Lord Street on the 21st January 2014.</p> <p>A Summary of Our Concerns</p> <p>We understand the position in which the Council finds itself and hence the requirement to increase the Care Charges for all clients in order to help fill a funding gap in the budget of £200,000. So, we accept that you need to apply an increase in charge over and above a cost of living increase. However, we would expect that the increase to be spread fairly across all service users. So our concerns are not so much about the need for extra charges above what was agreed last year but that the increases proposed for our daughters’ care are unfair relative to other clients of the Care Services. We are also concerned that, after a marked improvement last year, the Consultation Process was again poor this year. These concerns are detailed below.</p> <p>Concern about your Proposal</p> <table border="1" data-bbox="504 742 1675 1217"> <thead> <tr> <th>Band</th> <th>Current charge p.w.</th> <th>Planned charge from Apr14 p.w.</th> <th>Increase over Current p.w. £</th> <th>Increase over Current p.w. %</th> </tr> </thead> <tbody> <tr> <td>A</td> <td>Nil</td> <td>Nil</td> <td>£0.00</td> <td>0.0%</td> </tr> <tr> <td>B</td> <td>£7.66</td> <td>£8.00</td> <td>£0.34</td> <td>4.4%</td> </tr> <tr> <td>C</td> <td>£17.66</td> <td>£18.00</td> <td>£0.34</td> <td>1.9%</td> </tr> <tr> <td>D</td> <td>£58.25</td> <td>£64.20</td> <td>£5.95</td> <td>10.2%</td> </tr> <tr> <td>E</td> <td>£68.25</td> <td>£74.20</td> <td>£5.95</td> <td>8.7%</td> </tr> <tr> <td>F</td> <td>£51.10</td> <td>£54.20</td> <td>£3.10</td> <td>6.1%</td> </tr> <tr> <td>G</td> <td>£71.54</td> <td>£74.20</td> <td>£2.66</td> <td>3.7%</td> </tr> <tr> <td>H</td> <td>£81.54</td> <td>£84.20</td> <td>£2.66</td> <td>3.3%</td> </tr> <tr> <td>J</td> <td>Full Cost</td> <td>Full Cost</td> <td>£0.00</td> <td>0.0%</td> </tr> </tbody> </table> <p>Note: Some % calculations shown in your PowerPoint presentation were incorrect. The table above shows your proposed charges for each Band and analyses the relative increases in terms of £ and percentage. We were surprised to note that the increases were applied inconsistently over the Bands with the result that our daughter, who is in Band D, will have to pay the largest increase. During the consultation meeting on the 21st January we asked what formula had been applied to derive the increases. Helen Winfield explained that the increases</p>	Band	Current charge p.w.	Planned charge from Apr14 p.w.	Increase over Current p.w. £	Increase over Current p.w. %	A	Nil	Nil	£0.00	0.0%	B	£7.66	£8.00	£0.34	4.4%	C	£17.66	£18.00	£0.34	1.9%	D	£58.25	£64.20	£5.95	10.2%	E	£68.25	£74.20	£5.95	8.7%	F	£51.10	£54.20	£3.10	6.1%	G	£71.54	£74.20	£2.66	3.7%	H	£81.54	£84.20	£2.66	3.3%	J	Full Cost	Full Cost	£0.00	0.0%
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varied in accordance with the ability of the service user to pay i.e. those who receive more benefits should pay a higher charge.

However, this rationale is flawed since:

- The ability to pay more is relative to the current difference between income and expenditure. Since all users, except those in Band J, have limited savings it follows that income and expenditure are finely balanced. So, with only a 2% increase in benefits due in April 2014 an increase of 10.2% is going to be harder to find than an increase of say 3.3%. Moreover, this increase is in addition to other increases in the pipeline due to the cuts, including extra Council Tax contribution due to reduction in Rebate and increased transport costs due to reduction (or loss) of the Ring and Ride service. So, the burden of the increase is unfairly distributed.
- The current banded charging scheme was put forward last year as taking account of the ability of service users to pay. Last year we were told that the charges in each Band were calculated to be fair. So why do you need to change the relative charges yet again?
- The increase in charge is not consistently applied in line with the stated objective.

Service users in Band C are being asked to pay a 1.9% increase which will be less than their increase in benefits. The Bands were originally designed to take affordability into account so that, in general, the higher the Band the greater the contribution made. However, the proposed increases progressively reduce above Band D. Why? The proposed increases for Bands B and C, Bands D and E, and Bands G and H are equal and yet for each pair of Bands the higher Band (Bands C, E and H) comprise those who receive DLA at the higher Rate i.e. have more income. So how can it be stated that the increases have been proposed in line with ability to pay?

Our Counter-Proposals

The simplest and fairest solution to the achievement of an above inflation increase in income to the Council is to apply the same above inflation increase in Care Charges to each Band e.g. ~6% across the board. The design of the Bands ensures that the actual extra charged will have similar affordability.

Alternatively you should, at least, modify your proposal to remove the obviously unfair discrepancy in the Band D increase. A reduction of the Band D increase to 6% or £3.50 would be a fairer and better aligned to your objective of charging more for those with higher incomes. It is expected that the small loss in income due to this reduction could be absorbed (Helen Winfield admitted at the Consultation Meeting that the proposals, if implemented, would lead to the budget target for extra income being exceeded). If so, this correction could be made without further consultation.

Our Concerns about the Consultation Process

1. We weren't consulted in a timely manner.
 - a. We received a letter on the 19th December 2013 from Sarah Norman telling us that the Consultation on the Council's Proposal to increase non-residential Adult Social Care Contributions began on 23rd October 2013. Accompanying the letter was an 'Easy to Read' version of the Consultation document only.

		<p>b. We eventually received the Consultation document on the 16th January 2014. The accompanying letter gave notice of the Consultation Meeting at Lord Street due to take place on 21st January i.e. only 5 days later.</p> <p>c. The end of Consultation is 31st January 2014 giving little opportunity to consider alternative proposals (a stated aim of the consultation)</p> <p>2. The Consultation documentation was not sent out in a form appropriate to the service user.</p> <p>a. The 'Easy to Read' version which was the only document originally provided, was not appropriate to us or our daughter not least because it is confusing. The pictures do not relate well to the text and in places the differences are misleading e.g. explaining that the deadline is 31st January alongside a picture of a calendar showing December. Short simple sentences should be used; one sentence had 60 words.</p> <p>b. We requested the official Consultation Document and a large print version. (Our daughter plus others at Pocklington are partially sighted and yet we have to make the request for large print for each consultation.) We had to chase up this request on a number of occasions before we finally received these documents on the 16th January 2014.</p> <p>3. The consultation Meeting at Lord Street was poor.</p> <p>a. The Meeting was led by Helen Winfield using a PowerPoint Presentation.</p> <p>i. The complex figures and percentages appeared to wash over the heads of the Lord Street tenants who were in attendance.</p> <p>ii. Some of the % increases given in the presentation were in fact incorrect e.g. Band D and E were said to both go up by the same % when they do not.</p> <p>iii. This approach was a step backwards from the approach used during the previous year's consultation, which did not use PowerPoint.</p> <p>b. The line taken by the Council representatives was defensive of the proposals rather than consultative. No alternatives were presented or discussed. Some answers to questions raised were in fact threatening in nature; indeed, one response to a tenant was that they had the option to leave Pocklington if they didn't like the charges.</p> <p>c. The number of officials from the Council at the Consultation Meeting was excessive, unnecessary and intimidating to the smaller number of tenants/representatives (9) in attendance. There were 8 officials from the Council (including Councillor Steve Evans) plus two managers from Pocklington. Given that this consultation was as a result of the need to make further cuts in services it was inappropriate to incur the expense in staffing costs of having so many attending. We believe that two Council representatives (a speaker plus a note-taker) would have been sufficient and would have provided a more relaxed atmosphere which would have facilitated a fruitful discussion.</p>
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Equality Analyses - Stage Two – Full Analysis (to be completed after Stage One)

What you are assessing? Increase in non-residential Adult Social Care services Contribution Rates (0055)

Step 4 – Collection and consideration of further information and data (steps 1 - 3 should have been completed in the initial analysis)

1. In Stage One, did you identify that you needed further information? If yes, what data and information would be useful?
The information used in this analysis has been gathered from: Wolverhampton in Profile; the Adult Social Care Demographic Dashboard; the Banding Information from CareFirst and the Public and Stakeholder Consultation
2. How will you obtain this data and information and who will be responsible for collecting it?
Data and information collected electronically from the sources above. Participation Officers collected and collated Consultation information.
3. Does the information gathering have to be built into the equality action plan or can the information be acquired quickly?
Information gathering completed.
4. If you have been able to gather further information, what does it tell you?
See below.

Step 5 Adverse Impact and Considering Alternatives

1. Using all the information gathered, consider what impact your proposal will have on the following groups.

	Neutral	Positive *	Adverse	Unknown
Sex Women/Men	X			
Gender Reassignment	X			
Race Asian/Black/Mixed/White/Other	X			
Disability Consider the full range of impairments			X	
Sexual orientation Lesbian/Gay Man/ Bisexual/Heterosexual	X			

Religion or belief Buddhism/Christianity/ Hinduism/Judaism/Islam/Si khism/Other/No religion	X			
Age Consider all age groups	X			
Pregnancy and Maternity	X			
Any other equality issues	X			

*Advances equality or fosters good relations

2. Have you identified an adverse impact on any group(s)?

Yes/No/Not Sure

If yes or not sure, please give details.

- There will be direct adverse equality implications for people with disabilities who are existing (or prospective) Adult Social Care chargeable non-residential service users because they are the directly affected target group, and because these proposals envisage that the majority of the target group will be expected to increase their financial contributions towards the cost of the services provided for them;
- There may be indirect adverse equality implications from the proposals affecting disabled chargeable non-residential care service users who are older people, women, or older "Asian", or "Black", because these groups may feature disproportionately highly amongst the profile of service users of chargeable Adult Social Care non-residential services;
- There will be direct positive equality implications arising from these proposals in that the corresponding Welfare Rights Service will continue to enable the Council to assist all the affected target group (including those persons with protected characteristics directly and indirectly adversely affected by the proposals to require an increased financial contribution towards the cost of their services) in maximising their incomes;
- There will be indirect positive equality implications arising from these proposals because they seek to balance the needs and interests of a relatively small number of Adult Social Care service users with the interests of the wider local population in an appropriate sharing of the responsibility for the costs of those services. By reducing the subsidy expected from the Council towards the cost of non-residential Adult Social Care and Supported Living services, the Council will be more assured of its capacity to provide the level and quality of services that vulnerable residents of Wolverhampton need without having to resource those services from a reduction in other services to, or an increase in funding by way of local taxation from, the local population at large. This will advantage the

population at large, and the population at large includes persons who also share the relevant equality characteristics.

- The proposals are unlikely to have any direct impact on any persons with any of the other relevant protected characteristics (i.e. religion or belief, sexual orientation, gender reassignment, marriage & civil partnership, or pregnancy & maternity). As there is insufficient data available to ascertain whether or not those characteristics feature disproportionately among the target group, it is not possible to conclude whether or not they may be indirectly disproportionately affected. However, there is no evidence or other reason to believe that they will be.
3. If a significant negative impact has been identified, can it be explained?
N/A
4. Could the proposal lead to **direct discrimination**?
Yes/**No**/Not Sure
Please explain.
5. Could the proposal lead to **indirect discrimination**?
Yes/**No**/Not Sure
Please explain.
6. Does or could, the proposal contribute to a specific duty in equality law?
- eliminate discrimination, harassment and victimisation
 - advance equality of opportunity between people from different groups
 - foster good relations between people from different groups.
- No**
7. If the analysis shows that the proposal is likely to have an adverse impact on some groups or could unlawfully discriminate, can you identify alternative ways of achieving the aims which will not result in an adverse impact or unlawful discrimination?
(Remember to ensure that any option that reduces adverse impact on one group does not create adverse impact on another group.)
- An adverse impact on disabled people cannot be avoided as they are the directly affected target group.**
8. If an adverse impact is unavoidable, are you satisfied that the decision to proceed can be justified, i.e.;
- it is essential in order to carry out our business;
 - there is no other way to achieve the aims;
 - **the means employed to achieve the aims of the policy are proportionate, necessary and appropriate;**
 - the benefits far outweigh any adverse effect.

Due to budgetary constraints it is necessary for Wolverhampton City Council to seek contributions service users towards the cost of their Non-residential Adult Social Care service. Where contributions are required the scheme must be administered in

accordance with 'Fairer Charging' statutory guidance. The Wolverhampton Contributions Policy is 'Fairer Charging' compliant but also seeks to mitigate against the harshest financial impact that can arise from the requirement to make financial contributions by adopting a banded contribution scheme which reduces the cost of administration; avoids individual intrusive financial questioning and helps keep contribution rates as low as possible. The 'Fairer Charging' banded contribution scheme was implemented following extensive consultation in 2002 which resulted in an overwhelming majority of service users expressing their preference for the simple banded system.

Step 6 - Formal consultation on the actual and likely impact of proposals

1. Who is directly affected by the proposal? (Groups, organisations, individuals)
Individuals who are provided with Adult Social Care non-residential services to meet their eligible assessed needs.
2. What relevant groups have a legitimate interest in the policy?
User representative groups for those individuals who are provided with Adult Social Care non-residential services to meet their eligible assessed needs.
3. How will we ensure that those affected or with a legitimate interest in the policy are consulted?
We have consulted with individuals and stakeholders affected by the proposals by post, email and in person at consultation meetings.
4. What methods of consultation will be used?
See above.
5. How will information be made available to those consulted?
In writing via a briefing document; via an 'easy to read' version of the briefing; verbally at meetings; verbally from the Consultation Response Line and electronically on the Council's website.
6. How can we ensure the information will be accessible to everyone?
See above.
7. Have previous attempts at consultation with particular groups been unsuccessful? If so, why, and what can be done to overcome any obstacles?
N/A
8. How will you report back to those you have consulted?
A Consultation Outcome Report will form part of the report to Cabinet. Notification letters will be sent to customers to advise them of the decision and how it affects them individually.

Step 7 – Re- assess proposal in light of consultation and, if appropriate, consider alternatives

1. What have you learnt from the consultation?

That the majority of people making a comment expected contributions to be increased although there was some concern expressed about the larger increase applied to Band D/E customers – those with Attendance Allowance/DLA care and an amount for severe disability.

2. Do you need to make any changes to the proposal as a result of the consultation?
No
3. If the consultation has shown that the proposal is likely to have an adverse impact on some groups or could unlawfully discriminate, can you identify alternative ways of achieving the aims which will not result in an adverse impact or unlawful discrimination? (Remember to ensure that any option that reduces adverse impact on one group does not create adverse impact on another group.)
An adverse impact on disabled people cannot be avoided as they are the directly affected target group.
4. If an adverse impact is unavoidable, are you satisfied that the decision to proceed can be justified, i.e;
 - it is essential in order to carry out our business;
 - there is no other way to achieve the aims;
 - **the means employed to achieve the aims of the policy are proportionate, necessary and appropriate;**
 - the benefits far outweigh any adverse effect.

These proposals acknowledge that they will have the adverse impacts described above, because those direct adverse impacts on people with disabilities are the unavoidable consequence of requiring increased financial contributions from people with disabilities who rely on the non-residential Adult Social Care services provided for them. Any indirect adverse impacts are the unavoidable consequence of the Council's duty to consistently apply the government's statutory "Fairer Charging" policy guidance, which does not allow for any difference of treatment between different equality groups (so that its contributions policy is "demonstrably fair as between different service users").

Nevertheless, these proposals will also have the positive equality impacts described above, including the provision of income maximisation services for all vulnerable individuals who depend on the Council's non-residential Adult Social Care services including those with the relevant protected characteristics, and will also take into account the need to balance the interests of a relatively small number of people with disabilities dependent on Council services with the interests of those people with disabilities and who share other protected characteristics but who do not depend on the same Council services.

Step 8 - Make a decision

- 1 Do you intend to adopt the proposal, and if so, will any changes be made as a result of this analysis and the available evidence collected, including consultation?
Yes, the proposal together with the Equality Analysis and the Consultation Outcome report will be submitted to Cabinet for a decision.

Step 9 – Setting equality objectives and targets

1. Please list any recommendations for action that you plan to take as a result of this equality analysis.
None
2. Who will have responsibility for the objectives and targets?
N/A
3. What are the timescales?
On-going monitoring with a review in November/December 2014.

Step 10 – Monitoring and review

1. What arrangements have you made to monitor the proposal once it is operational?
Monthly Xcelsius reports from CareFirst giving information on the breakdown by all available protected characteristics.
2. What analysis criteria will be used for monitoring the equal opportunity effects of the proposal?
The Council will continue to monitor the impact of its contributions policy on all affected service users, including those with the relevant protected characteristics. As the Council currently records and monitors data on Adult Social Care service usage only in respect of age, sex, race and disability, it is also considering ways of improving its recording and monitoring of the impact of its policies on the following protected characteristics:
 - **religion or belief;**
 - **sexual orientation;**
 - **gender reassignment;**
 - **marriage & civil partnership;**
 - **pregnancy & maternity**
3. Who will be responsible for monitoring including collecting data, producing reports and monitoring information, and deciding how targets will be revised to achieve continuous improvement?
Financial Support Services and Information Management ICT.
4. When will the proposal and the Equality Analysis be reviewed?
November/December 2014

Step 11 - Publish the results

Please complete the summary form and then send the complete Equality Analysis to the corporate Equalities function who will publish the summary on Wolverhampton City Council's website.

Officer(s) completing the analysis: Helen Winfield

Job Title: Acting Service Manager - Financial Support Services

Tel: x3353

Date: 6/2/2014

**Upon completion of this form please record the date sent to: Policy and Equalities
Manager, Polly Sharma, 6/2/2014**

Equality Analysis Summary Form

1. What is the name of the service/function/policy/procedure (proposal) you have assessed? **Increase in non-residential Adult Social Care services Contribution Rates (0055)**
2. Please give a brief description and explanation of the proposal. What needs or duties is it designed to meet? **To reduce the Council's contribution to the costs of non-residential, including Very Sheltered Housing and Supported Living, services by applying corresponding increases in individual service user contributions of between £0.34 (4.4%) and £5.95 (10.2%) from April 2014.**
3. Please explain how the proposal was assessed for its likely effects on different groups, with clear references to the information and research used. **By: using data reports generated from the Social Care electronic case recording system – CareFirst – and Wolverhampton in Profile statistics to compare the groups of people with protected characteristics in Wolverhampton generally with those receiving Adult Social Care services; by undertaking calculations to ensure that the proposed increases will comply with government guidance on 'Fairer Charging' leaving customers with at least the threshold amount of disposable income taking the amount of the proposed contribution and a reasonable amount for disability-related expenditure into account.**
4. Is there any evidence to suggest that the proposal could affect some groups of people differently? Is there an adverse impact? What are the reasons for this adverse impact? **There will be direct adverse equality implications for people with disabilities who are existing (or prospective) Adult Social Care chargeable non-residential service users because they are the directly affected target group, and because these proposals envisage that the majority of the target group will be expected to increase their financial contributions towards the cost of the services provided for them.**
5. If the service, function, policy or procedure does have an adverse impact, can that impact be justified? **These proposals acknowledge that they will have the adverse impacts described above, because those direct adverse impacts on people with disabilities are the unavoidable consequence of requiring increased financial contributions from people with disabilities who rely on the non-residential Adult Social Care services provided for them. Any indirect adverse impacts are the unavoidable consequence of the Council's duty to consistently apply the government's statutory "Fairer Charging" policy guidance, which does not allow for any difference of treatment between different equality groups (so that its contributions policy is "demonstrably fair as between different service users").**
6. If the impact cannot be justified, how do you intend to deal with it? **N/A**

Give a brief description of the consultation methods used (if appropriate), and a summary of the overall findings. **In writing via a briefing document; via an 'easy to read' version of the briefing; verbally at meetings; verbally from the Consultation Response Line and electronically on the Council's website. The majority of people making a comment expected contributions to be increased although there was**

some concern expressed about the larger increase applied to Band D/E customers – those with Attendance Allowance/DLA care and an amount for severe disability.

What conclusions were reached through the analysis and consultation as to the likely ability of the proposal to meet each part of the equality duty? **We have consciously considered the need to eliminate discrimination, advance equality of opportunity and foster good relations between different groups of people however; an adverse impact on disabled people cannot be avoided by this proposal as they are the directly affected target group.**

Due to budgetary constraints it is necessary for Wolverhampton City Council to seek contributions service users towards the cost of their Non-residential Adult Social Care service. Where contributions are required the scheme must be administered in accordance with 'Fairer Charging' statutory guidance. The Wolverhampton Contributions Policy is 'Fairer Charging' compliant but also seeks to mitigate against the harshest financial impact that can arise from the requirement to make financial contributions by adopting a banded contribution scheme which reduces the cost of administration; avoids individual intrusive financial questioning and helps keep contribution rates as low as possible. The 'Fairer Charging' banded contribution scheme was implemented following extensive consultation in 2002 which resulted in an overwhelming majority of service users expressing their preference for the simple banded system.

7. Were any modifications to the proposal introduced as a result of the analysis and consultation? **No**
8. Please explain of whether and how the adopted proposal differs from the original proposal. **N/A**
9. What equality actions have you identified? **None**
10. What plans do you have for monitoring the proposal when it is put into effect? **The Council will continue to monitor the impact of its contributions policy on all affected service users, including those with the relevant protected characteristics. As the Council currently records and monitors data on Adult Social Care service usage only in respect of age, sex, race and disability, it is also considering ways of improving its recording and monitoring of the impact of its policies on the following protected characteristics: religion or belief; sexual orientation; gender reassignment; marriage & civil partnership; pregnancy and maternity.**

Signature of the lead officer undertaking the analysis:

Full name: **Helen Winfield**

Position: **Acting Service Manager – Financial Support Services**

Dated: **6/2/2014**



Cabinet Meeting

25 February 2014

Report title	Community Infrastructure Levy Update	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Peter Bilson Economic Regeneration and Prosperity	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All	
Accountable director	Tim Johnson, Education and Enterprise	
Originating service	Planning	
Accountable employee(s)	Michèle Ross	Senior Planning Officer
	Tel	01902 554038
	Email	Michele.ross@wolverhampton.gov.uk
Report to be/has been considered by	None	

Recommendation(s) for action or decision:

1. That the Council not pursue the introduction of a Community Infrastructure Levy (CIL) for Wolverhampton at the present time.
2. That, unless there is a significant change in circumstances beforehand, the Council's position regarding CIL be reviewed again in 2016.

1.0 Purpose

- 1.1 To set out a consideration of the costs and benefits of implementing a Community Infrastructure Levy (CIL) in Wolverhampton, in light of current market conditions and up-to-date viability evidence prepared to support Area Action Plans and Neighbourhood Plans, and to recommend a way forward.

2.0 Background

- 2.1 Cabinet of 24 March 2010 received a report on the introduction of the Community Infrastructure Levy (CIL) Regulations and requested a further report to consider Wolverhampton's position. CIL is a standard charge which local planning authorities are empowered, but not required, to charge on many types of new development to pay for a range of infrastructure. CIL charges are based on formulae linking the size of the charge to the floorspace, type and location of development. Planning obligations secured through Section 106 agreements can still be used to provide affordable housing and site specific infrastructure required to mitigate the direct impacts of a development, such as highway works and local training and recruitment.
- 2.2 On 25 July 2012, Cabinet decided that, given the high estimated cost of implementing CIL and the low level of anticipated revenue, the Council should not pursue the introduction of a CIL for Wolverhampton at the current time. As the development market was recovering from an unprecedented dip in land values, it was recommended that this position should be reviewed in 2013 in the light of up-to-date market evidence. This report reviews the position on CIL, as requested by Cabinet.

3.0 Implications for Wolverhampton

- 3.1 The Council has a well-established framework for planning obligations as set out in the adopted Unitary Development Plan (UDP) and relevant Supplementary Planning Documents. The approach taken by the Council to planning obligations is consistent with the National Planning Policy Framework and the CIL Regulations, and also allows flexibility based on scheme viability and encourages early commencement of schemes. Policy DEL1: Infrastructure Provision of the Black Country Core Strategy refers to the use of CIL as one of a number of potential mechanisms to secure new infrastructure alongside planning obligations or other relevant funding streams.
- 3.2 In the long term CIL could offer an opportunity to broaden the scope of developer contributions secured in Wolverhampton. No strategic infrastructure is required to support development allocations in the Bilston Corridor and Stafford Road Area Action Plans (AAPs) (now at examination stage) and the Neighbourhood Plans (at an advanced stage), which could be funded by CIL. However, CIL could provide the opportunity to part fund infrastructure to support development in the city centre, where an AAP is at an early stage of development.

3.3 Crucially, given the current economic climate, funding infrastructure through CIL is limited by viability. It is important to ensure that the Council does not adopt a CIL which deters new investment in the city because the same development in a neighbouring area would be less expensive. Changes to the CIL Regulations due to be brought in by February 2014 will put more emphasis on viability as a consideration when setting CIL charges.

4.0 Costs and Benefits of Implementing CIL in Wolverhampton

4.1 The previous Cabinet report detailed the estimated costs of implementing a CIL in Wolverhampton and the revenue which could be generated from housing development. The majority of housing growth in the City up to 2026 will be on sites with planning permission where CIL cannot now be charged and on sites in lower housing value areas with constraints, where it would not be viable to charge CIL. Viability studies carried out during 2013 to assess the deliverability of proposals in the Stafford Road and Bilston Corridor AAP areas and the Heathfield Neighbourhood Plan area support this conclusion. These studies conclude that securing the full 25% affordable housing requirement on larger housing developments will often not be viable. As affordable housing is a Council priority and the most expensive obligation placed on housing development, this is a clear indication that CIL would not be viable in these areas.

4.2 There is some potential to charge CIL on the very limited number of housing developments which take place in higher housing value areas in the west of the city. A viability study carried out in 2013 on the draft Tettenhall Neighbourhood Plan proposals showed that, on a sample of sites, not all of these could viably provide policy compliant schemes. However, the Plan does not allocate any sites of over ten homes, and the sites expected to come forward in the west of the city are generally small, with no affordable housing or other planning requirements. If historic trends (of approx. 20 new homes each year) were to continue, and a standard residential CIL charge of £70 per sqm were adopted (as proposed in similar parts of neighbouring areas), housing in the west of the City would generate a revenue of £112,000 each year.

4.3 If Wolverhampton started work on a CIL in 2014 it would be adopted in late 2016 and revenues would start to be collected in late 2018. The estimated staff and budget costs up to March 2020 would total £250,000 (based on £75,000 set up costs and 3.5 years administration costs at £50,000 per year). The estimated revenue over this period would total £168,000 (based on 1.5 years income). This represents an overall cost to the Council of £82,000 up to 2020. It is likely that a small net revenue would be generated each year after 2020.

5.0 Recommended Way Forward

5.1 Given the high estimated cost of implementing CIL and the low level of anticipated revenue, it is recommended that the Council should not pursue the introduction of a Community Infrastructure Levy (CIL) for Wolverhampton at the present time. As the development market is currently recovering from an unprecedented dip in land values, it is recommended that this position should be reviewed in 2016 in the light of up-to-date market evidence, unless there is a significant change in circumstances beforehand.

6.0 Financial Implications

- 6.1 At present, the introduction of a CIL scheme is unlikely to be cost effective for Wolverhampton City Council, given the low likely revenues from the scheme up to 2020. Based on current information, it is likely that the Council would have to subsidise the scheme to a value of around £82,000 in total up to this date and any annual surpluses beyond this point are currently forecast to be small.
- 6.2 CIL is only one of many strategic options (such as Business Rate Supplements, Tax Increment Financing and Enterprise Zones) available to the Council to fund long term investment in infrastructure to support development. CIL will therefore be carefully considered alongside these other options. [RT/04022014/A]

7.0 Legal Implications

- 7.1 The existing planning obligations system is covered by Section 106 of the Town and Country Planning Act 1990 as amended. The policy basis is now set out in paragraphs 203 to 206 of the National Planning Policy Framework. The legislative basis for CIL is contained in Part 11 of the Planning Act 2008 as amended by the Localism Act 2011, and the Community Infrastructure Levy Regulations 2010 as amended. [LD/04022014/A]

8.0 Equalities Implications

- 8.1 A screening has been carried out for equalities implications and this concluded that a full Equality Analysis was not required for the recommendations of this report, as they do not involve a change to Council services, functions, policies or procedures.

9.0 Environmental Implications

- 9.1 There are no direct environmental implications arising from this report.

10.0 Schedule of Background Papers

1. Community Infrastructure Levy Regulations 2010
2. Community Infrastructure Levy Regulations - Report to Cabinet 24 March 2010
3. Community Infrastructure Levy (CIL) – Report to Cabinet 25 July 2012



Cabinet Meeting

25 February 2014

Report title	i54 Management Company	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Peter Bilson Economic Regeneration and Prosperity	
Key decision	No	
In forward plan	No	
Wards affected	Bushbury North	
Accountable director	Tim Johnson, Education and Enterprise	
Originating service	Regeneration	
Accountable employee(s)	Robert Baldwin	Head of Service, Legal Services
	Tel	01902 554962
	Email	Robert.baldwin@wolverhampton.gov.uk
Report to be/has been considered by	NONE	

Recommendation(s) for action or decision:

The Cabinet is recommended to:

Approve the appointment of Nicholas Peter Edwards, Assistant Director for Regeneration as a Director to the Board of i54 Management Company and indemnify the employee in his role within the Company

1.0 Purpose

- 1.1 To appoint a further Director to the Board of i54 Management Company Limited.

2.0 Background

- 2.1 The development of i54 through a Joint Venture arrangement between this Council and Staffordshire County Council necessitates the establishment of a management company to manage the site once occupation commences. The i54 Management Company (“the Company”) was established on 26 July 2012 following approval by the Cabinet (Resources) Panel on 26 July 2011 as part of the approval process for the sale of land at i54. It is a company limited by shares with this Council and Staffordshire County Council as the only holder of the issued ordinary shares.
- 2.2 The Company is charged to manage, maintain and administer the common parts of the i54 Estate. It is intended to recover the costs of such maintenance and administration from the individual owners of the plots forming part of the Estate and once all plots have been disposed of to transfer shares in the Company to representatives of the individual plot owners and to appoint directors from the plot owners. The Company is currently administered by Bulleys, Chartered Surveyors on behalf of both Councils and is overseen by a Board of Directors, one Director from each Council.
- 2.3 The Company has so far appointed the following directors:

Mr Steven Patrick Burrows of Staffordshire County Council

Mr Frederick Charles Green of this Council who following his retirement from the Council in March 2013 resigned as a director of the Company on 28 March 2013.
- 2.4 Mr Nicholas Peter Edwards as the Assistant Director for Regeneration has been requested to act as a director of the Company in place of Charles Green to ensure this Council has a Director on the Board.

3.0 Options

- 3.1 The Council could determine to not appoint the individual listed in the report. The current director of the company would then have to act alone in contravention of the articles of the Company.
- 3.2 Directors and Public Liability insurance has been obtained on behalf of the Company in respect of the activities of the Company and the lawful actions of the Directors in connection with the Company.

4.0 Financial implications

- 4.1 The annual insurance cost of indemnifying the Assistant Director for Regeneration will be absorbed by the Management Company and recovered as an administration cost (as referred to in 2.2 above). As a result of this, a proportion of the insurance cost will be

apportioned to void plots and met equally by Staffordshire and Wolverhampton until all plots are occupied. The impact on Wolverhampton City Council's budget will, however, be minimal (typically less than £500 per annum) and will be met within existing Regeneration resources. [RT/14022014/W]

5.0 Legal implications

- 5.1 It is a requirement of the Company's articles that the Council appoints a Director. In addition Article 6.8 of the Council's constitution reserves to the Council the appointment of representatives to outside bodies unless the appointment has been delegated by the Full Council. This authority is now delegated to Cabinet.
- 5.2 By virtue of the Local Government Act 2000 and the Local Authorities (Indemnities for Members and Officers) Order 2004 the Council are permitted to provide an indemnity where a Councillor or an employee acts as a director of a company at the request of the Council and therefore is acting in his capacity as a director. RB/14022014/A

6.0 Equalities implications

- 6.1 There are no equalities implications arising from this appointment.

7.0 Environmental implications

- 7.1 There are no environmental implications arising from this appointment.

8.0 Human resources implications

- 8.1 This will only be relevant for some reports but will be significant in those cases.

9.0 Schedule of background papers

Cabinet (Resources) Panel 26 July 2011-Inward Investment i54



Cabinet

25 February 2014

Report title	Budget 2014/2015 – outcome of consultation	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Andrew Johnson Resources	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All	
Accountable director	Keith Ireland, Delivery	
Originating service	Finance	
Accountable employee(s)	Mark Taylor Tel Email	Mark Taylor 01902 556609 mark.taylor@wolverhampton.gov.uk
Report to be/has been considered by	Delivery Directorate Leadership Team	28 January 2014
	Strategic Executive Board	30 January 2014
	Budget Working Party	3 February 2014
	Strategic Executive Board	6 February 2014
	Cabinet Resources Panel	11 February 2014

Recommendation(s) for action or decision:

Cabinet is recommended to:

1. Consider the responses to the consultation undertaken for the Five Year Budget and Medium Term Financial Strategy 2014/2015 to 2018/19 as detailed in this report.
2. Agree the initial response of Cabinet to the consultation taking into account the final budget Cabinet will recommend to Council for approval on 5 March 2014

Recommendations for noting:

Cabinet Panel is asked to note:

1. The final response will also be fed back to those that participated in the consultation.

1.0 Purpose

- 1.1 This report sets to inform Cabinet about the consultation process undertaken to apprise the 2014/2015 budget-setting decisions, allowing for Councillors' consideration and approval of the initial responses to the consultation.
- 1.2 The final response to the consultation will be taken into account in the final budget that Cabinet recommends to Council to approve on 4 March 2014. The final response will also be fed back to those that participated in the consultation.

2.0 Background

- 2.1 The Council's budget consultation took place from October 2013 to January 2014 in order to inform the budget-setting decisions for 2014/2015. All of the consultation and analysis was conducted in-house and this was a major factor in keeping the cost of delivery to a minimum.
- 2.2 The process was comprised of:
- A City Direct telephone hotline;
 - An invitation to submit comments in writing;
 - An online survey for the public and staff;
 - Workshops with communities of interest representing the equalities strands; and
 - Stakeholder meetings with
 - The business community
 - Trades unions
 - Private sector landlords
 - Registered social landlords
 - Voluntary and Community Sector organisations
 - Local Neighbourhood Partnerships
 - The Youth Council
- 2.3 The consultation was branded as 'Facing Reality' and the Council's Communications Team provided support to:
- set up a Facing Reality web page hosted on the corporate website;
 - produce and publish the Council's inaugural Financial Plan
 - produce and publish (in print and electronic format) an easy read guide to the budget proposals;
 - develop Facebook advertising that sign posted the public to the consultation (in particular a web-based survey); and
 - real time responses to a live Twitter feed focusing on the budget proposals.
- 2.5 The Facing Reality campaign was publicised in the Express and Star newspaper. The Cabinet Member for Resources was also interviewed by Radio WM.

- 2.6 A fully sponsored specially commissioned financial plan document setting out the Council's financial circumstances was used to reiterate the message within the Facing Reality campaign. The financial plan was published on the Council's website and was available to everyone that attended a stakeholder or community meeting throughout the consultation period.
- 2.7 An easy read guide to the budget proposals was also produced to accompany the detailed budget proposals published in the 23 October Cabinet Report. The easy read guide was published on the Council's website and was available on request and was also used as reference material for everyone that attended a stakeholder or community meeting throughout the consultation period.
- 2.8 Appropriate Cabinet members, Directors, Assistant Directors and in some instances, Heads of Service, attended stakeholder meetings in order to support the process and answer any relevant questions. A full and accurate record of all stakeholder meetings was kept by a Democratic Support Officer.

3.0 Discussion: executive summary of key findings

- 3.1 60% of the respondents to the online survey stated that they would be prepared to pay more council tax if that reduced the level of cuts to that service. Of those
- 19.5% indicated that they would be prepared to pay more than 5% extra;
 - just over 22% would be prepared to pay 5% extra;
 - 6.6% would pay 4% more;
 - 16% would pay an additional 3%;
 - 25% would pay an extra 2%; and
 - 10.5% would pay 1% more.
- 3.3 Future Consultations
The scale of the council's financial challenge means that the council is now in a position where a minimum of £5 million will be found from a combination of new savings and increases in the value of the existing proposals for 2014/2015. Any new savings identified will be consulted upon individually.
- 3.4 There is evidence to suggest that there is some support for the following proposals:
- Reduce street lighting maintenance;
 - Fees and charges review – bereavement services;
 - Cessation of winter garden waste 'green bin' collection service;
 - Reduce number of councillors;
 - Review of the use of organists Bushbury Crematorium;
 - Removal of council subsidy for the operation at the bar at Aldersley Leisure Village;
 - Reduction in the Christmas decoration lighting and maintenance budget;
 - Review the function and extent of the Mayoral Office; and
 - Improve collection rate for Council Tax.

3.5 A comprehensive summary of the consultation findings can be found at Appendix i.

4. Key Findings

The main proposals that respondents commented upon were:

4.1 Replacing Local Neighbourhood Partnership with Community Economic Regeneration Stage 1 and 2

Respondents were concerned about how the council would consult effectively without the LNP staff and about the economic impact of this proposal as the staff have been effective at supporting communities in securing external funding.

4.2 Reduction in Voluntary Sector Grant

Organisations argued that the reduction in grant funding to the sector quoted in the council documentation (13%) is misleading as it includes commissioned activity. They believe reductions in grant funding will undermine the ability of the sector to win contracts and support vulnerable people. The sector underlined its importance in attracting external funding to the city.

4.3 Removal of Council Subsidy for Central Baths

Respondents thought that this proposal would have implications for the health of residents. They were also concerned that residents would not be able to access alternative facilities and that the proposal may have a disproportionate effect on some groups such as Asian women and disabled people.

41 (just over 7.5%) of respondents to the online survey said that this proposal would have an impact on them. 6095 people have signed a petition to save Central Baths

4.4 Reduction to overall council subsidy of Cultural Services including the Art Gallery

As well as being an important resource for communities, some respondents felt that these services could also play an important part in the regeneration of the city, attracting visitors and offering training and employment opportunities. 38 respondents to the online survey (just over 7%) said that this proposal would have an impact on them, with a further 32 saying that the proposal on Bantock House would impact upon them. 37 people indicated that they would be prepared to pay higher fees and charges if that protected this service.

4.5 Reduction in library opening hours and introducing charges for internet use.

Respondents were concerned that this proposal would have the greatest impact on the most disadvantaged people, particularly people who will shortly be required to make benefits claims online, job seekers (both of whom might require more than an hour to complete online forms) and those people for whom the libraries might be their main recreational outlet. 43 respondents to the online survey (just over 8%) said that this proposal would have an impact upon them and 20 (3.7%) indicated that they would be prepared to pay higher fees and charges if that protected this service.

4.6 Reduction in the Neighbourhood Wardens Service

Participants were concerned that if the catchment area was increased for the wardens, their effectiveness would reduce. Local residents felt that the wardens provided good public reassurance and had had an effect on crime in neighbourhoods. 34 respondents to the online survey (6%) said that this proposal would have an impact on them.

4.7 Reduce the number of Councillors

There was broad support for this proposal. 37 people (6.8%) who took part in the online survey were strongly in favour of this proposal with 28 saying that this proposal would have little or no impact upon them.

4.8 Reconfiguration of Youth Services, centred on Youth Zone and targeted youth support

Respondents were concerned about the practical difficulties, safety aspects and travel costs for young people accessing the Youth Zone. They also saw the potential for violence between young people from different geographical areas and were worried that the decrease in neighbourhood youth services would see a rise in anti-social behaviour in localities. 21 respondents to the online survey (3.9%) said that this proposal would have an impact upon them.

4.9 General comments unrelated to specific savings proposals

The online survey showed that the majority of people (just over 86%) agreed with the principle that the council should focus its resources on regeneration, protecting essential services and job creation. Participants were concerned about the impact of the savings on the most vulnerable and that the savings might have unintended outcomes particularly related to the economy and acute health and social care services. Some respondents questioned whether some of the proposals under the 'efficiencies' heading were in fact a reduction in services rather than efficiencies.

4.10 Respondents were interested in the council's overall approach to the budget challenge. Some participants felt that the council's back office costs and duplication could be reduced still further and that partnering arrangements with other local authorities should be considered. A partnership approach to addressing the challenges that the city faces was advocated by many and it was felt that the community had an important part to play in this.

4.11 Many participants would like to see an increased focus on prevention, which they said would ultimately save money, and felt that the council's stated commitment to this area was not reflected in the savings proposals themselves. Some groups raised concerns about their ability to comment meaningfully on the proposals based on the information the council provided.

4.12 Several savings ideas were suggested by participants. These varied from the council taking a more strategic approach to attracting external funding on behalf of the city to turning off street lights after a certain time at night or obtaining commercial sponsorship for flower beds.

- 4.13 A number of suggestions were made for saving money on staffing costs, particularly through the online survey. This included changing terms and conditions, reducing staffing hours, reducing the number of consultants in the council, capping or reducing salaries (with some advocating that this should be set above a certain salary level) and working from home.

5.0 Initial response from cabinet

- 5.1 The Cabinet would like to thank all participants in the consultation process and to pay tribute to the serious and constructive approach adopted. The Cabinet would also like to thank those participants who would be prepared to assist the Council by volunteering to assist within their communities or by offering to work with the Council to find alternative ways of saving money to prevent service cuts.

5.2 Replacing LNP with Community Economic Regeneration Stage 1 and 2

The Cabinet proposes to retain an earmarked fund designed to enable existing LNPs to put in place arrangements to continue working with their communities and to bid for external funding. The Council's Community Engagement Officer will be transferred to the service, as will be the remaining Voluntary Community Sector Engagement officer. Both of these officers will work with local grassroots organisations and the voluntary community sector to ensure that there is engagement with people who are more difficult to reach.

5.3 Reduction to overall council subsidy of Cultural Services including the Art Gallery

The Cabinet wishes the Art Gallery, Archives, Bantock House and Bilston Craft Gallery to become commercially viable under new business models designed to maximise revenue income and reduce the Council's subsidy. Where appropriate we will work with partner organisations to achieve this.

5.4 Reduction in the Neighbourhood Warden Service

The Cabinet notes that with reduced Council resources it will be important to work in close partnership with the police, who will be increasing the number of PCSOs in Wolverhampton. To ensure the remaining wardens are employed effectively, alongside PCSOs, the Council's Community Safety Team have been co-located at Bilston Street Police Station, and the Anti-Social Behaviour Unit at a Wolverhampton Homes site. It is also proposed in response to serious concerns in the consultation to give consideration to reinstate a number of warden posts which would require additional resources be built into the budget.

5.5 Reconfiguration of Youth Services, centred on Youth Zone and targeted youth support

The Cabinet is extremely sympathetic to the concerns expressed in the consultation regarding the closure of all open access youth facilities. We have left in the budget a sum of money available to reprovide some facilities through voluntary sector and community sector organisations. Further, the Council will be continuing to support some targeted work with young people within the own communities. Cabinet will give further consideration to the concerns raised about the practical difficulties, safety aspects and travel costs for young people accessing the Youth Zone.

5.6 Focus on Regeneration

Cabinet will continue to support regeneration work by using capital resources available to the Council either through government grant, government supported borrowing, capital receipts or prudential borrowing. There will be continued focus on the regeneration of the City Centre; the Junction 2 area including i54 and the Enterprise Zone as well as a focus on ensuring a supply of quality housing and employment land across the City. This is resulting in increased investment, new homes and employment opportunities for local people as well as increased business rates revenues and new homes bonus grant. Cabinet will have due regard to the revenue implications of any new prudential borrowing which supports further regeneration.

5.7 Job Creation

Cabinet will continue to support new jobs and training opportunities across the City. We are working directly with the businesses creating jobs to understand their needs and then developing approaches with our key partners including the College, University and Job Centre Plus to ensure local people get the appropriate support/training to access the jobs.

5.8 Reduction in Voluntary Sector Grant

The Cabinet notes concerns raised regarding reduction in Voluntary Sector Grant. Across the Council financial support to the voluntary sector remains considerable and where ever possible these changes have been made in a way that minimises the loss of external funding. The Council also has at its disposal a small earmarked "innovate to save" budget which is designed to create efficiencies and reduce costs in the Voluntary Sector. However due to recent concerns expressed regarding the impact of the cuts in community language teaching previously consulted upon it may be necessary to reserve some of this fund to be used as seed money for alternative provision of mother tongue teaching should sufficient resources not be available through existing approved budgets.

5.9 Reduce the number of Councillors

The Cabinet notes the feedback in relation to this proposal and will continue to consider it further.

5.10 Removal of Council Subsidy for Central Baths

Cabinet notes that there is a new commercial operating model being developed which is intended to move all Leisure Centres, including Central Baths to a more commercial footing. The new management team are developing a business model for the delivery of the service that will presented to Cabinet (Resources) Panel on 11 March 2014 for approval. The Cabinet's aspiration is that overall Leisure Centres won't require any subsidy and the Council is therefore looking for ways for the three sites together to at least break even as soon as is commercially possible.

5.11 Reduction in library opening hours and introducing charges for internet use.

Cabinet notes that the move of Libraries into community hubs will mean that many libraries will continue to be open for book borrowing and return and computer use even when staff are not present. In addition efforts are being made to develop network of volunteers to provide support to community libraries which may support extension to their opening hours

5.12 Other General Comments

Cabinet welcomes the wish of participants to see an increased focus on prevention to ultimately save money. The Council has, for example, invested resources in a new operating model in Children's Services which will ultimately produce cost savings as well as an improved Children's Service. However our ability to make additional investment in preventative measures is constrained by the lack of resources available to the Council. Cabinet will continue to seek savings in administration costs and by seeking partnership arrangements with other public, voluntary or private sector bodies. All other savings ideas suggested by participants will be given serious consideration.

6.0 Financial implications

- 6.1 Should any changes be made to the Draft five Year Budget and Medium Term Financial Strategy 2014/15 to 2018/19 as a result of the findings of the budget consultation exercise resulting in an increased net budget requirement, for example additional budget growth or the withdrawal of savings proposals, new savings proposals of an equivalent value will have to be urgently identified to address the projected budget deficit.

[NA/22012014/V]

7.0 Legal implications

- 7.1 Sections 32 and 33 of the Local Government Finance Act 1992 imposes a duty on local authorities to calculate their budget requirements and set the Council Tax for each financial year. These provisions are subject to amendment following the Localism Act 2011 which replaces these provisions with a new Section 31A and 31B, under which authorities will no longer be under a duty to calculate their budget requirement for the year, but will be under a duty to calculate a Council Tax requirement. The aim is to make local authority calculations (which must be in accordance with the 1992 Act otherwise the Council Tax setting will be void) simpler and to avoid the need for regulations each financial year.
- 7.2 Part Two of the Local Government Act 2003 also imposes a series of duties and powers to give statutory support to important aspects of financial good practice. This includes provisions in respect of the requirement for the Chief Financial Officer to report on the robustness of the estimates including the adequacy of the reserves.
- 7.3 Cabinet is required to agree a budget proposal to recommend to Full Council.

- 7.4 The Council is obliged to set its council tax by the statutory deadline of 10 March 2014.

7.5 The Council is required to consult on its draft council plan and budget.

[RB/24012014/K]

8.0 Equalities implications

8.1 The Council has a statutory duty to consult upon the impact of the way it carries out its business and the resulting effect on different groups of people within the community. This is designed to help the Council identify the particular needs of different groups and reduce the likelihood of discrimination, the eight relevant protected characteristics in this regard are:

- Age;
- Gender reassignment;
- Disability;
- Pregnancy and Maternity;
- Religion or Belief;
- Sexual Orientation;
- Race; and
- Sex

8.2 The preparation of the budget involves the allocation of resources for the provision of the Council's services and therefore has potential implications for the achievement of the Council's equal opportunities policies.

8.3 All savings proposals have assumed an Equality Assessment prior to approval.

8.4 As part of the budget consultation process, workshops were conducted with groups defined as having 'protected characteristics' in the Equalities Act (outlined in section 7.1). The purpose of this exercise was to determine if any of the savings proposals would have a disproportionate effect on any of the groups.

9.0 Environmental implications

9.1 Individual proposals include details of potential environmental implications.

10.0 Human resources implications

10.1 Individual proposals include details of the potential human resources implications.

11.0 Schedule of background papers

11.1 Draft Budget Strategy 2014/2015 and Medium Term Financial Strategy, reported to Cabinet on:

- 26 February 2013;
- 24 July 2013; and
- 23 October 2013

11.2 Budget Review – Five Year Budget and Medium Term Financial Strategy 2014/15 to 2018/19, reported to Scrutiny Board on 17 December 2013

Summary report on the outcome of budget consultation for the period 2014 to 2019

Introduction

1. Background

- 1.1 Owing to a combination of rising costs in providing services, increased demand for services and cuts in the council's main source of funding - Government Revenue Support Grants - Wolverhampton City Council is facing a projected budget deficit of £30.8 million over the financial year in 2014/2015. The ever-widening gap between rising costs and falling incomes has been described nationally as the 'jaws of doom' and this scenario is also affecting Wolverhampton. In response the Council has already identified savings proposals of £14.4 million, in addition to the £100m already saved. It still needs to address a projected shortfall of over £20 million. The challenge could be as large as £123 m by 2018/19 if no action is taken.
- 1.2 The majority of the council's revenue income comes from Central Government revenue support grants. The Government grants will have reduced by 52%¹ since 2011/2012 following the 2010 Spending Review so the council automatically faces a budget shortfall. There is nothing within the council's control that could have been done to prevent this.
- 1.3 Neither can it control inflation or rising energy, food and fuel prices which eat further into its budgets every year. At the same time, low interest rates mean that the council isn't earning as much from its investments as it once did, while the economic downturn has had a negative effect on its income from fees and charges.
- 1.4 These challenges are coupled with local pressures on the budget, for example increased cost pressures created from looked after children, pension fund strain and the Primary School Expansion Programme. All these things together have caused the projected budget deficit that the council faces.
- 1.5 Wolverhampton City Council is committed to involving its citizens in contributing to the important decisions it has to make. In October it published its Draft Budget Strategy 2014/15 and Medium Term Financial Strategy. This document contained savings proposals totalling £64.4 m.

2. Methodology

- 2.1 Between 29 October 2013 and 24 January 2014, Wolverhampton City Council undertook and made available a range of consultation mechanisms to gather views on the proposed budget cuts; these included both quantitative and qualitative methodologies.
- 2.2 **Consultation sources: Qualitative**
The following is a summary of the participants in the twenty one stakeholder and community group meetings, plus details of other groups and interested parties that provided their views and opinions.
- 2.3 Stakeholder engagement meetings x 9

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- ◆ The council also received a petition

2.6 **Consultation sources: Quantitative**

The council made an online survey available to residents and staff for the duration of the consultation.

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In line with best practice issued by Government (The Government's Consultation Principles July 2012), the consultation particularly focused on involving the range of stakeholders affected by the proposals, as well as enabling the general public to comment through the dedicated telephone hotline, an online survey and public meetings in each constituency. The findings from the stakeholder meetings, community group meetings and other qualitative correspondence, is by its very nature, indicative only and not necessarily representative of the wider population.

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It is recognised that the public, community groups and key stakeholders are not always aware of the budgetary constraints that local authorities operate under. For example, there is little awareness or understanding of the difference between capital and revenue budgets, controllable and non-controllable expenditure, nor distinctions made between statutory and discretionary spend. This document does not attempt to unpick this, but simply reports the views of the various consultees in their broadest perspective.

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Executive Summary and conclusions

3. This document summarises the key findings from a range of consultation exercises run by Wolverhampton City Council on its budget proposals for 2014/15 – 2020/21. It includes an analysis of 20 qualitative presentations and meetings with key stakeholder and community groups designed to gather views and opinions on 165 specific savings proposals. It also includes an analysis of letters, emails and petitions sent in by interested parties, the outline findings from two online quantitative surveys undertaken, data gathered through social media and telephone calls made to a designated hotline.

3.1 Consultation sources

Nine stakeholder engagement meetings held with Trade Unions, Local Neighbourhood Partnerships (x 4), Social Landlords and Private Landlords, Youth Council, Business Community and the Third Sector Partnership.

3.2 Eleven community group meetings held with One Voice (an organisation run by and for disabled people), Black and Minority Ethnic (BME) Third Sector groups, Carers Forum, Deaf people, The Interfaith and Regeneration Network representing faith Communities, Gender Matters (an organisation representing Transgender and Transsexual people), the Lesbian, Gay, Bisexual and Transgender (LGBT) Network, Voice for Parents, the Over 50's Forum, Experts by Experience and Women of Wolverhampton (WOW) group.

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3.4 In addition the council ran a bespoke telephone hotline and two online consultations, one for staff and one for the public.

4. Key Findings

The main proposals that respondents commented upon were:

4.1 Replacing Local Neighbourhood Partnership with Community Economic Regeneration Stage 1 and 2

Respondents were concerned about how the council would consult effectively without the LNP staff and about the economic impact of this proposal as the staff have been effective at supporting communities in securing external funding.

4.2 Reduction in Voluntary Sector Grant

Organisations argued that the reduction in grant funding to the sector quoted in the council documentation (13%) is misleading as it includes commissioned activity. They believe reductions in grant funding will undermine the ability of the sector to win contracts and support vulnerable people. The sector underlined its importance in attracting external funding to the city.

4.3 Removal of Council Subsidy for Central Baths

Respondents thought that this proposal would have implications for the health of residents. They were also concerned that residents would not be able to access alternative facilities and that the proposal may have a disproportionate effect on some groups such as Asian women and disabled people. 41 respondents to the online survey said that this proposal would have an impact on them

4.4 Reduction to overall council subsidy of Cultural Services including the Art Gallery

As well as being an important resource for communities, some respondents felt that they could also play an important part in the regeneration of the city, attracting visitors and offering training and employment opportunities. 38 respondents to the online survey said that this proposal would have an impact on them, with a further 32 saying that the proposal on Bantock House would impact upon them. 37 people indicated that they would be prepared to pay higher fees and charges if that protected this service.

4.5 Reduction in library opening hours and introducing charges for internet use.

Respondents were concerned that this proposal would have the greatest impact on the most disadvantaged people, particularly people who will shortly be required to make benefits claims online, job seekers (both of whom might require more than an hour to complete online forms) and those people for whom the libraries might be their main recreational outlet. 43 respondents to the online survey said that this proposal would have an impact upon them and 20 indicated that they would be prepared to pay higher fees and charges if that protected this service.

4.6 Reduction in the Neighbourhood Wardens Service

Participants were concerned that if the catchment area was increased for the wardens, their effectiveness would reduce. Local residents felt that the wardens provided good public reassurance and had had an effect on crime in neighbourhoods. 34 respondents to the online survey said that this proposal would have an impact on them.

4.7 Reduce the number of Councillors

There was broad support for this proposal. 37 people who took part in the online survey were strongly in favour of this proposal with 28 saying that this proposal would have little or no impact upon them.

4.8 Reconfiguration of Youth Services, centred on Youth Zone and targeted youth support

Respondents were concerned about the practical difficulties, safety aspects and travel costs for young people accessing the Youth Zone. They also saw the potential for violence between young people from different geographical areas and were worried that the decrease in neighbourhood youth services would see a rise in anti-social behaviour in localities. 21 respondents to the online survey said that this proposal would have an impact upon them.

4.9 General comments unrelated to specific savings proposals

The online survey showed that the majority of people (just over 86%) were in agreement with the principle that the council should focus its resources on

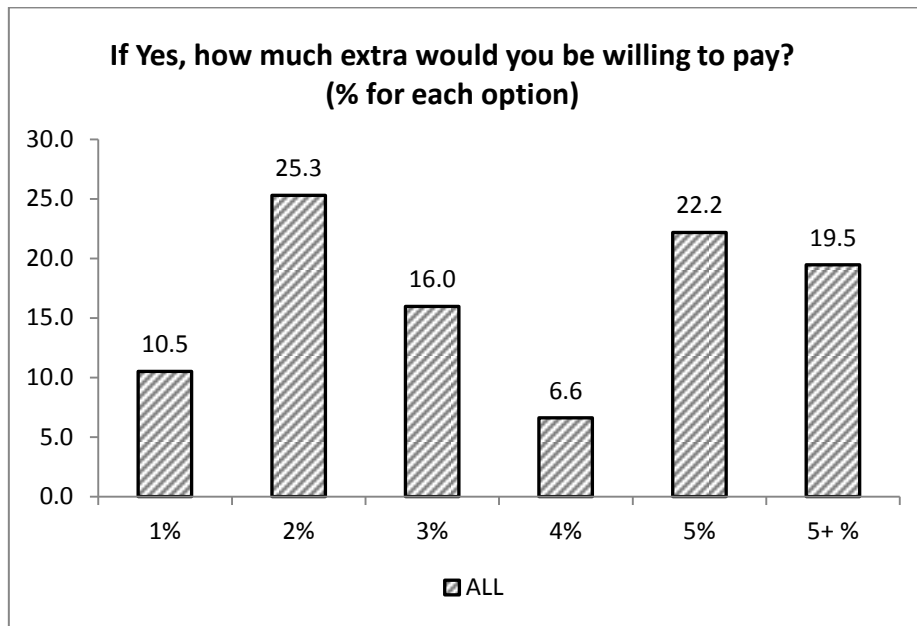
regeneration, protecting essential services and job creation. Participants were concerned about the impact of the savings on the most vulnerable and that the savings might have unintended outcomes particularly related to the economy and acute health and social care services. Some respondents questioned whether some of the proposals under the 'efficiencies' heading were in fact a reduction in services rather than efficiencies.

- 4.10 Respondents were interested in the council's overall approach to the budget challenge. Some participants felt that the council's back office costs and duplication could be reduced still further and that partnering arrangements with other local authorities should be considered. A partnership approach to addressing the challenges that the city faces was advocated by many and it was felt that the community had an important part to play in this. Many participants would like to see an increased focus on prevention, which they said would ultimately save money, and felt that the council's stated commitment to this area was not reflected in the savings proposals themselves. Some groups raised concerns about their ability to comment meaningfully on the proposals based on the information the council provided.
- 4.11 Several savings ideas were suggested by participants. These varied from the council taking a more strategic approach to attracting external funding on behalf of the city to turning off street lights after a certain time at night or obtaining commercial sponsorship for flower beds.
- 4.12 A number of suggestions were made for saving money on staffing costs, particularly through the online survey. This included changing terms and conditions, reducing staffing hours, reducing the number of consultants in the council, capping or reducing salaries (with some advocating that this should be set above a certain salary level) and working from home.

Findings from the quantitative (statistical) consultation

5. This Section summarises the statistical data from the quantitative online surveys. The external questionnaire had 324 respondents, and the internal questionnaire had 213 respondents, making a total response base of 537.
- 5.1 It should be borne in mind that this is not a sample survey of residents or staff, so the results reported in this section are not necessarily a representative sample due to self-selection.
- 5.2 There was broad agreement (just over 86%) that the Council's priorities are the right ones for the city, with slightly more agreement from internal respondents.
- 5.3 Respondents who answered "no" were able to specify what the Council's priorities should be; protecting the vulnerable, and focussing exclusively or almost-exclusively on essential services, were the two most common themes.
- 5.4 Both external and internal respondents were receptive to paying higher fees and charges to avert greater service cuts.
- 5.6 Respondents were able to specify particular services where higher fees and charges were tolerable to preserve service quality: both galleries and museums (37 respondents) and leisure (27 respondents) were clear leaders. Waste, Council Tax, and libraries were in a close group of 19-20 responses behind.
- 5.7 External respondents were likelier than internal respondents to say they would volunteer to reduce the extent of the cuts. However, neither group had a majority of respondents willing to volunteer.
- 5.8 Respondents were also asked, if they were willing to volunteer, which service they wished to volunteer for. However, despite 136 respondents answering this question, 27 of them just offered general comments about the notion of voluntary public services rather than nominating a service, 24 said they already volunteer as their answer, and 11 said they had no time or interest.
- 5.9 Internal respondents were likelier than external to indicate that they would pay more Council Tax to reduce the level of cuts. There were majorities in both the external and internal respondents groups for increases in Council Tax.
- 5.10 Respondents who said they would pay more Council Tax were then asked precisely how much extra they would be willing to pay. It was stated in the question heading that the impact of each 1% increase would be 20 pence per week based on the average property value (Valuation Band B) in the city.
- 5.11 **Please note:** the percentages in Fig. 1 are percentages of the overall respondents who said "yes". For instance, 25.3% of respondents who said "yes" would be willing to have a 2% rise in their Council Tax bills, the most-selected response. However, respondents who said "yes" were only 60% of all respondents to the question, so percentages need to be viewed in context.

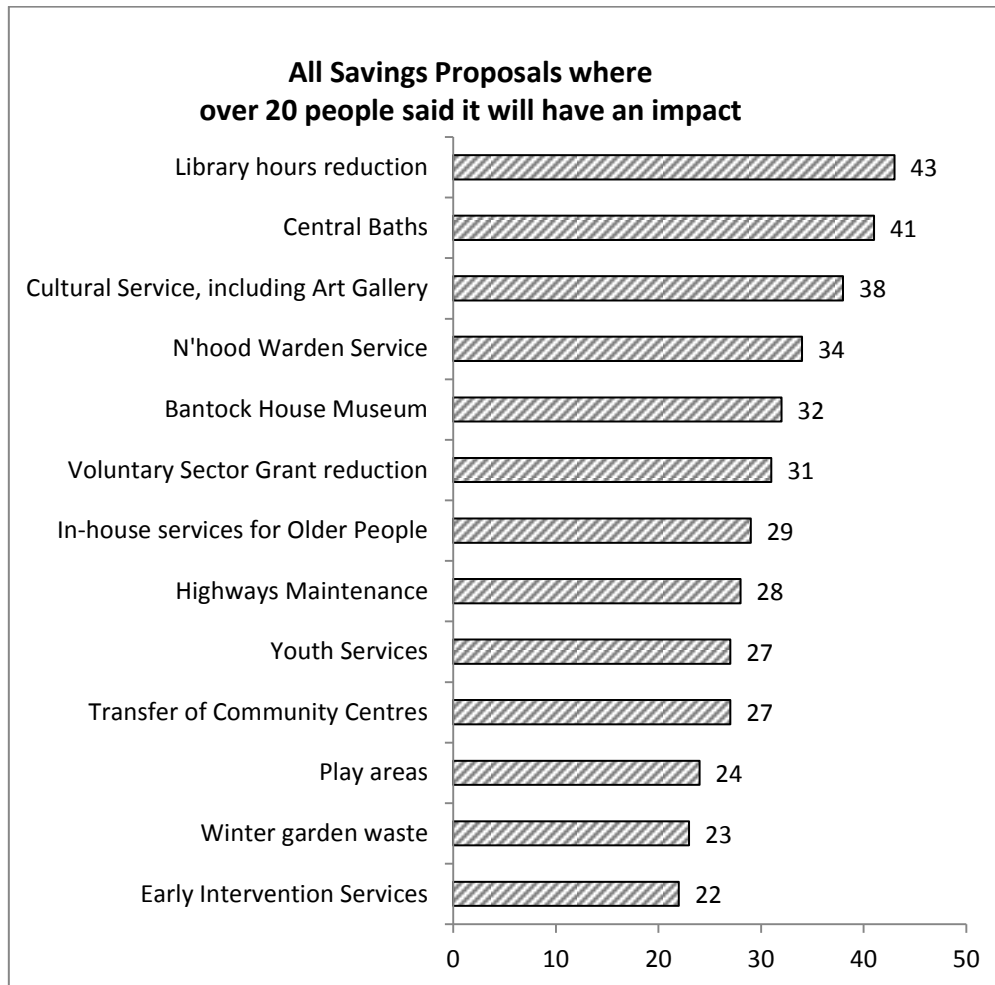
Fig. 1



5.12 All 165 savings proposals were presented to respondents, organised by set, and each respondent could nominate the top 5 within the set which would have an impact on themselves and their family (external) or on the city (internal). For instance, there were 90 savings proposals presented under the 'external cuts' heading, and respondents would then pick their top 5 there in terms of impact.

5.13 As there are 165 saving proposals, **Fig. 2** summarises only those where over 20 respondents felt each would have an impact. All of the proposals felt to have the greatest impact were from the 'external cuts' heading. Some of the topics were mentioned extensively in the qualitative budget consultation focus groups (for instance, library hours reduction), but other topics only emerge as a concern in this questionnaire (for example, winter garden waste).

Fig. 2



5.12 People were invited to suggest ideas for saving money or for increasing efficiency of the organisation. The most common suggestion – changing employee terms and conditions – includes both reducing staffs’ hours (9 respondents) and cap or reduce salaries (8 respondents). However, respondents differed how to cap or reduce salaries: some favoured an all-inclusive salary cut for Council employees, but others favoured a cut for salaries above a self-defined pay threshold. ‘Working from home’ has been deliberately double-counted in two sections (‘change employee terms and conditions’, and ‘reduce spending on office overheads’) as it is pertinent to both areas.

5.13 For each set of the 165 savings proposals, respondents were able to report whether any of the cuts would have little to no impact in their opinion and (separately) whether the respondent was strongly in favour of any particular proposals mooted.

5.14 A reduction in the number of Councillors, reducing Christmas lights, removing the subsidy for Aldersley bar, and scaling back the Mayoral function and role were all felt to have little or no impact and were favoured by respondents.

Findings from the qualitative (discussion based and other submissions) consultations

6. Views on specific proposals for budgetary savings

The following section outlines the key views from the qualitative consultation with stakeholders, community groups and other interested parties. The twenty meetings covered a range of topics and gave attendees the opportunity to ask questions, gain clarification, and raise concerns or issues. The notes taken during these meetings do not always contain information on whether proposals are supported or opposed, though they do contain greater detail around the discussions, which for the sake of brevity, are not included in this report, but are available on request. This section also draws upon comments received from interested parties in emails and letters and comments made during the duration of the telephone hotline.

6.1 Extent of consultation discussions and interpretation considerations

Given the broad spread of the proposals totalling 165, not all/only relevant topics were discussed by stakeholders and community groups during the meetings. The topics discussed are therefore likely to reflect the issues of most importance to the participants. All of the groups did have access to the public facing budget proposals documentation prior to the meetings. The public, community groups and key stakeholders often do not have the time to gain an understanding of the difference between controllable and non-controllable costs, or between statutory and discretionary spend. The reader should therefore be mindful of this context when considering the findings in the following sections.

Qualitative Consultation main findings

7. Replacing Local Neighbourhood Partnerships with Community-Led Economic Development – Stage 1 and 2 (please note that stage 1 is an invest to save proposal)

There were concerns that this proposal would affect local areas ability to attract external funding and that the economic impact of this proposal were understated. One LNP asked for a phased approach to enable them to find other sources of support, whilst another requested that effective handover arrangements would take place. One LNP was concerned that this proposal would put vulnerable communities and individuals at greater risk; that the LNPs fulfil a valuable consultative function for the council so could ultimately cost the council more as service groups conduct their own consultations; and that qualitative information could be lost to the council if this proposal is approved.

7.1 Reduction in Voluntary Sector Grant

Groups opposed to this proposal maintain that grant funding for the local voluntary and community sector will be cut by over 50% over the next two years (as opposed to the 13% figure quoted in the council documentation), resulting in funding being withdrawn to 30 organisations in the City, and the closure of many of them. They argue that as a result, vulnerable people in communities will lose services, and over 200 jobs will be placed at risk, along with support for over 800 volunteers. The

services affected include those for young people, the elderly, disabled people, and the homeless and other vulnerable groups.

7.2 Opponents of this proposal point to the economic value the sector provides to the city by attracting significant external funding and delivering preventative work. Many groups made the point that their ability to do so in the future would be significantly undermined by this proposal. The Third Sector Partnership stated their willingness to work with the council to address the needs of vulnerable people.

8. Removal of Council subsidy for Central Baths

Respondents opposed to this proposal said that some residents would find difficulty in accessing swimming facilities elsewhere in the city. They claim that that this proposal has a disproportionate effect on females (especially Asian females) who are frequent users of Central Baths. They point to the health benefits of exercise and the need for a full equality analysis. Respondents suggested several ways that the baths could maximise their income.

9. Reduction to overall Council subsidy of Cultural Services, including Art Gallery

Participants argued that, not only are cultural services such as Bantock House and the Art Gallery a valuable community resource, they could also be a driver of regeneration and tourism for the city. A group of residents are keen to safeguard the future of Bantock House. A Facebook group has been formed and a public meeting convened to develop proposals for saving the venue.

10. Reduction in library opening hours and introducing charges for internet use

Some groups suggested that this proposal would disproportionately affect people reliant upon library facilities to make welfare benefit claims, to apply for work or as their main source of recreation.. The Libraries Action group wrote to the Chief Executive of the council. In the letter they offer to work with the council in order to attract external funding to mitigate the effects of the cuts on the city's library services.

11. Reduction of the Neighbourhood Warden Service

A cross section of respondents contacted the council to say how much they value this service. This included individuals and representatives of local groups and include one petition. The wardens provide an effective public reassurance function in communities. People fear that if the service is withdrawn from certain areas it will result in increased crime and anti-social behaviour. The proposal around the Neighbourhood Wardens is subject to scrutiny on 30 January 2014 and the results will be reported to Cabinet on 25 February 2014.

12. Reduce the number of Councillors

There was broad support for this proposal. However some participants were concerned about the risk of increased workload for councillors and what it might mean for councillor contact. Some respondents thought that the proposal should go further, suggesting that councillors should not receive expenses or that councillor numbers should be reduced to a third of current numbers.

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13. Re-configuration of Youth Services, centred on Youth Zone and targeted youth support

The central location of the proposed Youth Zone was questioned by participants, many of whom would prefer youth provision in localities. There was a concern that public transport into the city was inadequate and was not affordable. For safety reasons parents would not want their children travelling into the centre alone. Once at the facility, people were concerned about the potential for violence between young people from different areas and the potential persecution of LGBT young people. Many respondents were concerned that this proposal (especially the removal of local clubs) could see a rise in antisocial behaviour in localities.

14. General comments unrelated to the above categories - General comments about the savings

14.1 The impact on the most vulnerable

Some groups were concerned that the proposals would impact more on the most vulnerable and lower income residents. They were concerned that cumulatively the proposals would disproportionately affect certain groups of people.

15. Unintended impacts of the savings

Some groups were concerned that the savings themselves might result in cost pressures for the council in the longer term and asked if this had been factored in. Others thought that the large number of council redundancies would impact on the economic regeneration of the city.

15.1 Another group wrote to the council saying that some of the budget proposal reductions appear to be in conflict with each other. They gave examples such as an increased number of people being cared for in the community (by, they assume) reducing numbers in residential care. At the same time the council proposes to cut care services that support people in the community (e.g. night visiting and possibly Carelink and Telecare).

15.2 The same group also thought that the council had failed to demonstrate the current outcomes achieved by services at their and the impact on those outcomes by the proposed reductions which, they state, is particularly important for preventative and rehabilitative services.

16. Equalities Issues

One group stated that the council could leave itself open to legal challenges if did not conduct adequate equality assessments. They stated that an overall equality assessment of the cuts was needed. Other groups asked, in the context of the cuts, what commitment the council has to BME groups and the wider equality and diversity agenda.

17. Community Solutions

There was evidence that a minority of residents and organisations would be prepared to fill the gaps left by service cuts. One group thought that faith groups would be interested in delivering services. They added that communities should also be encouraged to deliver services if they strongly feel that they should be retained.

17.1 They further stated that the availability of some facilities and services represents a good opportunity for some communities. Participants at two LNPs mentioned capitalising on Wolverhampton's 'community spirit' to help the city through the present difficulties.

18. Efficiencies

Some groups suggested that efficiency savings would impact on the quality of services delivered and one group asked that all the savings proposals be kept under review to ascertain the impact on resident's lives.

19. Pressures on the budget

Several groups suggested that a focus on prevention would help to keep down costs for acute health and social care and different approaches to addressing the financial challenge of protecting Looked After Children were mooted, with partnership approaches and an input from the Third Sector both suggested.

20. The Budget Challenge

Overall approach to the budget challenge

20.1 Participants were interested in the council's overall approach to the financial challenge it faces. Many suggestions were made including taking a Cooperative Council approach, mergers with neighbouring authorities, attracting more external funding, selling council assets and reducing the numbers of senior managers and consultants within the council.

Efficiency savings

20.2 Some thought that more should be done to address back office costs, with several groups querying why a third of the council's budget is spent in this area. Another group was particularly concerned with the high cost of 'treasury management' (£12.5m) which they said is not explained in the council's Medium Term Financial Strategy report. Others were concerned about the amount of duplication they saw and asked about the potential to make savings by reducing existing commercial contracts.

A partnership approach

20.3 The Third Sector Partnership said that the Third Sector should be considered part of the solution as well as a factor in the economic regeneration of the city. They said that they generated income for the city which could be reinvested into preventative services. However, the threat to the Third Sector's funding was impacting on their ability to generate income.

21. Focus on prevention

Whilst sympathising with the council's financial position, the Third Sector Partnership argued that the sector's early intervention and preventative work saves the council money by dealing with issues before they require the council's involvement. If the funding provided through the Community Initiatives Team ceases, this will mean an increased work load for the council as they will pick up work that the sector currently undertakes. This, they argue, has not been fully taken into account.

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22. The budget consultation process

The Carer's group, Wolverhampton Interfaith and Regeneration Network, Women of Wolverhampton and the Over 50's forum all raised concerns about the ability to comment meaningfully on the proposals based on the information provided. The proposals in the booklet provided by the council were described as vague and lacking in detail.

23. Savings ideas

Several savings ideas were suggested by participants including: maximising opportunities to attract external funding into the city (from Europe, for instance); turning street lights off in certain areas after midnight; selling council assets; attracting sponsorship for flower beds; reducing the wages of the Chief Executive and senior officers; stopping the refurbishment of the civic centre; turning down the heating in public buildings; reducing weekly household bin collections to fortnightly; introducing a 50 pence charge for all public toilets (with an exemption for radar key holders); stopping staff from retiring at the age of 55; making on the spot fines for vandalism, graffiti, anti-social behaviour, and fly tipping; and compelling householders to take responsibility for sweeping outside their own houses.

Summary report on the outcome of budget consultation for the period 2014 to 2019

Introduction

1. Background

- 1.1 Owing to a combination of rising costs in providing services, increased demand for services and cuts in the council's main source of funding - Government Revenue Support Grants - Wolverhampton City Council is facing a projected budget deficit of £30.8 million over the financial year in 2014/2015. The ever-widening gap between rising costs and falling incomes has been described nationally as the 'jaws of doom' and this scenario is also affecting Wolverhampton. In response the Council has already identified savings proposals of £14.4 million, in addition to the £100 million already saved. It still needs to address a projected shortfall of over £20 million. The challenge could be as large as £123 m by 2018/19 if no action is taken.
- 1.2 The majority of the council's revenue income comes from Central Government revenue support grants. The Government grants will have reduced by 52%¹ since 2011/2012 following the 2010 Spending Review so the council automatically faces a budget shortfall. There is nothing within the council's control that could have been done to prevent this.
- 1.3 Neither can it control inflation or rising energy, food and fuel prices which eat further into its budgets every year. At the same time, low interest rates mean that the council isn't earning as much from its investments as it once did, while the economic downturn has had a negative effect on its income from fees and charges.
- 1.4 These challenges are coupled with local pressures on the budget, for example increased cost pressures created from looked after children, pension fund strain and the Primary School Expansion Programme. All these things together have caused the projected budget deficit that the council faces.
- 1.5 Wolverhampton City Council is committed to involving its citizens in contributing to the important decisions it has to make. In October it published its Draft Budget Strategy 2014/15 and Medium Term Financial Strategy. This document contained savings proposals totalling £64.4 m.

2. Methodology

- 2.1 Between 29 October 2013 and 24 January 2014, Wolverhampton City Council undertook and made available a range of consultation mechanisms to gather views on the proposed budget cuts; these included both quantitative and qualitative methodologies.
- 2.2 **Consultation sources: Qualitative**
The following is a summary of the participants in the twenty one stakeholder and community group meetings, plus details of other groups and interested parties that provided their views and opinions.
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As well as being an important resource for communities, some respondents felt that they could also play an important part in the regeneration of the city, attracting visitors and offering training and employment opportunities. 38 respondents to the online survey said that this proposal would have an impact on them, with a further 32 saying that the proposal on Bantock House would impact upon them. 37 people indicated that they would be prepared to pay higher fees and charges if that protected this service.

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Respondents were concerned that this proposal would have the greatest impact on the most disadvantaged people, particularly people who will shortly be required to make benefits claims online, job seekers (both of whom might require more than an hour to complete online forms) and those people for whom the libraries might be their main recreational outlet. 43 respondents to the online survey said that this proposal would have an impact upon them and 20 indicated that they would be prepared to pay higher fees and charges if that protected this service.

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4.9 General comments unrelated to specific savings proposals

The online survey showed that the majority of people (just over 86%) were in agreement with the principle that the council should focus its resources on regeneration, protecting essential services and job creation. Participants were concerned about the impact of the savings on the most vulnerable and that the savings might have unintended outcomes particularly related to the economy and acute health and social care services. Some respondents questioned whether some of the proposals under the 'efficiencies' heading were in fact a reduction in services rather than efficiencies.

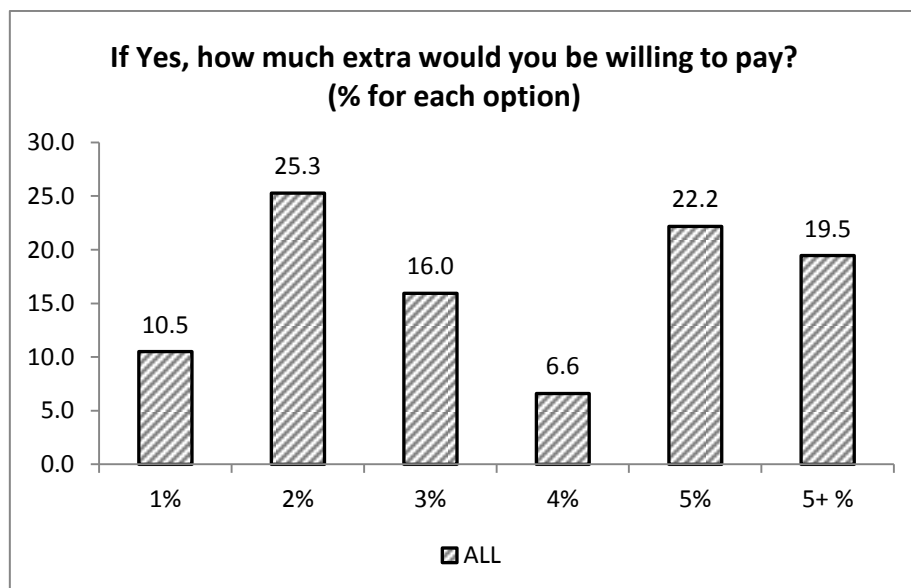
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Findings from the quantitative (statistical) consultation

5. This Section summarises the statistical data from the quantitative online surveys. The external questionnaire had 324 respondents, and the internal questionnaire had 213 respondents, making a total response base of 537.
- 5.1 It should be borne in mind that this is not a sample survey of residents or staff, so the results reported in this section are not necessarily a representative sample due to self-selection.
- 5.2 There was broad agreement (just over 86%) that the Council's priorities are the right ones for the city, with slightly more agreement from internal respondents.
- 5.3 Respondents who answered "no" were able to specify what the Council's priorities should be; protecting the vulnerable, and focussing exclusively or almost-exclusively on essential services, were the two most common themes.
- 5.4 Both external and internal respondents were receptive to paying higher fees and charges to avert greater service cuts.

- 5.6 Respondents were able to specify particular services where higher fees and charges were tolerable to preserve service quality: both galleries and museums (37 respondents) and leisure (27 respondents) were clear leaders. Waste, Council Tax, and libraries were in a close group of 19-20 responses behind.
- 5.7 External respondents were likelier than internal respondents to say they would volunteer to reduce the extent of the cuts. However, neither group had a majority of respondents willing to volunteer.
- 5.8 Respondents were also asked, if they were willing to volunteer, which service they wished to volunteer for. However, despite 136 respondents answering this question, 27 of them just offered general comments about the notion of voluntary public services rather than nominating a service, 24 said they already volunteer as their answer, and 11 said they had no time or interest.
- 5.9 Internal respondents were likelier than external to indicate that they would pay more Council Tax to reduce the level of cuts. There were majorities in both the external and internal respondents groups for increases in Council Tax.
- 5.10 Respondents who said they would pay more Council Tax were then asked precisely how much extra they would be willing to pay. It was stated in the question heading that the impact of each 1% increase would be 20 pence per week based on the average property value (Valuation Band B) in the city.
- 5.11 **Please note:** the percentages in Fig. 1 are percentages of the overall respondents who said “yes”. For instance, 25.3% of respondents who said “yes” would be willing to have a 2% rise in their Council Tax bills, the most-selected response. However, respondents who said “yes” were only 60% of all respondents to the question, so percentages need to be viewed in context.

Fig. 1

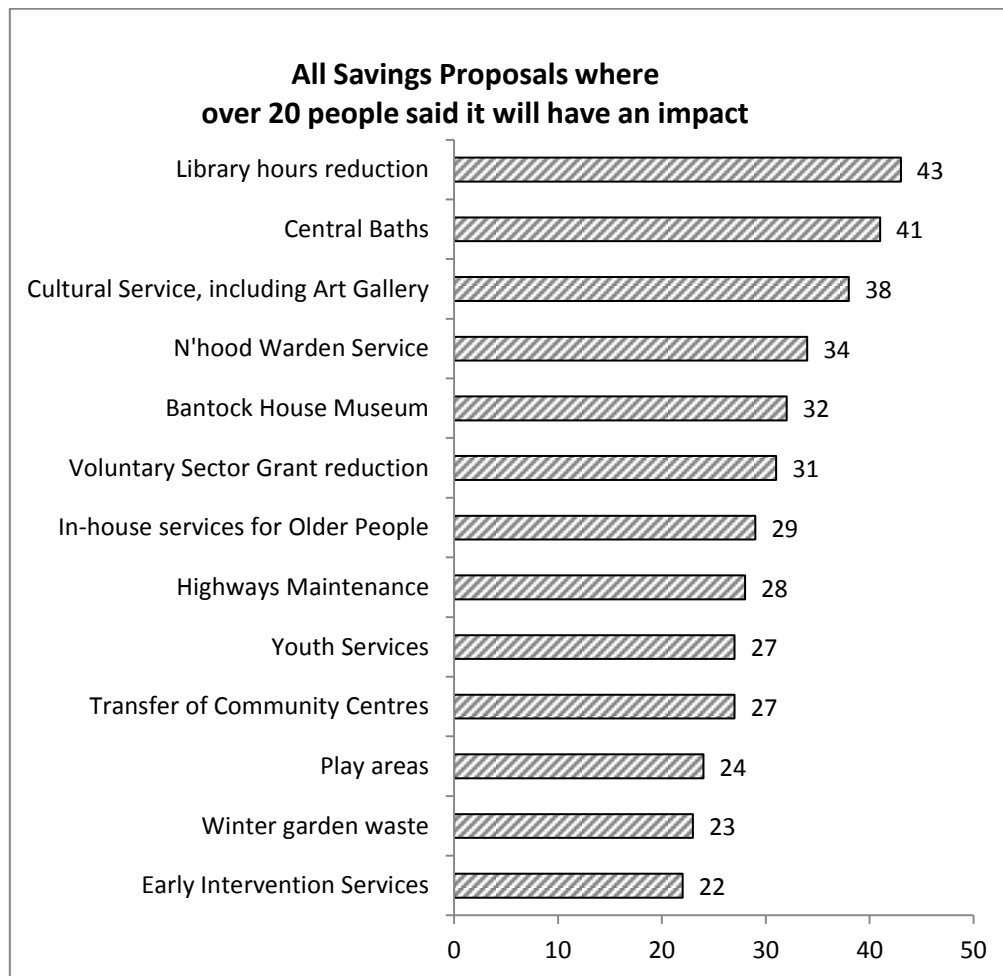


- 5.12 All 165 savings proposals were presented to respondents, organised by set, and each respondent could nominate the top 5 within the set which would have an impact on themselves and their family (external) or on the city (internal). For instance, there were 90 savings

proposals presented under the 'external cuts' heading, and respondents would then pick their top 5 there in terms of impact.

5.13 As there are 165 saving proposals, **Fig. 2** summarises only those where over 20 respondents felt each would have an impact. All of the proposals felt to have the greatest impact were from the 'external cuts' heading. Some of the topics were mentioned extensively in the qualitative budget consultation focus groups (for instance, library hours reduction), but other topics only emerge as a concern in this questionnaire (for example, winter garden waste).

Fig. 2



5.12 People were invited to suggest ideas for saving money or for increasing efficiency of the organisation. The most common suggestion – changing employee terms and conditions – includes both reducing staffs' hours (9 respondents) and cap or reduce salaries (8 respondents). However, respondents differed how to cap or reduce salaries: some favoured an all-inclusive salary cut for Council employees, but others favoured a cut for salaries above a self-defined pay threshold. 'Working from home' has been deliberately double-counted in two sections ('change employee terms and conditions', and 'reduce spending on office overheads') as it is pertinent to both areas.

5.13 For each set of the 165 savings proposals, respondents were able to report whether any of the cuts would have little to no impact in their opinion and (separately) whether the respondent was strongly in favour of any particular proposals mooted.

- 5.14 A reduction in the number of Councillors, reducing Christmas lights, removing the subsidy for Aldersley bar, and scaling back the Mayoral function and role were all felt to have little or no impact and were favoured by respondents.

Findings from the qualitative (discussion based and other submissions) consultations

6. Views on specific proposals for budgetary savings

The following section outlines the key views from the qualitative consultation with stakeholders, community groups and other interested parties. The twenty meetings covered a range of topics and gave attendees the opportunity to ask questions, gain clarification, and raise concerns or issues. The notes taken during these meetings do not always contain information on whether proposals are supported or opposed, though they do contain greater detail around the discussions, which for the sake of brevity, are not included in this report, but are available on request. This section also draws upon comments received from interested parties in emails and letters and comments made during the duration of the telephone hotline.

6.1 Extent of consultation discussions and interpretation considerations

Given the broad spread of the proposals totalling 165, not all/only relevant topics were discussed by stakeholders and community groups during the meetings. The topics discussed are therefore likely to reflect the issues of most importance to the participants. All of the groups did have access to the public facing budget proposals documentation prior to the meetings. The public, community groups and key stakeholders often do not have the time to gain an understanding of the difference between controllable and non-controllable costs, or between statutory and discretionary spend. The reader should therefore be mindful of this context when considering the findings in the following sections.

Qualitative Consultation main findings

7. Replacing Local Neighbourhood Partnerships with Community-Led Economic Development – Stage 1 and 2 (please note that stage 1 is an invest to save proposal)

There were concerns that this proposal would affect local areas ability to attract external funding and that the economic impact of this proposal were understated. One LNP asked for a phased approach to enable them to find other sources of support, whilst another requested that effective handover arrangements would take place. One LNP was concerned that this proposal would put vulnerable communities and individuals at greater risk; that the LNPs fulfil a valuable consultative function for the council so could ultimately cost the council more as service groups conduct their own consultations; and that qualitative information could be lost to the council if this proposal is approved.

7.1 Reduction in Voluntary Sector Grant

Groups opposed to this proposal maintain that grant funding for the local voluntary and community sector will be cut by over 50% over the next two years (as opposed to the 13% figure quoted in the council documentation), resulting in funding being withdrawn to 30 organisations in the City, and the closure of many of them. They argue that as a result, vulnerable people in communities will lose services, and over 200 jobs will be placed at risk, along with support for over 800 volunteers. The services affected include those for

young people, the elderly, disabled people, and the homeless and other vulnerable groups.

- 7.2 Opponents of this proposal point to the economic value the sector provides to the city by attracting significant external funding and delivering preventative work. Many groups made the point that their ability to do so in the future would be significantly undermined by this proposal. The Third Sector Partnership stated their willingness to work with the council to address the needs of vulnerable people.

8. Removal of Council subsidy for Central Baths

Respondents opposed to this proposal said that some residents would find difficulty in accessing swimming facilities elsewhere in the city. They claim that that this proposal has a disproportionate effect on females (especially Asian females) who are frequent users of Central Baths. They point to the health benefits of exercise and the need for a full equality analysis. Respondents suggested several ways that the baths could maximise their income.

9. Reduction to overall Council subsidy of Cultural Services, including Art Gallery

Participants argued that, not only are cultural services such as Bantock House and the Art Gallery a valuable community resource, they could also be a driver of regeneration and tourism for the city. A group of residents are keen to safeguard the future of Bantock House. A Facebook group has been formed and a public meeting convened to develop proposals for saving the venue.

10. Reduction in library opening hours and introducing charges for internet use

Some groups suggested that this proposal would disproportionately affect people reliant upon library facilities to make welfare benefit claims, to apply for work or as their main source of recreation.. The Libraries Action group wrote to the Chief Executive of the council. In the letter they offer to work with the council in order to attract external funding to mitigate the effects of the cuts on the city's library services.

11. Reduction of the Neighbourhood Warden Service

A cross section of respondents contacted the council to say how much they value this service. This included individuals and representatives of local groups and include one petition. The wardens provide an effective public reassurance function in communities. People fear that if the service is withdrawn from certain areas it will result in increased crime and anti-social behaviour. The proposal around the Neighbourhood Wardens is subject to scrutiny on 30 January 2014 and the results will be reported to Cabinet on 25 February 2014.

12. Reduce the number of Councillors

There was broad support for this proposal. However some participants were concerned about the risk of increased workload for councillors and what it might mean for councillor contact. Some respondents thought that the proposal should go further, suggesting that councillors should not receive expenses or that councillor numbers should be reduced to a third of current numbers.

13. Re-configuration of Youth Services, centred on Youth Zone and targeted youth support

The central location of the proposed Youth Zone was questioned by participants, many of whom would prefer youth provision in localities. There was a concern that public transport into the city was inadequate and was not affordable. For safety reasons parents would not want their children travelling into the centre alone. Once at the facility, people were concerned about the potential for violence between young people from different areas and the potential persecution of LGBT young people. Many respondents were concerned that this proposal (especially the removal of local clubs) could see a rise in antisocial behaviour in localities.

14. General comments unrelated to the above categories: General comments about the savings

14.1 The impact on the most vulnerable

Some groups were concerned that the proposals would impact more on the most vulnerable and lower income residents. They were concerned that cumulatively the proposals would disproportionately affect certain groups of people.

15. Unintended impacts of the savings

Some groups were concerned that the savings themselves might result in cost pressures for the council in the longer term and asked if this had been factored in. Others thought that the large number of council redundancies would impact on the economic regeneration of the city.

15.1 Another group wrote to the council saying that some of the budget proposal reductions appear to be in conflict with each other. They gave examples such as an increased number of people being cared for in the community (by, they assume) reducing numbers in residential care. At the same time the council proposes to cut care services that support people in the community (e.g. night visiting and possibly Carelink and Telecare).

15.2 The same group also thought that the council had failed to demonstrate the current outcomes achieved by services at their and the impact on those outcomes by the proposed reductions which, they state, is particularly important for preventative and rehabilitative services.

16. Equalities Issues

One group stated that the council could leave itself open to legal challenges if did not conduct adequate equality assessments. They stated that an overall equality assessment of the cuts was needed. Other groups asked, in the context of the cuts, what commitment the council has to BME groups and the wider equality and diversity agenda.

17. Community Solutions

There was evidence that a minority of residents and organisations would be prepared to fill the gaps left by service cuts. One group thought that faith groups would be interested in delivering services. They added that communities should also be encouraged to deliver services if they strongly feel that they should be retained.

17.1 They further stated that the availability of some facilities and services represents a good opportunity for some communities. Participants at two LNPs mentioned capitalising on Wolverhampton's 'community spirit' to help the city through the present difficulties.

18. Efficiencies

Some groups suggested that efficiency savings would impact on the quality of services delivered and one group asked that all the savings proposals be kept under review to ascertain the impact on resident's lives.

19. Pressures on the budget

Several groups suggested that a focus on prevention would help to keep down costs for acute health and social care and different approaches to addressing the financial challenge of protecting Looked After Children were mooted, with partnership approaches and an input from the Third Sector both suggested.

20. The Budget Challenge

Overall approach to the budget challenge

20.1 Participants were interested in the council's overall approach to the financial challenge it faces. Many suggestions were made including taking a Cooperative Council approach, mergers with neighbouring authorities, attracting more external funding, selling council assets and reducing the numbers of senior managers and consultants within the council.

Efficiency savings

20.2 Some thought that more should be done to address back office costs, with several groups querying why a third of the council's budget is spent in this area. Another group was particularly concerned with the high cost of 'treasury management' (£12.5m) which they said is not explained in the council's Medium Term Financial Strategy report. Others were concerned about the amount of duplication they saw and asked about the potential to make savings by reducing existing commercial contracts.

A partnership approach

20.3 The Third Sector Partnership said that the Third Sector should be considered part of the solution as well as a factor in the economic regeneration of the city. They said that they generated income for the city which could be reinvested into preventative services. However, the threat to the Third Sector's funding was impacting on their ability to generate income.

21. Focus on prevention

Whilst sympathising with the council's financial position, the Third Sector Partnership argued that the sector's early intervention and preventative work saves the council money by dealing with issues before they require the council's involvement. If the funding provided through the Community Initiatives Team ceases, this will mean an increased work load for the council as they will pick up work that the sector currently undertakes. This, they argue, has not been fully taken into account.

22. The budget consultation process

The Carer's group, Wolverhampton Interfaith and Regeneration Network, Women of Wolverhampton and the Over 50's forum all raised concerns about the ability to comment meaningfully on the proposals based on the information provided. The proposals in the booklet provided by the council were described as vague and lacking in detail.

23. Savings ideas

Several savings ideas were suggested by participants including: maximising opportunities to attract external funding into the city (from Europe, for instance); turning street lights off in certain areas after midnight; selling council assets; attracting sponsorship for flower beds; reducing the wages of the Chief Executive and senior officers; stopping the refurbishment of the civic centre; turning down the heating in public buildings; reducing weekly household bin collections to fortnightly; introducing a 50 pence charge for all public toilets (with an exemption for radar key holders); stopping staff from retiring at the age of 55; making on the spot fines for vandalism, graffiti, anti-social behaviour, and fly tipping; and compelling householders to take responsibility for sweeping outside their own houses.

Full report on the outcome of budget consultation for the period 2014 to 2019

Introduction

1. Background

- 1.1 Owing to a combination of rising costs in providing services, increased demand for services and cuts in the council's main source of funding - Government Revenue Support Grants - Wolverhampton City Council is facing a projected budget deficit of £30.8 million over the financial year in 2014/2015. The ever-widening gap between rising costs and falling incomes has been described nationally as the 'jaws of doom' and this scenario is also affecting Wolverhampton. In response the Council has already identified savings proposals of £14.4 million, in addition to the £100m already saved. It still needs to address a projected shortfall of over £20 million. The challenge could be as large as £123 m by 2018/19 if no action is taken.
- 1.2 The majority of the council's revenue income comes from Central Government revenue support grants. The Government grants will have reduced by 52%² since 2011/2012 following the 2010 Spending Review so the council automatically faces a budget shortfall. There is nothing within the council's control that could have been done to prevent this.
- 1.3 Neither can it control inflation or rising energy, food and fuel prices which eat further into its budgets every year. At the same time, low interest rates mean that the council isn't earning as much from its investments as it once did, while the economic downturn has had a negative effect on its income from fees and charges.
- 1.4 These challenges are coupled with local pressures on the budget, for example increased cost pressures created from looked after children, pension fund strain and the Primary School Expansion Programme. All these things together have caused the projected budget deficit that the council faces.
- 1.5 Wolverhampton City Council is committed to involving its citizens in contributing to the important decisions it has to make. In October it published its Draft Budget Strategy 2014/15 and Medium Term Financial Strategy. This document contained savings proposals totalling £64.4 m.

2. Methodology

- 2.1 Between 29 October 2013 and 24 January 2014, Wolverhampton City Council undertook and made available a range of consultation mechanisms to gather views on the proposed budget cuts; these included both quantitative and qualitative methodologies.
- 2.2 **Consultation sources: Qualitative**
The following is a summary of the participants in the twenty one stakeholder and community group meetings, plus details of other groups and interested parties that provided their views and opinions.
- 2.3 Stakeholder engagement meetings x 9
 - ◆ Trade Unions;
 - ◆ Local Neighbourhood Partnerships x 4 meetings;
 - ◆ Social Landlords and Private Landlords;

² 52% real terms reduction in funding from 2010/11 to 2015/16

- ◆ Youth Council;
- ◆ Business Community; and
- ◆ Third Sector Partnership

2.4 Community Groups meetings – representing the equalities strands x 11

- ◆ Disabled People represented by One Voice
- ◆ BME Third Sector groups
- ◆ Carers represented by the Carer's Forum
- ◆ Deaf people represented by the Deaf Club
- ◆ Faith Communities represented by the Inter-Faith and Regeneration Network
 - ◆ Transgender and Transsexual people represented by Gender Matters
- ◆ LGBT (Lesbian, Gay, Bisexual and Transgender) Community represented by the LGBT Network
- ◆ Parents represented by Voice for Parents
- ◆ Older people represented by the Over 50's Forum
- ◆ Women represented by Women of Wolverhampton (WOW)
- ◆ Experts By Experience

2.5 Other consultees

- ◆ Emails and letters from residents and comments received from a dedicated telephone hotline.
- ◆ The council also received a petition

2.6 **Consultation sources: Quantitative**

The council made an online survey available to residents and staff for the duration of the consultation.

2.7 **Considerations around representativeness of the data**

In line with best practice issued by Government (The Government's Consultation Principles July 2012), the consultation particularly focused on involving the range of stakeholders affected by the proposals, as well as enabling the general public to comment through the dedicated telephone hotline, an online survey and public meetings in each constituency. The findings from the stakeholder meetings, community group meetings and other qualitative correspondence, is by its very nature, indicative only and not necessarily representative of the wider population.

2.8 **Considerations around reporting**

It is recognised that the public, community groups and key stakeholders are not always aware of the budgetary constraints that local authorities operate under. For example, there is little awareness or understanding of the difference between capital and revenue budgets, controllable and non-controllable expenditure, nor distinctions made between statutory and discretionary spend. This document does not attempt to unpick this, but simply reports the views of the various consultees in their broadest perspective.

2.9 The qualitative findings are the primary source of information on the specific budget proposals. These have been drawn from copies of the meeting notes for the twenty one stakeholder and community group events, social media, where available, and copies of emails and letters from other interested parties. It should be noted that these groups often represent the views of

vulnerable people who are heavily dependent on the Council's support services (in line with Government Guidance). The inclusion of many of these groups forms an important part of the council's Equality Assessment of the budget proposals – a process that is legally required.

Executive Summary and conclusions

3. This document summarises the key findings from a range of consultation exercises run by Wolverhampton City Council on its budget proposals for 2014/15 – 2020/21. It includes an analysis of twenty qualitative presentations and meetings with key stakeholder and community groups designed to gather views and opinions on 165 specific savings proposals. It also includes an analysis of letters, emails and petitions sent in by interested parties, the outline findings from two online quantitative surveys undertaken, data gathered through social media and telephone calls made to a designated hotline.

3.1 Consultation sources

Nine stakeholder engagement meetings held with Trade Unions, Local Neighbourhood Partnerships (x 4), Social Landlords and Private Landlords, Youth Council, Business Community and the Third Sector Partnership.

3.2 Eleven community group meetings held with One Voice (an organisation run by and for disabled people), Black and Minority Ethnic (BME) Third Sector groups, Carers Forum, Deaf people, The Interfaith and Regeneration Network representing faith Communities, Gender Matters (an organisation representing Transgender and Transsexual people), the Lesbian, Gay, Bisexual and Transgender (LGBT) Network, Voice for Parents, the Over 50's Forum, Experts by Experience and Women of Wolverhampton (WOW) group.

3.3 Other representation was made in the form of emails, petitions, social media and letters from residents from Bushbury; Oxley; Bilston East; Wednesfield; Whitmore Reans; Tettenhall; Compton; Low Hill and the Scotlands; Dovecotes and Finchfield as well as organisations such as Central Youth Theatre, The Third Sector Partnership; Gender Matters, the Over 50's Forum and UNISON.

3.4 In addition the council ran a bespoke telephone hotline and two online consultations, one for staff and one for the public.

4. Key Findings

The main proposals that respondents commented upon were:

4.1 Replacing Local Neighbourhood Partnership with Community Economic Regeneration Stage 1 and 2

Respondents were concerned about how the council would consult effectively without the LNP staff and about the economic impact of this proposal as the staff have been effective at supporting communities in securing external funding.

4.2 Reduction in Voluntary Sector Grant

Organisations argued that the reduction in grant funding to the sector quoted in the council documentation (13%) is misleading as it includes commissioned activity. They believe reductions in grant funding will undermine the ability of the sector to win contracts and support

vulnerable people. The sector underlined its importance in attracting external funding to the city.

4.3 Removal of Council Subsidy for Central Baths

Respondents thought that this proposal would have implications for the health of residents. They were also concerned that residents would not be able to access alternative facilities and that the proposal may have a disproportionate effect on some groups such as Asian women and disabled people. 41 respondents to the online survey said that this proposal would have an impact on them

4.4 Reduction to overall council subsidy of Cultural Services including the Art Gallery

As well as being an important resource for communities, some respondents felt that they could also play an important part in the regeneration of the city, attracting visitors and offering training and employment opportunities. 38 respondents to the online survey said that this proposal would have an impact on them, with a further 32 saying that the proposal on Bantock House would impact upon them. 37 people indicated that they would be prepared to pay higher fees and charges if that protected this service.

4.5 Reduction in library opening hours and introducing charges for internet use.

Respondents were concerned that this proposal would have the greatest impact on the most disadvantaged people, particularly people who will shortly be required to make benefits claims online, job seekers (both of whom might require more than an hour to complete online forms) and those people for whom the libraries might be their main recreational outlet. 43 respondents to the online survey said that this proposal would have an impact upon them and 20 indicated that they would be prepared to pay higher fees and charges if that protected this service.

4.6 Reduction in the Neighbourhood Wardens Service

Participants were concerned that if the catchment area was increased for the wardens, their effectiveness would reduce. Local residents felt that the wardens provided good public reassurance and had had an effect on crime in neighbourhoods. 34 respondents to the online survey said that this proposal would have an impact on them.

4.7 Reduce the number of Councillors

There was broad support for this proposal. 37 people who took part in the online survey were strongly in favour of this proposal with 28 saying that this proposal would have little or no impact upon them.

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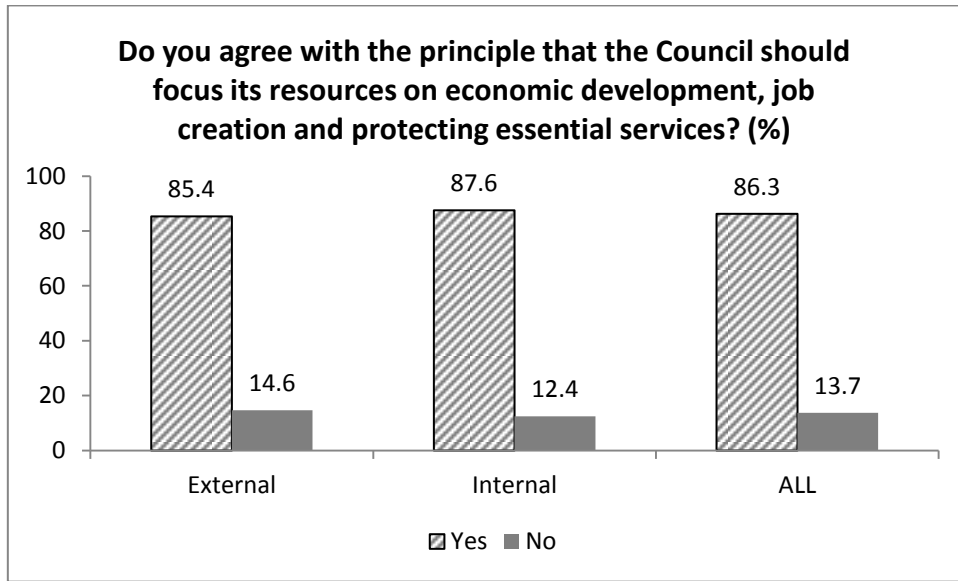
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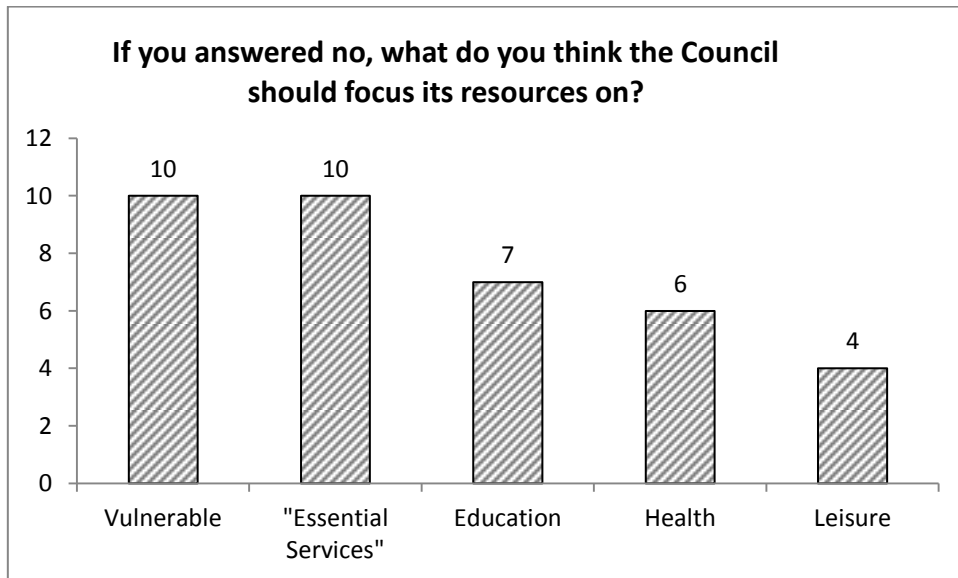
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 - 5.2 There was broad agreement that the Council's priorities are the right ones for the city, with slightly more agreement from internal respondents (**Fig.1**).

Fig. 1



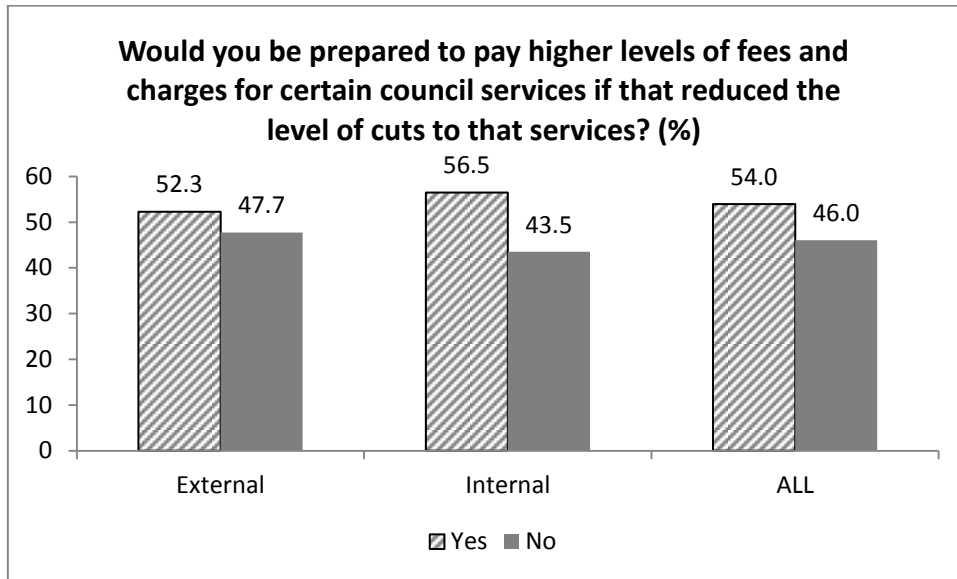
5.3 Respondents who answered “no” were able to specify what the Council’s priorities should be; protecting the vulnerable, and focussing exclusively or almost-exclusively on essential services, were the two most common themes (Fig. 2).

Fig 2



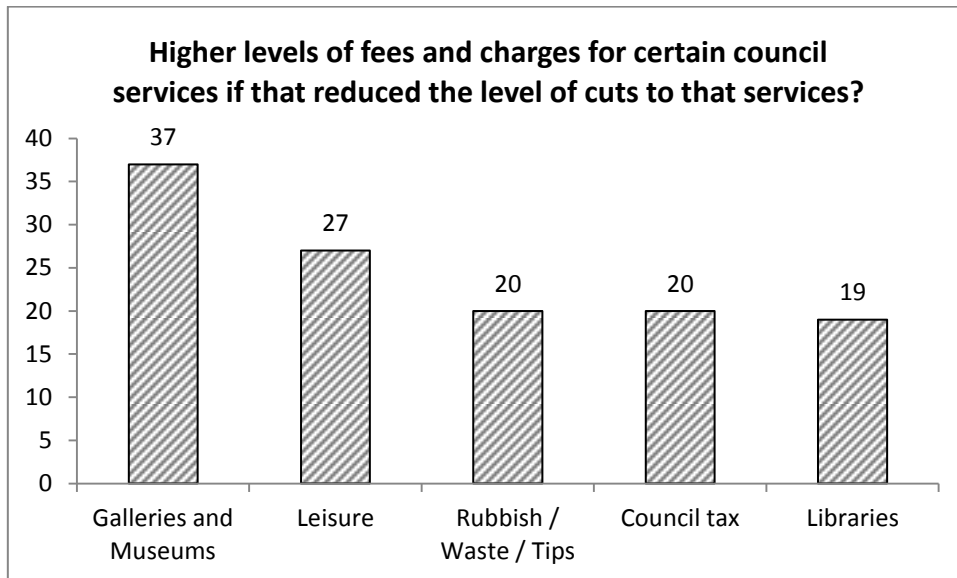
5.4 Both external and internal respondents were receptive to paying higher fees and charges to avert greater service cuts (**Fig.3**).

Fig. 3



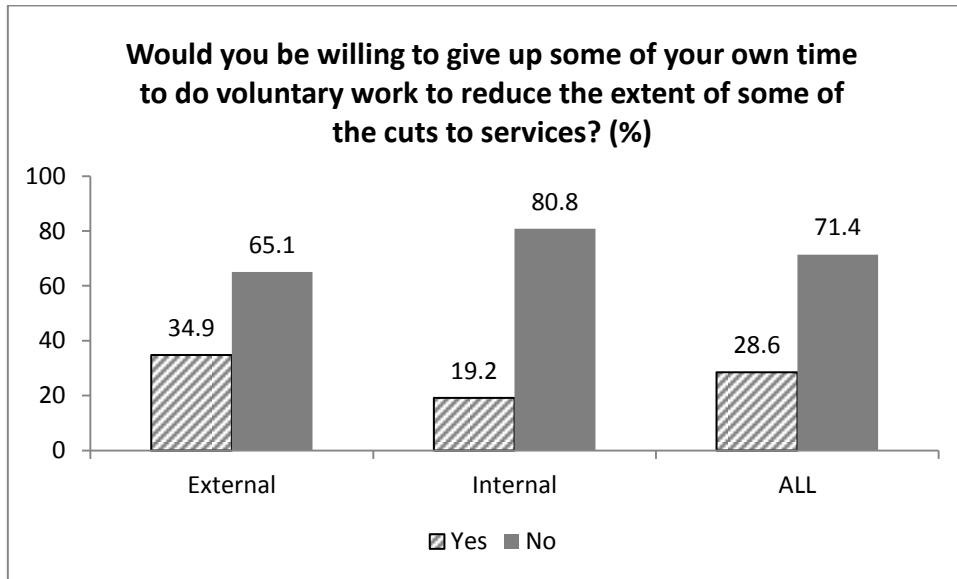
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Fig. 4



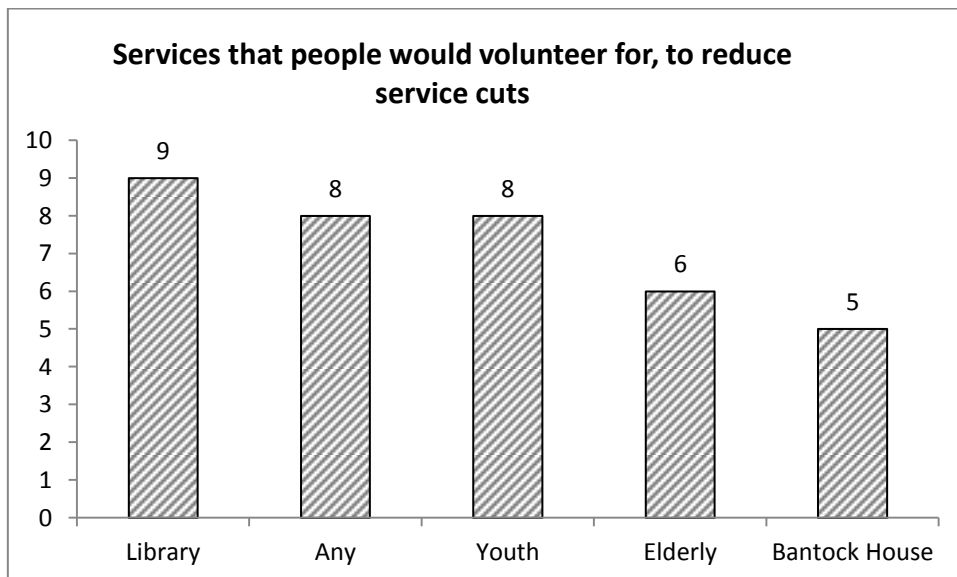
5.6 External respondents were likelier than internal respondents to say they would volunteer to reduce the extent of the cuts (**Fig. 5**). However, neither group had a majority of respondents willing to volunteer.

Fig. 5



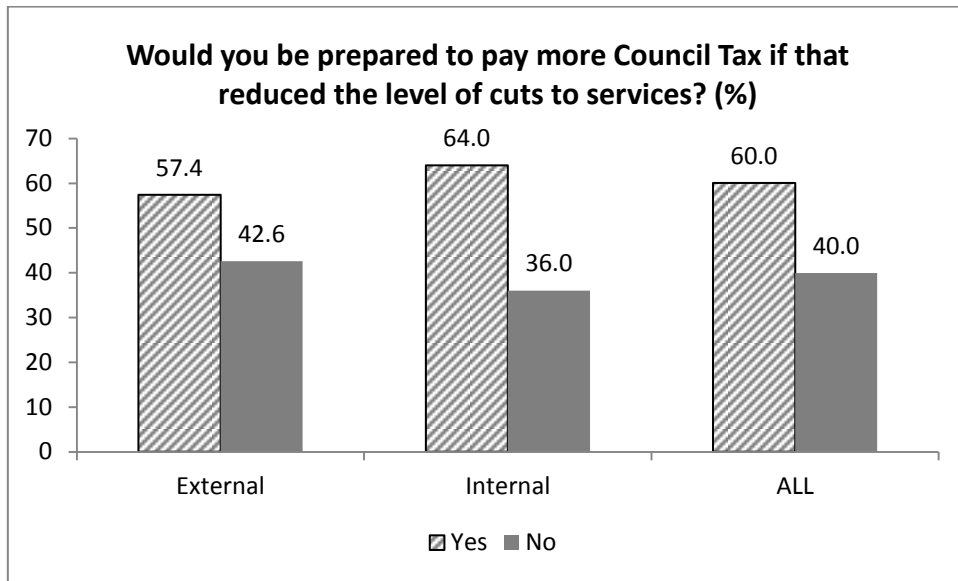
5.7 Respondents were also asked, if they were willing to volunteer, which service they wished to volunteer for (**Fig. 6**). However, despite 136 respondents answering this question, 27 of them just offered general comments about the notion of voluntary public services rather than nominating a service, 24 said they already volunteer as their answer, and 11 said they had no time or interest.

Fig. 6



5.8 Internal respondents were likelier than external to pay more Council Tax to reduce the level of cuts (**Fig. 7**). There were majorities in both the external and internal respondents groups for increases in Council Tax.

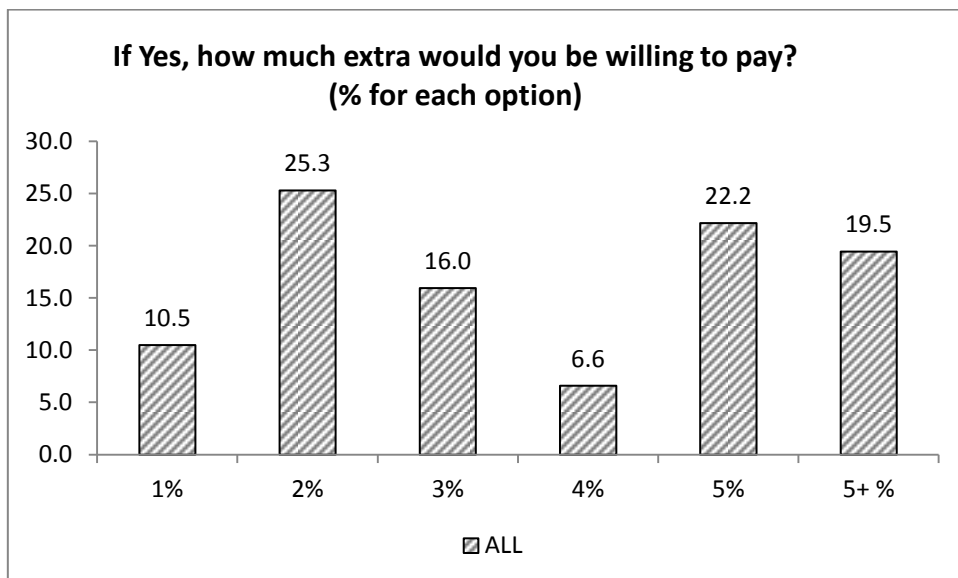
Fig. 7



5.9 Respondents who said they would pay more Council Tax were then asked precisely how much extra they would be willing to pay (Fig. 8). It was stated in the question heading that the impact of each 1% increase would be 20 pence per week based on the average property value (Valuation Band B) in the city.

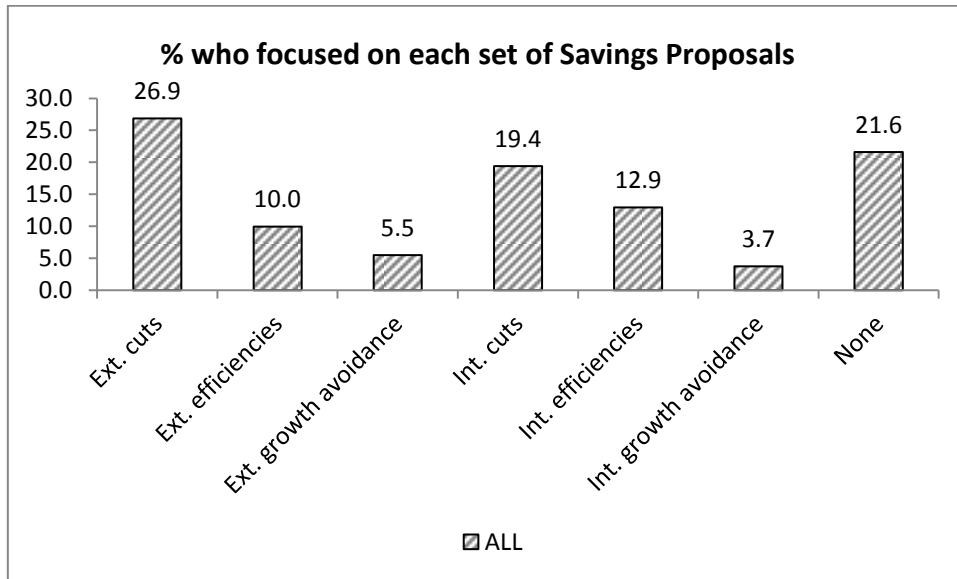
5.10 **Please note:** the percentages in Fig. 8 are percentages of the overall respondents who said “yes”. For instance, 25.3% of respondents who said “yes” would be willing to have a 2% rise in their Council Tax bills, the most-selected response. However, respondents who said “yes” were only 60% of all respondents to the question, so percentages need to be viewed in context.

Fig. 8



5.11 Respondents were also asked if they wished to focus on any particular set of proposals (**Fig. 9**). External cuts (26.9%) and internal cuts (19.4%) were the most-selected options.

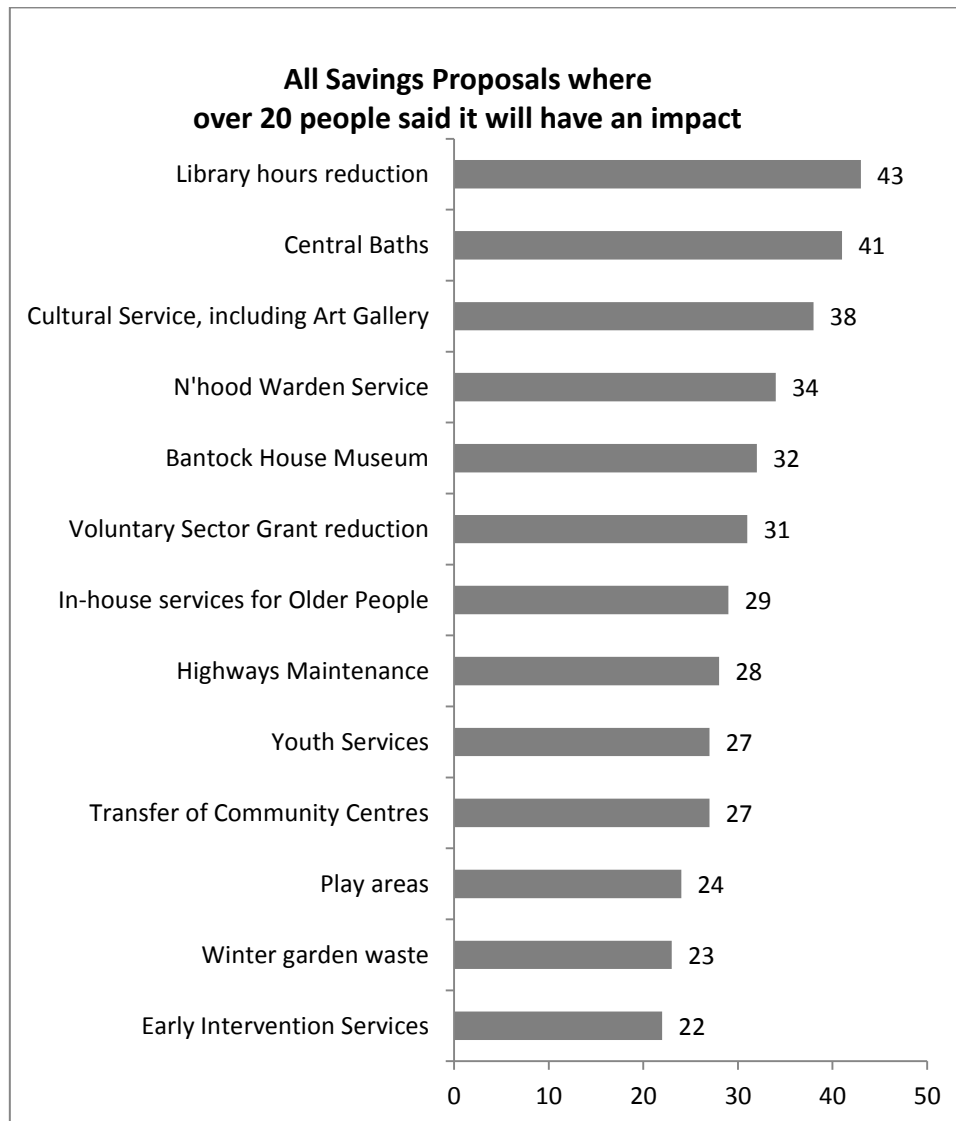
Fig. 9



5.12 All 165 savings proposals were presented to respondents, organised by set, and each respondent could nominate the top 5 within the set which would have an impact on themselves and their family (external) or on the city (internal). For instance, there were 90 savings proposals presented under the 'external cuts' heading, and respondents would then pick their top 5 there in terms of impact.

5.13 As there are 165 saving proposals, **Fig. 10** summarises only those where over 20 respondents felt each would have an impact. All of the proposals felt to have the greatest impact were from the 'external cuts' heading. Some of the topics were mentioned extensively in the qualitative budget consultation focus groups (for instance, library hours reduction), but other topics only emerge as a concern in this questionnaire (for example, winter garden waste).

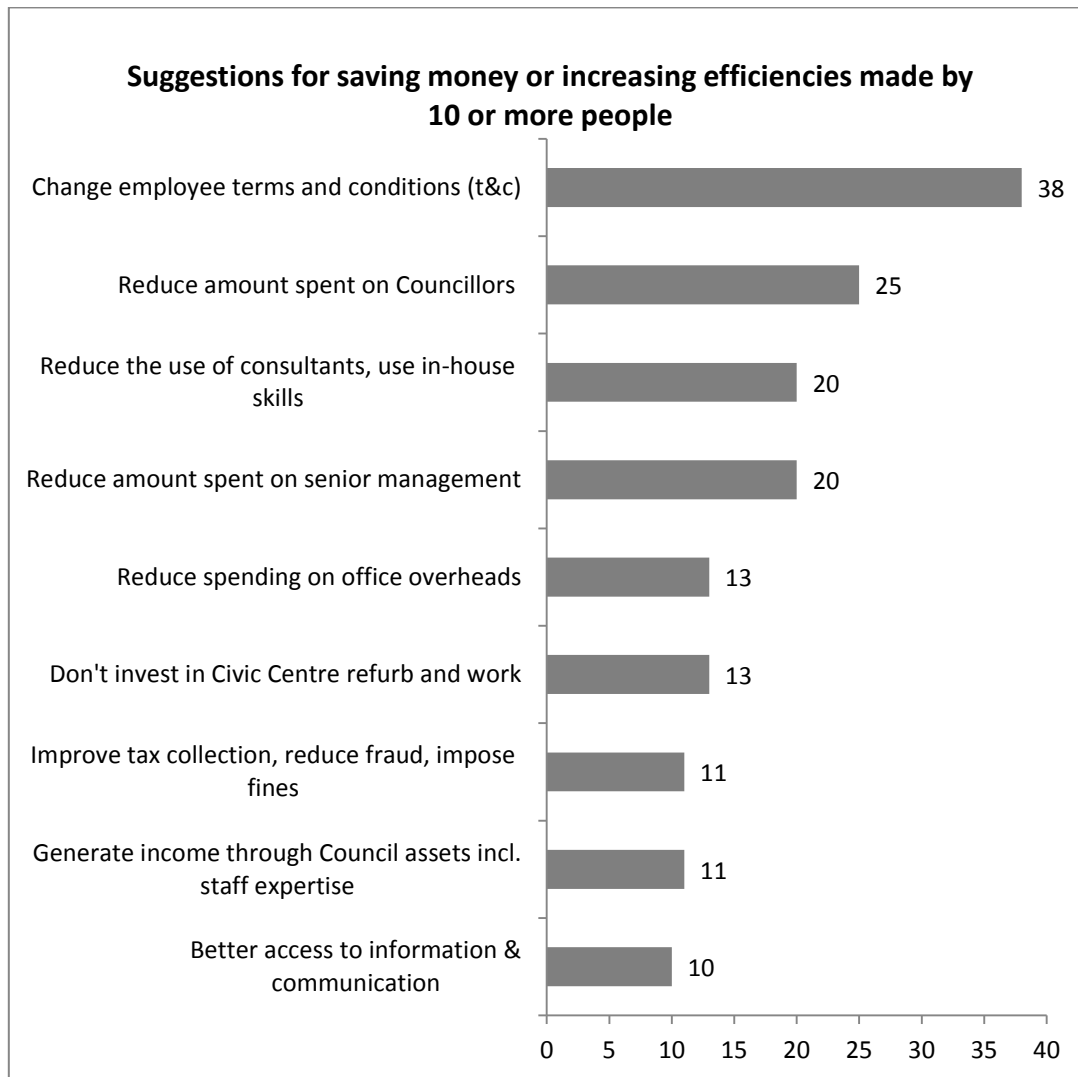
Fig. 10



5.14 People were invited to suggest ideas for saving money or for increasing efficiency of the organisation. **Fig. 11** summarises those where over 10 respondents made a similar point or suggestion.

5.15 The most common suggestion – changing employee terms and conditions – includes both reducing staffs' hours (9 respondents) and cap or reduce salaries (8 respondents). However, respondents differed how to cap or reduce salaries: some favoured an all-inclusive salary cut for Council employees, but others favoured a cut for salaries above a self-defined pay threshold. 'Working from home' has been deliberately double-counted in two sections ('change employee terms and conditions', and 'reduce spending on office overheads') as it is pertinent to both areas.

Fig. 11



5.16 For each set of the 165 savings proposals, respondents were able to report whether any of the cuts would have little to no impact in their opinion (**Fig. 12**) and (separately) whether the respondent was strongly in favour of any particular proposals mooted (**Fig. 13**). A reduction in the number of Councillors, reducing Christmas lights, removing the subsidy for Aldersley bar, and scaling back the Mayoral function and role were all felt to have little or no impact and were favoured by respondents.

Fig. 12

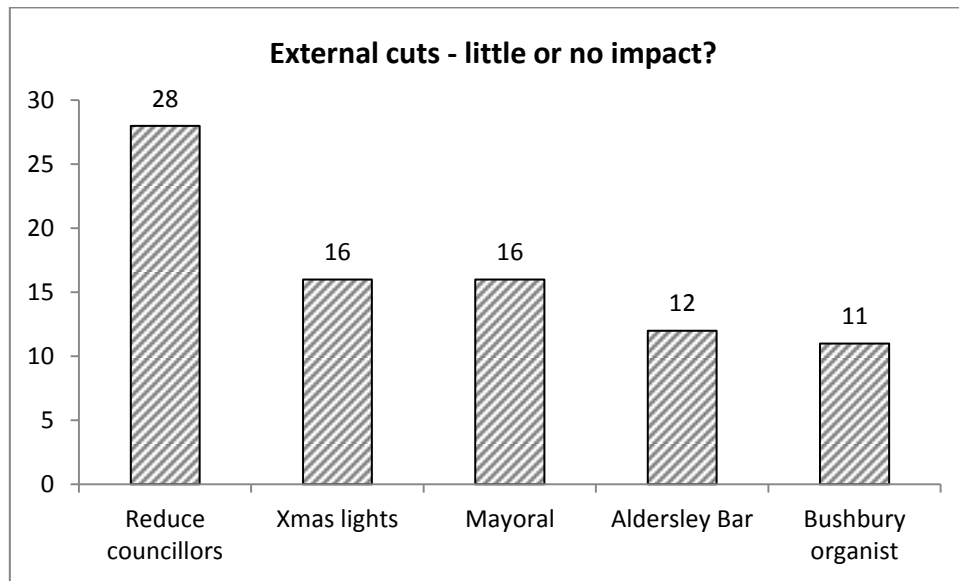
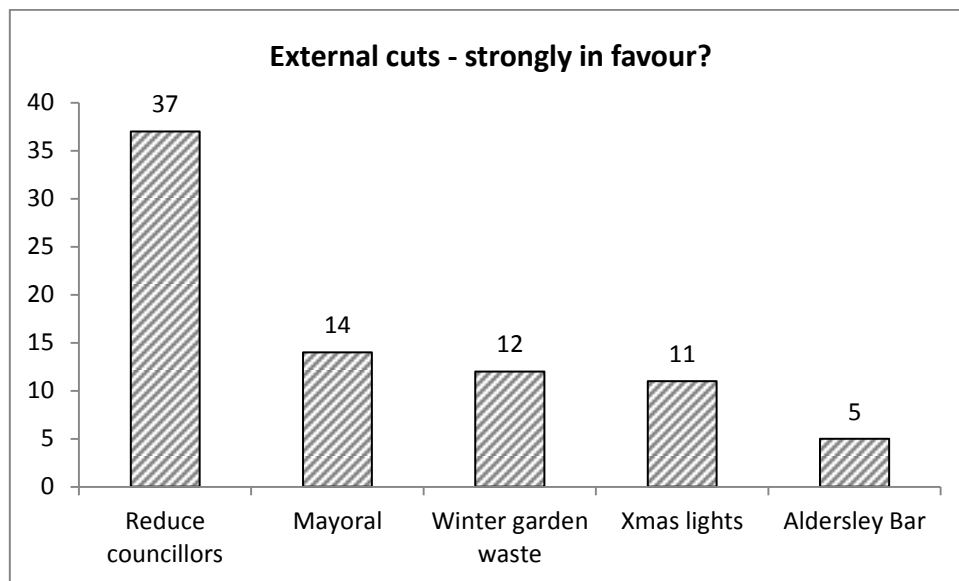


Fig. 13



5.17 Apart from external cuts, the biggest of the 6 sets, none of the other sets had more than 10 comments about whether particular proposals had little to no impact, or about whether the respondent favoured particular proposals in sets. The number of responses was not large enough to draw substantive conclusions; they are presented without further commentary (Figs. 14 – 23).

Fig. 14

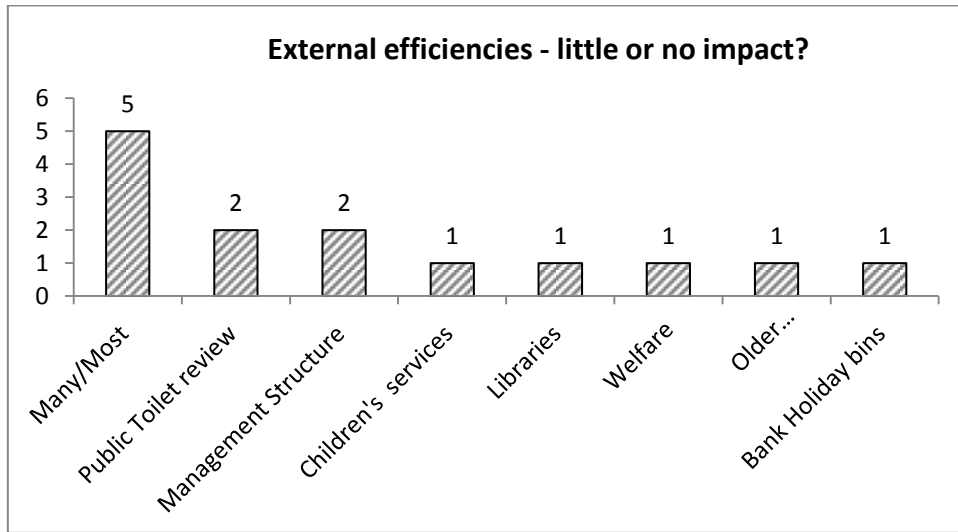


Fig. 15

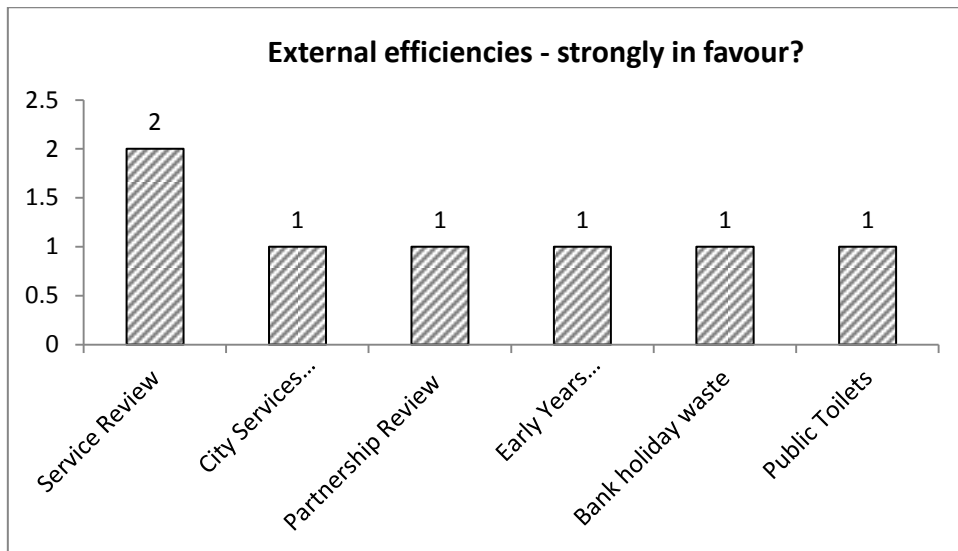


Fig. 16

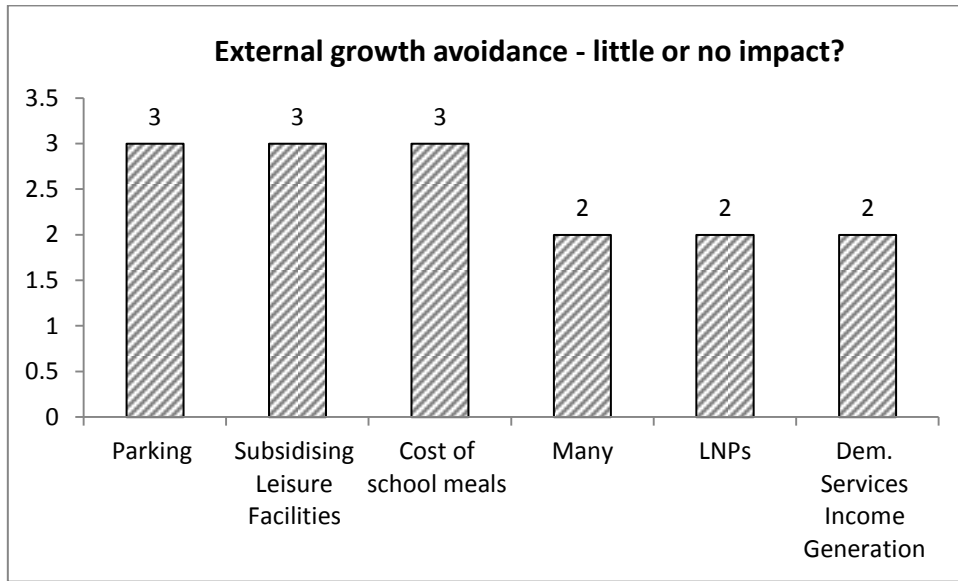


Fig. 17

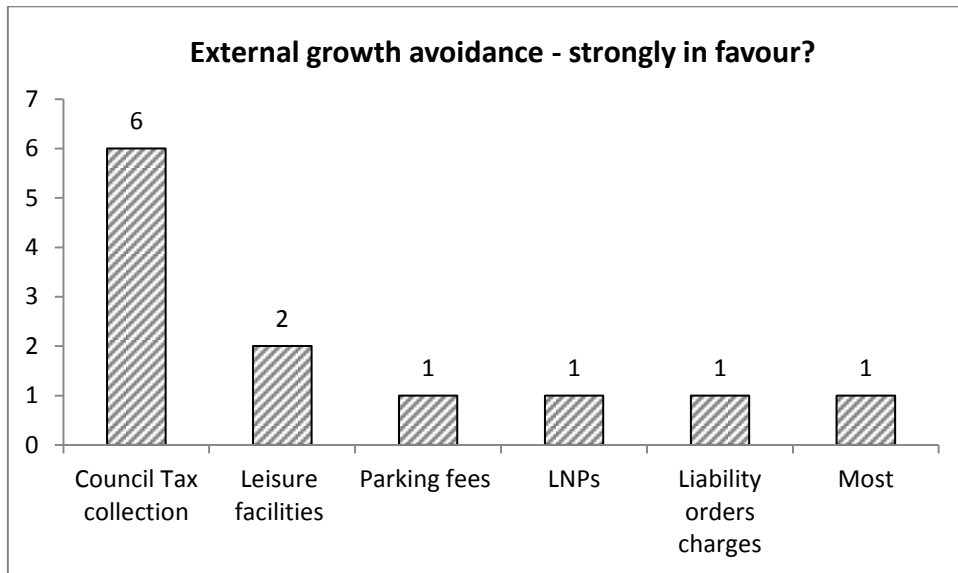


Fig. 18

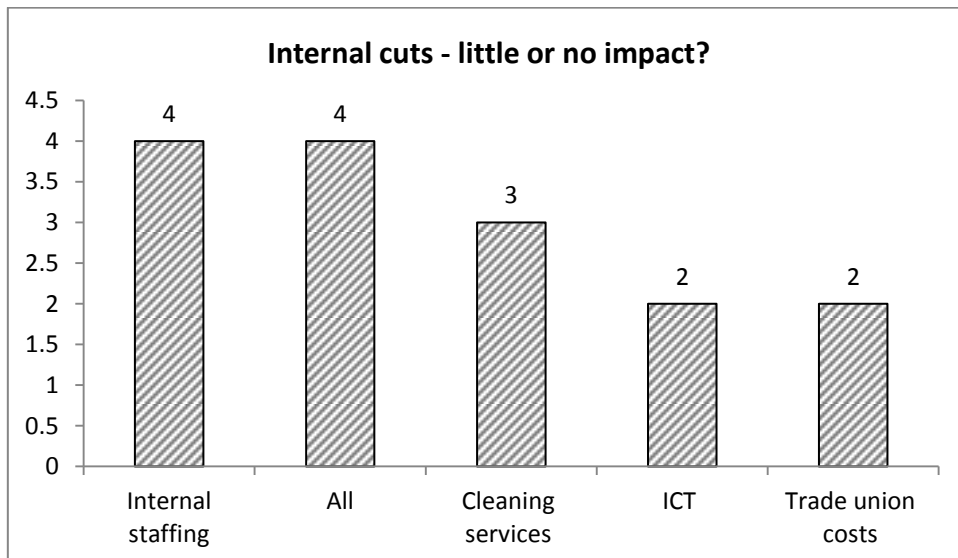


Fig. 19

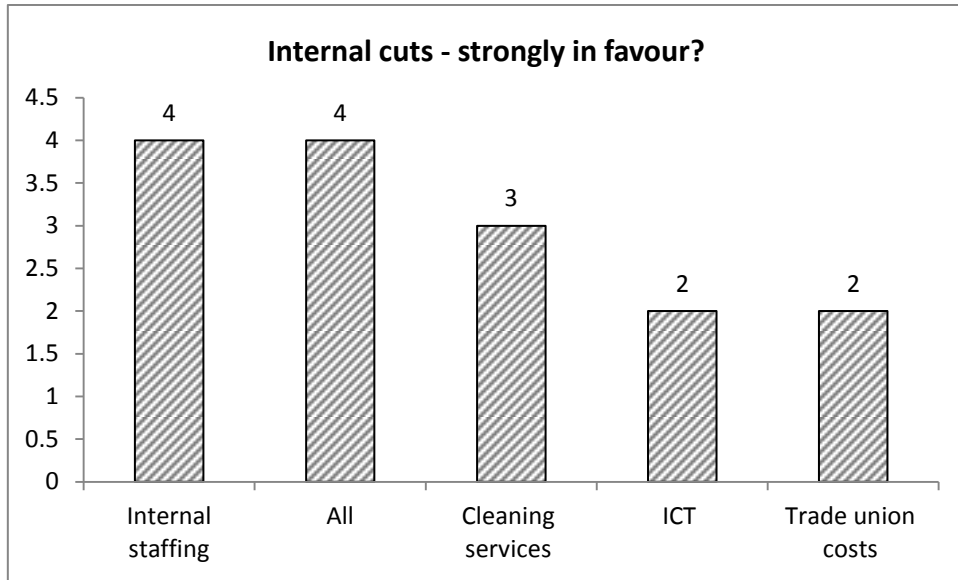


Fig. 20

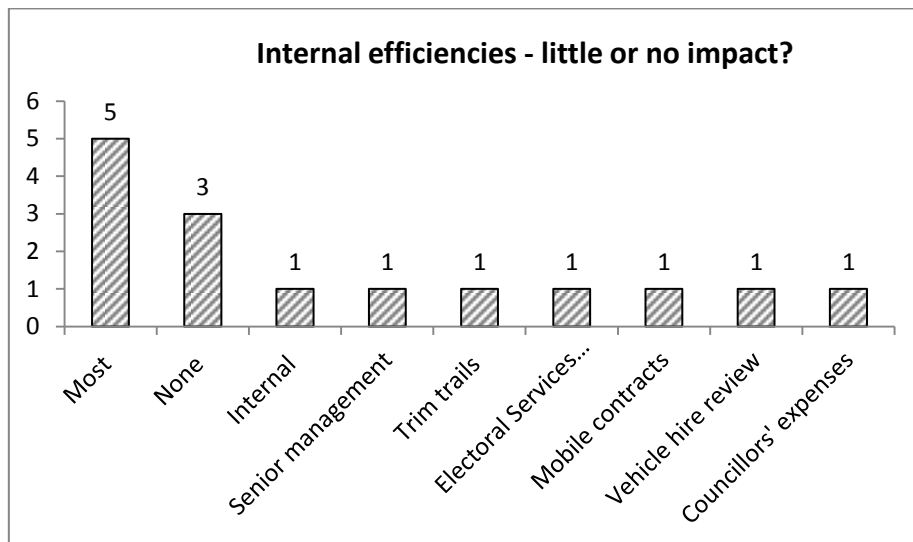


Fig. 21

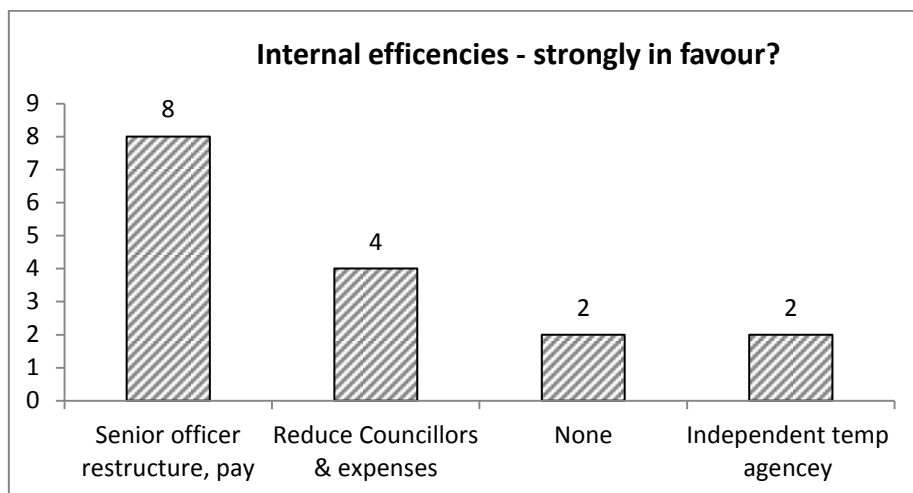


Fig. 22

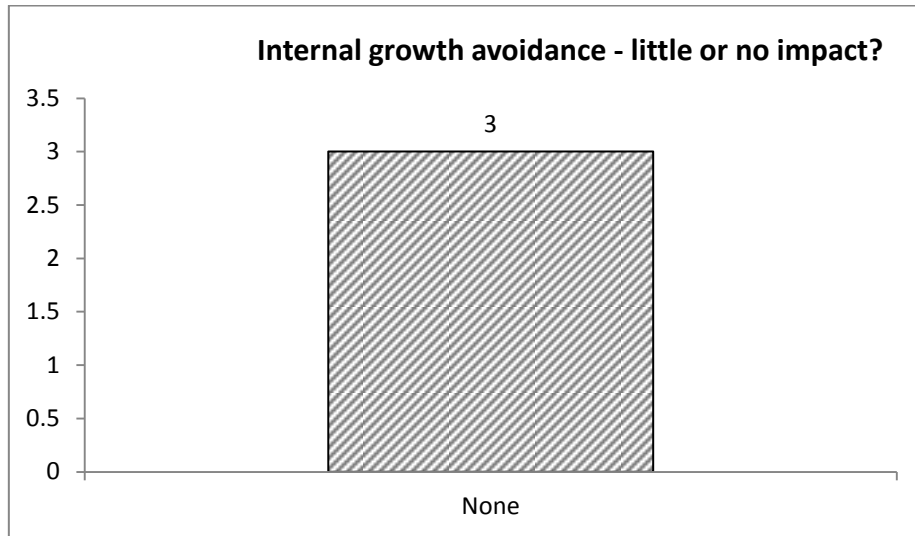
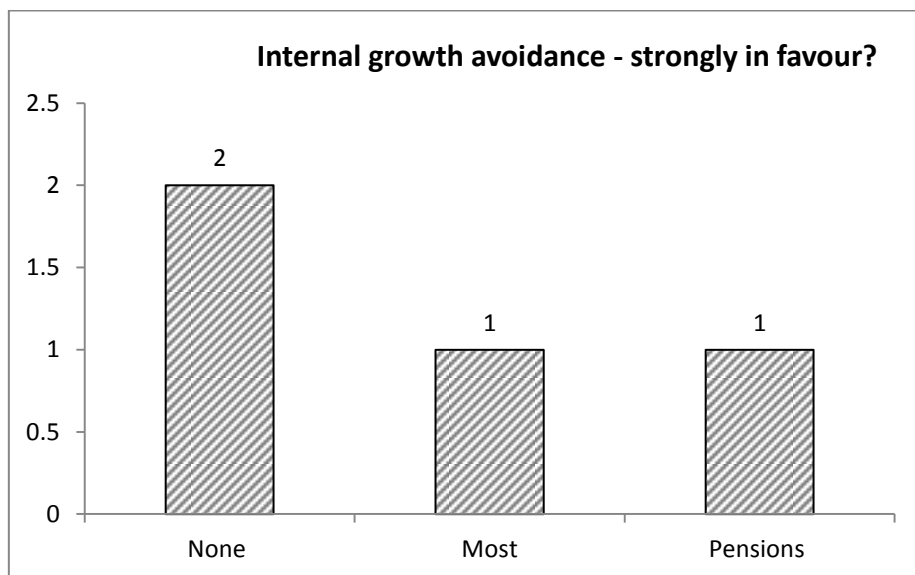


Fig. 23



Findings from the qualitative (discussion based and other submissions) consultations: views on specific proposals for budgetary savings

6. The following section outlines the key views from the qualitative consultation with stakeholders, community groups and other interested parties.
- 6.1 The twenty meetings covered a range of topics and gave attendees the opportunity to ask questions, gain clarification, and raise concerns or issues. The notes taken during these meetings do not always contain information on whether proposals are supported or opposed, though they do contain greater detail around the discussions, which for the sake of brevity, are not included in this report, but are available on request. This section also draws upon comments received from interested parties in emails and letters and comments made during the duration of the telephone hotline.
- 6.2 There are 165 specific proposals within the Council's Medium Term Financial Strategy document. The budget proposals have been banded in to broad summary headings within this report as follows:
- ◆ **Efficiency Savings**
 - ◆ **Growth Avoidance**
 - ◆ **Income generation**
 - ◆ **Invest to Save**
 - ◆ **Cut in Service**
 - ◆ **General comments unrelated to specific proposals**
- 6.3 **Extent of consultation discussions and interpretation considerations**
Given the broad spread of the proposals totalling 165, not all/only relevant topics were discussed by stakeholders and community groups during the meetings. The topics discussed are therefore likely to reflect the issues of most importance to the participants. All of the groups did have access to the public facing budget proposals documentation prior to the meetings.
- 6.4 The public, community groups and key stakeholders often do not have the time to gain an understanding of the difference between controllable and non-controllable costs, or between statutory and discretionary spend. The reader should therefore be mindful of this context when considering the findings in the following sections.

Qualitative Consultation main findings

7. Efficiency Savings

Deletion of posts in welfare rights and financial assessment services

BME organisations said that benefit take-up is a key component of Local Government Finance, so we need to show Central Government that the need still exists here, and there may be other “ripple effects” of cutting welfare rights provisions as yet unaccounted for. The LGBT network wanted to know if it was possible to vire money from the Social Inclusion budget to the Welfare Rights one, as the welfare rights work often prevents problems escalating to the extent that social inclusion intervention is required. Other areas discussed included; *Learning Disabilities Assessment and Care Management care packages; Mental Health Care Assessment and Care Management: packages of care; Physical Disabilities Assessment and Care*

Management: packages of care; Reducing costs within in-house services for Older People; Restructure of Learning Disabilities Assessment and Care Management: Social Work Teams; Restructure of Older People Assessment and Care management: Social work Teams; Restructure of Mental Health Care Management – Social Work Teams); and Restructure of Physical Disabilities Assessment and Care Management – Social Work Teams.

- 7.1 The BME groups said that demonstration of need (and protecting vulnerable people) affects our funding from Central Government and that the council needs to maximise this aspect. The Carer's forum stated the 6% cut in physical disabilities packages of care needed further clarification about the impact it might have, and the same group was concerned over the future of a local hub for moderate/severe learning difficulties. The Over 50's Forum presented a written submission in relation to services for older people. In it they claim that "there seems to have been a significant lack of strategic thinking behind the budget reduction proposals relating to services for older people.
- 7.2 There are 3 key features which need to be taken into account:
- i. The rapid growth in the number of older people in the city and in particular the higher than average numbers living in poverty and with long term limiting illnesses;
 - ii. The economic impact this has because of the pressure on family carers to give up work in order to look after older relatives; and
 - iii. The importance of relatively low cost preventative services in significantly reducing the level of expenditure on intensive health and social care services in the medium and long term"
- 7.3 Three residents phoned the council's telephone hotline in relation to Restructure of Learning Disabilities Assessment and Care Management (x1); Restructure of Mental Health Care Management – Social Work Teams (x1); and Restructure of Physical Disabilities Assessment and Care Management – Social Work Teams (x1)). No further details were provided.
- 7.3 Renegotiation of funding for Independent Living Service**
The Over 50's Forum and the Carer's Group were concerned that care quality and coverage would be diminished by this proposal, and that reducing respite care was thought to be a bad idea. In particular a reduction in wages could have impact upon the quality of provision, and a restructure here ought to prioritise findings from best practice elsewhere. A decline in provision quality could lead to escalation of some cases, thereby increasing costs. The SE LNP said that current resources e.g. Telecare need to be fully exploited.
- 7.4 Reduce staffing in Carer's Support Team**
The Interfaith and Regeneration Network thought that this proposal would lead to Carer's Support being over-stressed and over-stretched, with NHS needing to pick up shortfall. The Carer's Forum saw this proposal as a "false economy", as the service offers a valued support and signposting function as well as offering a short-term crisis cover when carers can't cope anymore.

7.5 Reduction in Staffing Budget for Youth Offending Service

The BME groups queried the accuracy of the figures and asked how the costs are worked over 5 year period, stating that this is recurrent saving. The Interfaith and Regeneration Network thought that there would be consequences in terms of stress, leading to NHS needing to pick up shortfalls.

7.6 Reduce external market block contracts for day services

The Over 50's Forum said that, whilst under-utilised, the day services provide valuable social contact for older people, with potential health benefits and lack of escalation for critical cases as a result. Over-booking day care provision may result in a better attendance than at present, as many have to cancel at short notice. South West LNP said that day centres help older people get back on their feet after hospital.

7.7 Reduce the number of Highway Technicians

The Interfaith and Regeneration Network suggested that these proposals could be a false economy if people make claims for vehicle damage from poor road conditions.

7.8 Reduce Street Lighting Maintenance

Gender Matters supported this idea in principle but said that more details were needed.

7.9 Review of jointly-funded services (council and NHS)

One person phoned the council's telephone hotline in relation to this proposal. No further details are available.

8. Growth Avoidance

No comments were made in relation to this set of proposals

9. Income generation

9.1 Improve collection rate for council tax

BME groups thought that savings from Council Tax Collection were "tiny" and that the focus of the savings generally had too much emphasis on charging residents. They suggested that there was a need to look at maximising revenue before looking to charge residents. The Interfaith and Regeneration Network thought that there was also a need to give advice regarding budgeting before pursuing people who did not pay. Gender Matters agreed that more needed to be done to improve the collection rate than at present.

9.2 Replacing Local Neighbourhood Partnerships with Community-Led Economic Development – Stage 1 and 2 (please note that stage 1 is an invest to save proposal)

The BME groups were concerned with the possible duplication with community groups' work at the moment. They argued that there should be key officers in localities working with existing community groups. The LGBT Network said that the proposal would need examination. South East LNP criticised the proposed reduction of neighbourhood support officers, as it would hinder voluntary groups from securing external funding. They asked for a more phased approach to enable them to find other methods of support asking if the LNP support could remain for another 12 months. The NE LNP questioned how the council would conduct consultations without LNP support.

- 9.3 Four written submissions were received from
- ◆ Oxley Tenants and Residents Association;
 - ◆ Blakenhall LNP;
 - ◆ Tettenhall LNP and WREN; and
 - ◆ Low Hill and Scotlands PACT.
- Their comments are summarised below:
- 9.4 The very best people are already in post, so why is the council asking them to reapply for their own jobs?
- 9.5 The economic impact of this proposal is understated. Will there be support to community groups outside of the priority areas to access funding? An example was given of £1.1 million of investment brought into implement canal side improvements in Tettenhall. This project was of benefit to people in areas outside of Tettenhall e.g. in Whitmore Reans, therefore strict demarcation regarding areas of benefit should not apply.
- 9.6 Community led economic regeneration projects require people with a broad skills mix e.g. in carrying out consultation, disseminating information, helping create effective partnerships, and working with local people to formulate realistic goals. The community will need reassurance that LNP support will remain in place until September 2014 and that effective handover of information will take place.
- 9.7 Blakenhall LNP wrote to the council and was concerned that the proposals put the community and vulnerable individuals at greater risk. They said that the greatest loss of services appeared to be community-facing services for people most in need. The cuts to neighbourhood and other frontline services will have an impact on community cohesion and may result in unrest and disturbances.
- 9.8 The LNP also argues that, since the council has a duty to consult, and the LNP fulfils this function for many service groups, it will be more costly for individual service groups to arrange their own consultations. The LNP states that valuable qualitative information will be lost to the authority if the LNPs cease. They further argue that cuts that affect the most vulnerable should be avoided and that the cuts could have a negative effect on Blakenhall both physically and economically.
- 9.9 Finally the LNP makes the point that the council has opted for 'easy cuts' rather than trying to achieve savings whilst improving outcomes.
- 10. Parking Services and Charging Review.**
- The Interfaith and Regeneration Network were concerned that raising parking charges would have a negative impact on city centre businesses. They argued that there was a need reduce parking charges and/or **“think of positive actions”** such as free drive through provision at the market for heavy goods instead. Gender Matters felt that, **“it will drive out trade and fail to attract businesses”** whilst at the same time making other retail centres such as Bentley Bridge, Merry Hill or Telford more attractive to shoppers.

11. Increase School Meals Charges

The Interfaith and Regeneration Network thought that that this proposal was inconsistent with the focus on attainment and skills in the Corporate Plan.

12. Fees and charges review – Bereavement Services

Whilst agreeing with the proposal, the Interfaith and Regeneration Network said that there was a need to consider the level of fees and the impact upon the poor.

13. Revenues and benefits technology improvements

One person phoned the council's telephone hotline in relation to this proposal. No further details are available.

14. Invest to Save

No comments were made in relation to this set of proposals

15. Cut in service

15.1 Reduction in Voluntary Sector Grant

This proposal was commented upon by the majority of the equality groups, most of whom highlighted it as their priority issue. The BME groups said that the level of cut shown is misleading as it includes commissioned activity. They argued that this is incorrect as those contracts have been won in competition, quite often, with the private sector. They said that it should also be taken into account that funding to Housing Support providers (many of whom are voluntary sector providers) and Community Initiatives is scheduled to reduce as well. Support for the voluntary sector is already tailored to Corporate Plan and City Strategy.

15.2 The LGBT network mentioned a need to assess value for money, and to justify groups' activities in light of a reduced funding pot.

15.3 The BME groups pointed to the potential impact on the employees in the voluntary sector losing their jobs and on vulnerable people and groups. The social cost of this has not really been acknowledged. They asked if pension liabilities to the council been addressed.

15.4 Women of Wolverhampton and the Interfaith Network mentioned that a prior lack of collaborative work with the council makes the current situation more difficult than it could have been and an opportunity had been lost in engaging with the sector about how they could work with the council to support vulnerable people. Women of Wolverhampton and South West LNP said that the voluntary sector provides a good return on investment and adds value to the city. They will have reduced funding and yet be told to 'do more' with it and their value in contributing towards the city's economic regeneration is not recognised.

15.5 The North East LNP was concerned that there are not enough volunteers to run all the services. This will lead to a possible inability to assist the Council with its priorities, as cuts are front-loaded, and change with three months' notice isn't realistic.

- 15.6 Gender Matters mentioned that the Council could not necessarily rely upon the voluntary sector themselves to deliver services, as even the voluntary sector had been forced to make cuts.
- 15.7 In a press release issued by the Third Sector Partnership local charities expressed concern at the scale of the cuts facing the voluntary and community sector in Wolverhampton. They maintain that grant funding for the local voluntary and community sector will be cut by over 50% over the next two years, resulting in funding being withdrawn to 30 organisations in the City, and the closure of many of them. They argue that as a result, vulnerable people in communities will lose services, and over 200 jobs will be placed at risk, along with support for over 800 volunteers. The services affected include those for young people, the elderly, disabled people, the homeless and other vulnerable groups.
- 15.8 Whilst acknowledging the huge budget cuts the City Council is facing and urging all sectors to press Wolverhampton's case at national level, the Third Sector Partnership states that it is keen to work with the council to meet the needs of vulnerable people in the city.
- 15.9 Chris Irvine, Chair of the Wolverhampton Third Sector Partnership, which acts as a forum for over 100 voluntary and community organisations in the city, said ***“With local people already facing cuts to services from the Council, it is crucial that voluntary and community groups are able to respond to what will be a growing demand on their already stretched services. The sector has also brought in over £26 million of external funds in the past two years, but its ability to do so in the future will be undermined by the scale and timing of these cuts.”***
- 15.10 The Central Youth Theatre also provided the consultation with a copy of their press release . They say that council officers scored the Youth Theatre as having no economic value in a cabinet report on voluntary sector savings, although Central Youth Theatre has attracted £250,000 to the city in four years. Former members, including Beverley Knight and Ben Clark, co-creator and actor in BBC3's *Badults*, have also provided evidence of the impact the Youth Theatre has had on their professional careers, with many former members becoming successful as performers, in behind-the-scenes roles in theatre, film and television and in fields such as teaching and journalism. Director Jane Ward received an MBE in November 2013 for services to drama and to the community. She says: ***“I only received the MBE in November, and so it comes as a very bitter irony that the Council has chosen us.”***
- 15.11 Representatives of Central Youth Theatre contacted the council separately to say that factors such as uncertainty about future funding and both their premises have made the future of Central Youth Theatre uncertain. Gender Matters contacted the council to make the point that the organisation is not funded by the council and as such it could easily relocate to another area, meaning that the council or another provider would need to pick up on the services Gender Matters provides.

15.12 Removal of Council subsidy for Central Baths

Women of Wolverhampton argued that this proposal had a disproportionate effect on females (especially Asian females) who are frequent users of Central Baths. They point to the health benefits of exercise and the need for a full equality analysis. Women of Wolverhampton claimed that staff were demotivated due to lack of investment in the baths. South East LNP thought that the facility needed refurbishment. They also thought that the baths could possibly raise charges to cover the shortfall, including charging for parking. South West LNP suggested that the café could generate additional revenue. South East LNP said that people will struggle to travel to alternative baths. The North East LNP supported attempts to work with private sector to find a solution. An individual emailed the council concerned that local children would face an increased risk of drowning in the canals if this facility closed. He was also concerned about the implications on peoples' health and that travelling to alternative facilities would be difficult for him. He was also concerned about accessing other baths in the city that

15.13 Two callers phoned the council hotline in relation to this proposal. A Customer with a disability called. She relies on swimming to help her condition (MS). She would not be able to afford the cost of travelling to any of the other baths. Another customer was concerned that the possible closure of the baths would impact on the economy, the community and children swimming.

16. Reduction to overall Council subsidy of Cultural Services, including Art Gallery

Women of Wolverhampton said that cultural services could be a driver of tourism to the city, and Gender Matters stated that reductions or even closures of venues would mean there was ***“nothing to draw people into the city at night or even in the day”***. The LGBT Network stated that, in the words of one participant, they wished to ***“keep facilities open even if reduced”***.

16.1 Women of Wolverhampton suggested closer working between Bilston Craft Gallery and the City of Wolverhampton College to create craft apprenticeships. They said that possible new areas to explore include heritage faith trails, and also changing opening hours to increase visitor footfall.

16.2 A resident from Tettenhall emailed to say that the park, house and café at Bantock Park are a real attraction for families in the area. They are well used and are particularly convenient for residents who rely on public transport. One resident phoned the telephone hotline in relation to this proposal. (No further details provided). A “Save Bantock House” Facebook page has been established which has 2124 members. The group has arranged a public meeting on 29 January 2014 to develop proposals for saving the venue.

17. Reduction in library opening hours and introducing charges for internet use

According to the LGBT Network and Experts by Experience, a reduction in library opening hours and charges for the internet would have a disproportionate effect upon disadvantaged groups. Experts by Experience made the point that soon people would have to complete welfare benefit claims online and suggested waiving charges for those on benefits. Participants at Gender Matters said that the internet was, “the only social

outlet for some people". The LGBT Network thought that demand for IT might outstrip supply. NE LNP noted that those who are job seeking may need longer than an hour to apply for a job online. SE LNP thought that libraries were a key community resource for many children and adults.

- 17.1 The council received emails from the Libraries Action group and two residents, one from Penn and one from Finchfield. In addition to the open letter from the Libraries Action Group to Simon Warren, the group also submitted an extract of the letter, offering to work with the council to form a constituted 'Friends of the Library' group in order to attract external funding to mitigate the effects of the cuts on the city's library services. One respondent suggested that the closure of Finchfield library would disproportionately affect older people in the area as the area of benefit, Finchfield and Castlecroft, have almost double the city average of residents aged 75 and above.
- 17.2 Another respondent wrote to ask that the two staff working at Finchfield library be retained due to diverse services they provide and the positive manner in which they do so, which the respondent does not feel can be replaced by a mechanised system. One resident phoned the telephone hotline in relation to this proposal. (No further details provided).

18. Reduction of the Neighbourhood Warden Service

The Interfaith and Regeneration Network were particularly concerned about the reduction in neighbourhood wardens for the city centre. They were also concerned that if the catchment area for neighbourhood wardens increased, this would reduce their effectiveness. Social and private landlords said that the service was valued and made a big difference. They suggested that the council look into the scheme being funded in a different way e.g. sponsorship.

- 18.1 Six individual written submissions were received in relation this proposal from groups or individuals in Bushbury; Oxley (x3); Bilston East; and Whitmore Reans. They made the following points:
- 18.2 The neighbourhood wardens service provides good public reassurance, particularly for elderly people in the Bushbury area and in Oxley nothing is too much trouble for them. Oxley is now an area of low crime largely due to efforts of the wardens working alongside the police. Recently the wardens were involved in an intervention to stop a growing problem of drug dealing in an area. However, there are on-going issues of drug dealing, anti-social behaviour, robberies and muggings. If the service is cut then crime would increase and it would create long-term problems in Bradley, where, alongside getting involved in various community projects, the wardens also act as a first port of call for any concerns residents have. These savings could be a false economy in the long run, putting pressure on other services such as the Police and on repairs as a result of criminal damage.
- 18.3 The representative would prefer cuts in other areas e.g. weekly bin collections or grounds maintenance rather than in the neighbourhood wardens service.

The council also received a petition from Lincoln Green Tenants and Residents Association signed by 70 residents. The text of the petition is, ***“For our area Lincoln Green and Oxley Village as part of Oxley and Bushbury North to be considered a priority area. The area is full of elderly and vulnerable people and (the) area (is) a target for bogus callers.”*** The proposal around the Neighbourhood Wardens is subject to scrutiny on 30 January 2014 and the results will be reported to Cabinet on 25 February 2014.

19. Reduction of opening hours at the Archive service and staffing restructure

Women of Wolverhampton suggested that Archives could charge for services especially groups researching for their Heritage Lottery Fund bids, visitors to the city and people researching their family history.

20. Reduce level of Discretionary Rate Relief

BME organisations and the Interfaith and Regeneration Network both pointed to the potential impact upon voluntary sector organisations and small businesses. The Carers Group agreed that removing the Discretionary Rate Relief put some charities or not-for-profit organisations out of business. They felt the risk of this event would increase if the changes weren't publicised suitably in advance.

The BME organisations thought that this proposal contradicts the priorities in the Corporate Plan. They also thought that it may discourage or impede new businesses from forming or setting up here.

21 Transfer and de-commission a number of in-house services for Older people

In a written submission a representative of UNISON raises three question areas:

- i. How was the proposal arrived at and what equality analysis has been conducted? What consultation has been conducted with staff and key partners?
- ii. What evidence is there that the contract with 'Big Word' is cost effective and provides the added value that the current in-house service provides?
- iii. What other options were considered in relation to this proposal?

21.1 The respondent believes that the current in house provision provides a value for money service that supports the corporate priorities of supporting vulnerable people and builds a confident capable council. She says that it is important that the proposal does not have a disproportionate effect on staff and service users and that the council has regard to its duties under the Equality act 2010.

22. Reshaping Partnership support and Rationalisation of Economic Development and Black Country Working

The BME groups thought that removing Partnership support and Economic Development reduces the scope of regeneration and income maximisation for city.

23. Cessation of Winter garden waste 'green bin' collection service.

The BME groups thought that there was potential to charge wealthier residents for this service, but this was not endorsed by all participants. A resident phoned the council hotline to say that he is unhappy with the proposal to move to monthly green bin collections in the

winter as he has a large tree in his garden and he struggles to fit all the leaves in with fortnightly collections.

24. Reduce the number of Councillors

There was broad support for this proposal from BME organisations, the Interfaith and Regeneration Network and NE LNP. The Carers Forum and BME groups were concerned about the risk of increased workload for councillors and what it might mean for councillor contact. The NE LNP supported this proposal and suggested that councillors should be volunteers i.e. should not receive expenses.

A resident from Dovecotes phoned the council hotline to express support for this proposal alongside a suggestion that the number of councillors should reduce to a third of current numbers.

25. Ranger Service Review

SE LNP was concerned that the proposal to cease locking the parks at night will lead to an increase in anti-social behaviour. A resident from Whitmore Reans emailed the council to say that leaving the parks unlocked at night leaves them vulnerable to damage and open to criminal activities such as drug dealing.

26. Reduction in funding for Housing Support and Social Inclusion providers

The LGBT network asked for a review of overlaps and duplication in this area. They said that it was an important issue which needs handling carefully.

27. Review of the Community Safety service

The LGBT Network pointed to a lack of consultation with key stakeholder regarding priorities and particularly the exclusion of Hate Crime. The city needs to be perceived as safe and the NE LNP argues that the cost for this service is minimal.

28. Review of the use of Organists at Bushbury Crematorium

There was support from the BME groups for this proposal, whilst giving the choice to residents pay for an organist themselves and/or make own arrangements. 11 people that took part in the online survey said that this proposal would have little or no impact on them.

29. Review bedding planting across the city.

The BME groups suggested that perennial plants could be used instead of annuals. Women of Wolverhampton suggested that the council sought commercial sponsorship of flower beds.

30. Re-configuration of Youth Services, centred on Youth Zone and targeted youth support

THE BME groups, LGBT Network and North East and South West LNPs questioned the central location of the proposed Youth Zone rather than having youth provision in localities, as “young people are very community-orientated”. There was also concern that public transport into the city was not good enough, and parents would not want their children travelling into the centre alone. The North East LNP suggested that youth centres could be located at schools. Many respondents were concerned that this

proposal (especially the removal of local clubs) could see a rise in antisocial behaviour in localities. One aspect was that LGBT youth could be “persecuted” if spotted asking for information, advice or guidance about LGBT issues there. This was felt to be particularly acute for LGBT youth from BME communities, who may fear harassment over their sexuality if knowledge became widespread. The Interfaith and Regeneration Network pointed out that it was potentially unfeasible for voluntary sector to cover shortfall in provision in light of cuts to their budgets. There was interest in the proposal to handover youth clubs to voluntary groups within the South West LNP.

- 30.1 Women of Wolverhampton made specific comments that the youth service only works with small groups of young people at present, with lack of co-ordination with voluntary sector. Women of Wolverhampton also noted the removal of youth clubs was mentioned in proposals but other aspects like the Central Youth Theatre were not. The North East LNP were concerned that most volunteers are older people who are unlikely to want to volunteer for the youth service.
- 30.2 Hyperlocal website, WV11 invited feedback on the proposal to develop a Youth Zone via their Facebook page. Up until 18/12/2013 (when NE LNP constituency staff submitted feedback), the page had received 61 comments, with some participants commenting more than once.

A summary of the comments are below:

- i. There were sixteen comments in relation to the difficulties young people would face in travelling to the venue. People mentioned the rising costs of public transport and parents were concerned about how safe young people would be travelling to the venue. A further four comments related to the potential for trouble between young people from different areas.
- ii. There were eight comments expressing general opposition to the proposal, some of whom urged others to sign petitions and contribute to the consultation.
- iii. Eight comments referred to the positive role that voluntary organisations such as the scouts and guides could play in helping to fill the gap left by the closure of local facilities.
- iv. Six comments voiced concerns that this proposal would lead to an increase in crime and anti-social behaviour
- v. The lack of general leisure opportunities for young people in localities was mentioned by four people.
- vi. Three people said that they thought the subsequent consultation would be tokenistic.
- vii. There were three comments saying that they had understood that the development of the community hubs was supposed to safeguard local youth provision and one person said that he had not heard that the implication of establishing the Youth Zone was that local services would close. Two people said that the Youth Zone should be in addition to not instead of neighbourhood youth services.
- viii. Three comments expressed the view that decision makers are unaware of the impact that their decisions will have on local communities and another three comments spoke about the value of the youth service
- ix. One person mentioned that the proposed location was poor (on the outskirts of the city centre) and that the existing Epic Centre was better located.

- x. One person thought that similar ideas had worked in other cities and that the Youth Zone could be good for the city.
- 31. Move Shopmobility to be more commercially supported**
The Carer's Forum questioned the need for this provision stating that other Black Country authorities don't have a similar scheme. The Over 50's Forum stated that other schemes had failed when they were privatised and that this is important provision for older people.
- 32. Rationalise the Highway Thin Surface Operation and Review of Highways maintenance.**
The Interfaith and Regeneration Network suggested that these proposals could be a false economy if people make claims for vehicle damage from poor road conditions.
- 33. Remove council subsidy for the operation of the bar at Aldersley Leisure Village**
The Carer's Forum suggested that the bar could be run as a commercial enterprise by a brewery.
- 34. General comments unrelated to the above categories**
General comments about the savings
- 34.1 The impact on the most vulnerable**
Gender Matters, Voice For Parents and Experts by Experience were concerned that the proposals would impact more on the most vulnerable and lower income residents. Wolverhampton Interfaith and Regeneration Network's greatest concern was the impact of the savings on older and disabled people. They were concerned that cumulatively the proposals would disproportionately affect certain groups of people.
- 35. Unintended impacts of the savings**
Wolverhampton Interfaith and Regeneration Network were concerned that the large number of council redundancies would impact on the economic regeneration of the city and that any new jobs created in the city through, for instance the i54 development, would be given to people from outside the city.
Businesses wanted to know if the longer term cost pressures of the savings for the council and the wider economy had been calculated. In a written submission the Over 50's Forum says that some of the budget proposal reductions appear to be in conflict with each other, giving the following examples
- ◆ Expenditure on assessments will be reduced, at the same time as increasing the number being undertaken, through the introduction of assessments 6 weeks after hospital discharge
 - ◆ An increased number of people will be cared for in the community (presumably by reducing numbers in residential care), at the same time as cutting care services that support people in the community (e.g. night visiting and possibly Carelink and telecare)
 - ◆ Expenditure on welfare benefits advice will be reduced, at the same time as increasing the take up of welfare benefits to offset increased charges to service users
- 35.1 They also say that, ***“a major omission is any analysis of the outcomes achieved by services at their current levels and the impact on those outcomes by the proposed***

reductions. This is particularly important for preventative and rehabilitative services. In order to make a rational decision, the Council would need to know not only the savings that would be made now by cutting the services, but also the increased expenditure on intensive health and social care services that would be incurred in 2 to 3 years' time, as a result of the reduction in the number of people receiving preventative and rehabilitative interventions."

36 Pensions

Gender Matters were concerned about the expense of allowing employees to claim their pension at the age of 55 and suggested that this entitlement should be stopped. It was suggested by businesses that the council could use pension funds as a source of capital funding.

37. Equalities Issues

Wolverhampton Interfaith and Regeneration Network stated that the council could leave itself open to legal challenges if did not conduct adequate equality assessments. They stated that an overall equality assessment of the cuts was needed. The BME groups asked, in the context of the cuts, what commitment the council has to BME groups and the wider equality and diversity agenda.

38. Community Solutions

The Experts by Experience group felt that volunteering was being implicitly encouraged as a way of filling the gaps left by service cuts. One participant was keen to volunteer but his criminal convictions prevented him from doing so. He asked if the council would examine how ex-offenders could be enabled to volunteer. Voice for Parents thought that faith groups would be interested in delivering services. They added that communities should also be encouraged to deliver services if they strongly feel that they should be retained. The availability of some facilities and services represents a good opportunity for some communities. Participants at both the SW and SE LNPs mentioned capitalising on Wolverhampton's 'community spirit' to help the city through the present difficulties.

39. Efficiencies

The BME groups queried whether the social care efficiency savings were really efficiency savings or if they amounted to a reduction in services. They also pointed out that the Third Sector Partnership, supported by the Community Initiatives Team, had mapped duplication of grants and contracts across the council and they asked that this be looked at with a view to identifying savings.

Wolverhampton Interfaith and Regeneration Network suggested that efficiency savings would impact on the quality of services delivered and asked that all the savings proposals be kept under review to ascertain the impact on resident's lives.

40. Pressures on the budget

The LGBT Network and Women of Wolverhampton (WOW) recognised that caring for Looked After Children was a statutory responsibility. Nonetheless they asked if the spend in this area could be reduced. WOW suggested that outsourcing to private companies or working in partnership with the Third Sector might be more efficient, whilst the LGBT network suggested that a cross-Black Country facility was a possible solution. BME

organisations suggested that the council needed to encourage people to take more responsibility and WOW and One Voice similarly suggested an increased focus on preventative work.

41. The Budget Challenge

Overall approach to the budget challenge

Participants from an LNP were interested in the council's overall approach to the financial challenge it faces. For instance they asked if the council was taking a John Lewis Cooperative Council approach (which one participant advocated), or looking to commission from the private sector? Social and private landlords asked if radical solutions to the challenge Wolverhampton is facing had been considered i.e. merging with South Staffordshire Council or sharing staff between councils. They also suggested that the council could sell some of its land for the 2015/18 Affordable Housing Scheme. One participant from SW LNP suggested that the council should do things differently and should use their buildings and land to generate income. Gender Matters and the LGBT Network both suggested that the Black Country Authorities should share back office functions, with the LGBT Network suggesting that the voluntary sector could provide this function.

- 41.1 One participant at the Third Sector Partnership meeting said that they did not believe that a salami slicing approach to making savings was the most effective way to work. The BME groups were concerned that the main strategy for making the savings appeared to be to charge residents more. They thought that the savings were duplicated and not joined up and suggested that they had been driven by a sense of panic. Participants at SW LNP and the Third Sector partnership were concerned that the cuts were too harsh and would result in increased unemployment in the city and would not leave Wolverhampton much to build on when the economy does recover.
- 41.2 A participant from SW LNP asked that all councillors, regardless of their political persuasion, work together on the current financial issues. BME groups and the LGBT Network would prefer to see an approach that maximises innovative ways of generating income (something they say the council has been encouraging the Third Sector to do for quite some time). Participants from the SE LNP urged the council to make savings by reducing the numbers of managers rather than frontline staff.
- 41.3 The Carer's group wanted to know if the new Head of Communications was necessary expenditure and the BME group were concerned about the numbers of interim consultants the council employs. A member of Gender Matters suggested that the council should "stop cutting, use the reserves, and allow the Government to send in a taskforce, to force the Government's hand" and One Voice suggested that there should be protests against government cuts.

Efficiency savings

- 41.4 The BME groups and the LGBT Network thought that more should be done to address back office costs. The BME groups were particularly concerned with the high cost of 'treasury management' (£12.5 million) which they said is not explained in the

council's Medium Term Financial Strategy report and dwarfs preventative services such as carer's support.

- 41.5 The Over 50's Forum was also concerned about a third of the budget being spent on back office costs. In their subsequent written submission they state that the council has ***“told voluntary sector organisations, with which it has contracts, that expenditure on their central overheads of more than 10-12% is unacceptable. However, it seems that the Council does not follow its own advice on this matter, since, as far as we can see, central Council functions account for some 20-25% of its expenditure. In addition the Council's expenditure of over £2 million a year on consultancy fees seems profligate in the circumstances. We would like to know what target the Council has set for expenditure on its central administrative and corporate functions, as a percentage of total annual spend.”***
- 41.6 The trade unions and SE LNP were concerned about the amount of duplication they saw. The Third Sector Partnership asked about the potential to make savings by reducing existing commercial contracts.

Addressing the future budget challenge

- 41.7 An LNP were interested in where the remaining £10.3 million saving required for 2013/14 would come from and also how far the consultation would influence the final savings to be made.

A partnership approach

- 41.8 The Third Sector Partnership said that the Third Sector should be considered part of the solution as well as economic regeneration. They said that they generated income for the city which could be reinvested into preventative services. However, the threat to the Third Sector's funding was impacting on their ability to generate income. Both the Third Sector Partnership and the SE LNP thought that the answer lay in partnership working. However, the Third Sector Partnership stated that decisions had been made that were at odds with partnership working.

The economy and regeneration

- 41.9 One person at the SE LNP would like to see less emphasis on an IT system and more on attracting new companies to come to the city by reducing business rates. The BME groups would like to see social enterprise promoted within the voluntary sector and council services packaged together and delivered by the sector, which, they say, would represent much better value for money.

42. Focus on prevention

Whilst sympathising with the council's financial position, the Third Sector Partnership argued that the sector's early intervention and preventative work saves the council money by dealing with issues before they require the council's involvement. If the funding provided through the Community Initiatives Team ceases, this will mean an increased work load for the council as they will pick up work that the sector currently undertakes. This, they argue, has not been fully taken into account.

42.1 In their written submission the Over 50's Forum say, ***“we can find nothing in the budget reduction papers which shows the expected level of this downstream growth in expenditure, which should be offset against the short term savings from the proposed cuts in voluntary and statutory sector preventative and rehabilitative services.”*** The BME group, Gender Matters, Voice for Parents and One Voice supported the focus on preventative care. However, the BME group thought that a focus on preventative care was not reflected in the savings proposals. They cited a number of examples such as cuts to the welfare rights team, carers support, reducing services for older people and the family advice support team. Voice for Parents and the Carers Forum were concerned that cuts to preventative work would end up costing the local authority more in the long run as more costly interventions would be required in the future.

43. The budget consultation process

The Carer's group, Wolverhampton Interfaith and Regeneration Network, Women of Wolverhampton and the Over 50's forum all raised concerns about the ability to comment meaningfully on the proposals based on the information provided. The proposals in the booklet provided by the council were described as vague and lacking in detail.

43.1 The Over 50's Forum stated that an indication of the proposed cut as proportion of the budget for that service area would have been useful. Women of Wolverhampton felt that the document did not show the linkage between various proposals. A representative from One Voice and Gender Matters both felt that the Facing Reality booklet and presentation were political.

44. Children and Young People

Voice for Parents were concerned that the Children's Centres might be affected by subsequent savings proposals. They also sought assurance that Special Educational Needs funding provided by government would not be subsumed into general council funding. A number of issues were raised in relation to the Youth council including the future location of the base for the Youth Council, whether youth elections would continue, what support the Youth Council would continue to receive and transitional arrangements.

45. Lobbying National Government

The Trade Unions wanted to know what actions local members of parliament would take regarding to lobbying the government and could the trade unions work with the council to lobby central government.

46. Supporting the economy

Businesses would like to see more done to support young people into business, particularly through offering vocational training in community centres.

They stated that many small businesses felt excluded from the council's procurement processes, which they found too complicated. They asked for council support in tapping into the internet shopping market and mentioned using existing retail outlets to establish a 'click and collect' service for small businesses. Rents for private landlords have reduced by 5 – 10% on average. The requirement to pay council tax after 21 days of a property becoming vacant is unmanageable and social and private landlords would like

to see the allowance increased above three weeks. Businesses suggested that more could be done to attract people into the city centre e.g. special events. They were concerned about empty shops and suggested that the shopping area could be shrunk.

47. Council Tax

Attendees at the NE LNP were concerned that in 2014/15 residents would be paying more council tax for fewer services. One resident from SW LNP said he would be happy to pay more council tax if this would save services.

48. Savings ideas

The BME group and Voice for Parents suggested that the council should maximise opportunities to attract external funding (from Europe, for instance), not just for the council but for the city as a whole. Women of Wolverhampton suggested that Bantock House could be sold and the money retained to invest in the other galleries in the city. They also suggested that street lights could be turned off in certain areas after midnight and that a charge could be made to use the archives service. They put forward the idea that local businesses could sponsor flower beds (as they do in other parts of the country) doing away with the need for council funding in this area completely. The Youth Council thought that the wages of the Chief Executive and senior officers should be reduced. The Youth Council were opposed to the refurbishment of the civic centre.

48.1 A resident from Compton wrote in with the following savings and income generation ideas. She suggested:

- ◆ Taking advantage of shale gas reserves;
 - ◆ Reducing unnecessary care assessments for service users with long term incurable illnesses;
 - ◆ Turning down the heating in public buildings;
 - ◆ Reduce weekly household bin collections to fortnightly;
 - ◆ Turning off street lamps after 11:00 p.m.;
 - ◆ Stopping sweet biscuits at public meetings;
 - ◆ Introducing a 50 pence charge for all public toilets (with an exemption for radar key holders);
 - ◆ £1000 on the spot fines for vandalism, graffiti, anti-social behaviour, illegal drug use and fly tipping;
 - ◆ Planting low maintenance perennial plants in all communal green areas and grass verges; and
 - ◆ All householders to take responsibility for sweeping outside their own houses
- She suggests that these measures would free up funding for social care.

48.2 A staff member from Gender Matters emailed to make the following comments:

- ◆ The savings will impact on the people of Wolverhampton the hardest;
- ◆ Wolverhampton City Council should explore every avenue to make savings e.g. looking at savings on unnecessary software licenses, merging back office functions with other Black Country authorities, merging back office functions generally and generally think the unthinkable in terms of reshaping local government; and
- ◆ The council should stop allowing people to retire early at the age of 55 – the £2 million figure quoted to enable this to happen would be better invested in frontline service.



Cabinet Meeting

25 February 2014

Report title	5 Year Budget and Medium Term Financial Strategy 2014/15 to 2018/19	
Internal decision designation	RED	
Cabinet member with lead responsibility	Councillor Andrew Johnson Resources	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All	
Accountable director	Simon Warren, Chief Executive Sarah Norman, Community Keith Ireland, Delivery Tim Johnson, Education and Enterprise	
Originating service	Delivery	
Accountable employees(s)	Mark Taylor Tel Email	Assistant Director Finance 01902 55(6609) mark.taylor@wolverhampton.gov.uk
Report to be/has been considered by	Strategic Executive Board	14 February 2014

Recommendations for action or decision:

That Cabinet recommend that Council approves:

1. The net budget requirement for 2014/15 of £237.6 million for General Fund services (paragraph 6.5).

2. The implementation of the additional savings proposals detailed at paragraph 5.4, subject to the outcome of appropriate scrutiny, consultation and equality analyses.
3. A Council Tax for council services in 2014/15 of £1,316.72 for a Band D property, being an increase of 1.99% on 2013/14 levels (paragraph 4.6.1).
4. The agreement and arrangements to phase the increased cost of pension contributions to West Midlands Pension Fund, following the results of the 2013 actuarial valuation, over the following six financial years (paragraph 4.3.2).
5. That authority to agree a composite employer's contribution rate with the West Midlands Pension Fund be delegated to the Assistant Director Finance (Section 151 Officer) (paragraph 4.3.3).
6. The formal response to the budget consultation, as detailed at section 10 and in particular the reinstatement of three Neighbourhood Warden posts, which has been reflected in the 2014/15 net budget requirement presented to Councillors for approval.
7. That a minimum of £25 million of additional savings for 2015/16 should be identified and reported to Cabinet in June 2014, in order to demonstrate that a balanced budget can be achieved and that general reserves can be partially replenished (paragraph 2.8).
8. That additional savings for 2014/15 should be identified and reported to Cabinet in June 2014 and then Council in July 2014 in order to revise the 2014/15 budget and reduce the call on general reserves (paragraph 2.9).
9. That a further £35 million of additional savings should be identified, taking the total additional savings to be identified to £60 million, in order to address the projected budget deficit over the medium term to 2018/19 (paragraph 2.8).
10. That due to the extreme uncertainty facing the Council and the potentially significant impact that this has on the accuracy of financial projections the period of the medium term financial strategy should continue to extend to 2018/19 only, for the foreseeable future (paragraph 4.2).
11. That the existing Wolverhampton City Council scheme for awarding Discretionary Rate Relief under Section 47 Local Government Finance Act 1988 be ended on 31 March 2015, in order that a new scheme can be implemented with effect from 1 April 2015 (paragraph 4.7.3).

Recommendations for noting:

That Cabinet recommend that Council notes:

1. That the budget for 2014/15 is in balance after the use of £11.8 million of general balances (paragraph 6.6).
2. The changes to the 2014/15 draft budget for General Fund services, previously approved by Cabinet on 8 January 2014, as detailed at paragraph 6.2.
3. That all other aspects of the draft 2014/15 budget and medium term financial strategy, previously approved by Cabinet on 23 October 2013 and 8 January 2014, remain unchanged.

4. That, in the opinion of the Assistant Director Finance (Section 151 Officer), the 2014/15 budget estimates are robust (paragraph 6.7).
5. That, in the opinion of the Assistant Director Finance (Section 151 Officer), the proposed levels of reserves, provisions and balances is adequate in respect of the forthcoming financial year, noting also that projections indicate that the general balance will fall below the approved minimum of £10 million during 2014/15 and that whilst the policy on the use of reserves permits this, this can only be the case for a short period (paragraph 7.1.3).
6. The Medium Term Financial Strategy as summarised at paragraph 2.2.
7. The work that is in progress on fees and charges for 2014/15, which will be reported to Cabinet (Resources) Panel on 11 March 2014 (paragraph 7.1.4).
8. That due to the uncertainty surrounding the future of public finances in 2015/16 and beyond, and the existing assumptions concerning the successful delivery of savings amounting to £66.7 million, the projected additional savings requirement of £60 million over the medium term could change significantly over the coming years as more information becomes available (paragraph 2.9).
9. That having identified savings in excess of £100 million over the last four financial years, the extent of the financial challenge over the medium term represents the most significant that the council has ever faced (paragraph 6.4).
10. Note that councillors must have due regard to the public sector equality duty (Section 149 of the Equality Act 2010) when making budget decisions (paragraph 14.8).

1.0 Purpose

- 1.1** This is the fourth and final report provided to Cabinet on the Budget Strategy for 2014/15 and the Medium Term Financial Strategy for the 5 year period 2014/15 to 2018/19. This incorporates the outcome of the further detailed budget work that has 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 final local government finance settlement announced on 5 February 2014.
- 1.2** The report provides Cabinet with a budget for recommendation to Full Council. This will form the basis of the annual determinations required by statute, and the council's general fund budget for 2014/15.
- 1.3** This report focusses solely on the changes arising since the last report to Cabinet on 8 January 2014. Accordingly, those elements of the budget that remain unchanged since then have not been repeated within this report. This report should therefore be considered in conjunction with the 23 October 2013 and 8 January 2014 Cabinet reports.
- 1.4** The report also provides an update on budget consultation and scrutiny, as well as providing an update on general fund reserves and budget risks.

2.0 Summary

- 2.1** At its meeting on 26 February 2013 Cabinet considered and approved the Budget Strategy 2013/14 and Medium Term Financial Strategy, this included a forecast deficit of £59.2 million by 2017/18. Since that time Cabinet has received the following further reports:
- 24 July 2013 - Draft Budget Strategy for 2014/15 and the Medium Term Financial Strategy for the 5 year period 2014/15 to 2018/19 which provided an initial update and identified the extent of the budget challenge.
 - 23 October 2013 - 5 Year Budget and Medium Term Financial Strategy 2014/15 to 2018/19 which updated the projections and provided detailed savings proposals.
 - 8 January 2014 - 5 Year Budget and Medium Term Financial Strategy 2014/15 to 2018/19 which provided updated projections including the impact of the provisional local government finance settlement.
- 2.2** As a result of the 8 January 2014 report Cabinet approved the adoption of an adapted budget strategy to address the increased budget deficit. This report updates the Budget and Medium Term Financial Strategy for the 5 year period 2014/15 to 2018/19 for changes arising from this adapted strategy, including additional savings proposals, and from further detailed work undertaken on the draft budget. A summary of the changes that have been reflected in the projections since January is provided in Table 1 below, whilst a detailed analysis is provided at Appendix A.

Table 1 - Medium Term Financial Strategy: Analysis of Changes since January 14

	2014/15 to 2018/19 Total £000
Projected Budget Challenge – January	123,020
Changes to:	
Pay related pressures	1,435
Treasury management	(9)
Budget growth	3,494
Net changes in specific grants	(105)
Net total of all savings	(65,523)
Corporate resources	(3,122)
Net Change to Projected Budget Challenge	(63,830)
Projected Budget Challenge – February	59,190

- 2.3** The final Local Government Finance Settlement for 2014 to 2015 was received on 5 February 2014. There was no significant change in the figures from those in the provisional settlement reported to Cabinet on 8 January 2014. In addition the final allocation of the New Homes Bonus for 2014/15 was received and this also was as reported to Cabinet on 8 January.
- 2.4** It remains extremely challenging to predict central government funding beyond the two years that were included in the Provisional Local Government Finance Settlement announcement. Once again in preparing this Medium Term Financial Strategy a proportionate approach has been adopted, however, Councillors should note that there is a significant level of uncertainty beyond 2015/16 due to the lack of detailed information that is available.
- 2.5** Whilst it is very difficult to predict beyond 2015/16 some sources have quoted that by 2017/18 the City Council's Revenue Support Grant could be as low as £25.1 million, approximately £16 million worse off than the resource figures assumed within this report. Current forecasts for Wolverhampton City Council Revenue Support Grant in 2017/18 are:
- Revised medium term financial strategy : £41.0 million
 - Local Government Association : £42.5 million
 - LG Futures : £25.1 million
- 2.6** After taking account of the savings proposals that have been identified, which now amount to £66.7 million over the 5 years, the remaining projected budget deficit stands at £11.8 million in 2014/15 rising to £59.2 million by 2018/19.
- 2.7** It is important to note that this remaining projected budget deficit assumes that all of these savings proposals are approved and implemented. However, the savings

proposals identified since 8 January 2014 remain subject to change where equality analysis is still being undertaken and also where consultation or scrutiny is necessary. Where this is the case the outcome of these exercises will be reported to Cabinet before the savings proposals are implemented. Otherwise the savings will be fully implemented following the approval of the budget by Council on 5 March 2014.

- 2.8** It is also important to note 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. Urgent action is therefore required to identify further significant savings over the coming months and a revised 2014/15 budget and draft 2015/16 budget and medium term financial strategy will be presented to Cabinet in June 2014 and Council in July 2014 (revised 2014/15 budget only).
- 2.9** In order to ensure that general balances can be replenished above the minimum level of £10 million a minimum of £25 million of savings for 2015/16 should be identified by this time, with an aim to accelerate as many of these savings into 2014/15 as possible. A further £35 million of additional savings should be identified, taking the total additional savings to be identified to £60 million, in order to address the projected budget deficit over the medium term to 2018/19. Additionally, due to the extreme uncertainty facing the Council and the potentially significant impact that this has on the accuracy of financial projections the period of the medium term financial strategy should continue extend to 2018/19 only, for the foreseeable future.

3.0 Background

3.1 2013/14 Budget

- 3.1.1** At its meeting on 26 February 2013 Cabinet considered and approved the Budget Strategy 2013/14 and Medium Term Financial Strategy for the period up to 2017/18. This included savings totalling £17.3 million in 2013/14, rising to £25.1 million in 2014/15. However, this still left a forecast deficit of £59.2 million by 2017/18.
- 3.1.2** The 2013/14 approved net General Fund budget is summarised in Table 2 below:

Table 2 – Approved General Fund Budget and Financing 2013/14

	2013/14 Budget £000
Directorate	
Community	161,552
Delivery	42,524
Education & Enterprise	49,201
Office of the Chief Executive	1,684
Corporate Budgets	669
Net General Fund Budget	255,630
Funding	
Government Grant (General)	(178,406)
Council Tax	(73,297)
Collection Fund Surplus	(211)
Total Resources	(251,914)
Budget Deficit	3,716
Budgeted Use of General Balances	(3,716)
	-

3.2 2013/14 Forecast

- 3.2.1** On 17 December 2013 Cabinet (Resources) Panel received the latest revenue budget monitoring report, which projected a net over spend of £6.8 million (2.65%) against the General Fund net budget requirement of £255.7 million. This projected overspend related largely to the projected over spend against Looked after Children (£4.9 million) and Social Care Commissioning Budgets (£1.8 million).
- 3.2.2** Action is being taken within Directorates to reduce this forecast and the Council has ceased all but essential expenditure, as approved by Cabinet in January, however, for planning purposes it is currently being assumed that the £6.8 million will be required from general balances to fund the in-year overspend.
- 3.2.3** A thorough review of all detailed budgets is now complete, as a result the anticipated ongoing implications of the current years overspend has been built into the projections within this report.
- 3.2.4** It should however be noted that these estimates remain subject to change until the final outturn is achieved.

4.0 Medium Term Financial Strategy – Key Assumptions

- 4.1 Key budget preparation parameters are set out in Appendix D. These parameters form the basis for key cost and resource assumptions within the Medium Term Financial Strategy. Specific assumptions are set out in more detail below.
- 4.2 As with the projected levels of Government grant, projecting these key assumptions over an extended period is particularly challenging and whilst these are based on the best available information, in the end they represent a professional judgement and therefore they remain subject to potentially significant change which could therefore result in significant changes to the overall financial challenge facing the Council. Due to the extreme uncertainty facing the Council and the potentially significant impact that this has on the accuracy of financial projections the period of the medium term financial strategy will continue extend to 2018/19 only, for the foreseeable future.

4.3 Pay Related Pressures

- 4.3.1 The projected increase arising from pay related pressures is detailed in Table 3 below which reflects the estimated impact of pay awards, increases in employer's national insurance and pension contributions and other known pay related pressures. In addition estimates of the cost of actuarial strain, arising from the redundancies that are anticipated over the coming years, have been incorporated into the projections having secured the agreement of the pension fund to spread these costs over three years.

Table 3 – Analysis of Pay Related Pressures

Description	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	Total £000
Pay Award	1,350	1,330	1,330	2,660	3,325	9,995
Essential Car User Allowance	(890)					(890)
Employers Pension	2,091	2,685	4,811	10,156	(534)	19,209
National Insurance	-	-	672	-	-	672
Annual Increments	2,681	1,949	1,248	750	750	7,378
Total	5,232	5,964	8,061	13,566	3,541	36,364

- 4.3.2 The figures in table 3 include the increase in pressure relating to the latest pension deficit recovery agreed in principle with the West Midlands Pension Fund arising from the triennial actuarial valuation that is currently in progress. The deficit recovery plan includes a part deferral of the deficit recovery lump sum payment from 2014/17, being an amount of £5.8 million per annum over the three years, which will be repaid during the three years 2017/20, in addition to the contributions certified by the Fund actuary as a result of the 2016 actuarial valuation. Formal approval of this deficit recovery plan is being sought from Councillors.

- 4.3.3 A composite rate for the employer's contribution to the fund will be agreed with the West Midlands Pension Fund taking into account the future service rate and the deficit recovery over the next three years. Authority to agree this rate will be delegated to the Assistant Director Finance (Section 151 Officer)

4.4 Treasury Management

4.4.1 There is a treasury management cost pressure of £1.8 million reflected in the 2014/15 budget with a total cost pressure of £11.1 million across the five years 2014/19. This is a reflection of the cost of borrowing to fund capital expenditure projects, primarily for regeneration and schools, together with a forecast increase in interest rates over the five year period.

4.5 Budget Pressures and Developments

4.5.1 The following table sets out a summary of budget growth for 2014/15.

Table 4 – Summary of Budget Pressures and Developments 2014/15

Description	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	Total £000
Inflationary Pressures	1,965	2,219	2,416	2,919	2,923	12,442
Demographic & Demand Pressures	11,734	2,637	2,170	2,170	2,170	20,881
Developments	-	400	716	-	-	1,116
Total	13,699	5,256	5,302	5,089	5,093	34,439

4.6 Council Tax

4.6.1 Projected income from council tax is based on the latest calculation of the council tax base combined with a 1.99% increase in Council Tax levels, the first increase for four years. This was confirmed in the final local government settlement as being the maximum permitted increase without triggering a referendum.

4.6.2 The resulting levels of council tax for just the council's element of the council tax bill are detailed in the table below:

Table 5 – Projected Council Tax 2014/15 by Band (Council Element Only)

Band	Number of Properties	Upper value of Property (1991) £	Ratio	Wolverhampton City Council £
A	55,531	40,000	6/9	895.28
B	23,185	52,000	7/9	1,044.49
C	15,852	68,000	8/9	1,193.71
D	6,335	88,000	9/9	1,342.92
E	2,934	120,000	11/9	1,641.35
F	1,658	160,000	13/9	1,939.77
G	894	320,000	15/9	2,238.20
H	118		18/9	2,685.84

4.6.3 Under Chapter 4ZA of the Local Government Finance Act 1992 (which was inserted in 2012), local authorities must hold a referendum of local electors where the ‘relevant basic amount of council tax’ is deemed to be excessive in accordance with the principles determined by the Secretary of State for the year in question. For metropolitan councils, this means that any increase of 2% or more in April 2014 would be deemed excessive, and would therefore trigger a local referendum. In addition the methodology for calculating the increase for referendum purposes has changed such that the increase is simply based upon the Band D council tax; as a result any reduction to the cost of levies, e.g. the West Midlands Integrated Transport Authority, can be treated as a saving against the Council’s budget.

4.6.4 The relevant calculation for 2014/15 is shown below:

Table 6 - Council Tax Increase for Referendum Purposes

Description	Value	Reference
Actual 2013/14 Band D Council Tax	£1,316.72	A
Proposed 2014/15 Band D Council Tax	£1,342.92	B
Increase	£26.20	B – A = C
Percentage Increase	1.99%	C / A

4.7 Localised Business Rates

4.7.1 The forecasts for localised business rates have been developed with input from Revenues, Regeneration and Planning Services and will continue to be refined during the budget setting period. It is important to note that the underlying forecasts for localised business rates reflect a positive increase arising from the regeneration aspirations for the city over the medium term as well as known developments such as Sainsbury’s and Tesco. However, this is set against an average decline in business rates in Wolverhampton of 0.26% per annum over the last six years, after allowing for the inflation increase in the multiplier, this therefore continues to be an ambitious assumption.

4.7.2 The Government announced a number of measures in the Autumn statement to support businesses through measures affecting business rates. These included capping the increase in business rates at 2% (Page 309 of 472) the retail price index (RPI)), extending

small business rates relief, a business rate discount for smaller retail premises and the accelerated resolution of outstanding rating appeals. Government confirmed in the business rates information letter issued on 6 February 2014 that local authorities will be fully funded by central government for these changes as has been assumed in the budget.

4.7.3 It is recommended that the existing Wolverhampton City Council scheme for awarding Discretionary Rate Relief under Section 47 Local Government Finance Act 1988 be ended on 31 March 2015, and all recipients notified accordingly. This is to enable a review of the qualification criteria to take place and changes to be made if desired during 2014/15, to enable the implementation of a new scheme from 1 April 2015.

4.8 Revenue Support Grant

4.8.1 As detailed in section 2.3, the final local government finance settlement was in line with the provisional settlement, with the change being an increase of £20,000 in funding.

4.8.2 As set out in section 2.4, whilst it is particularly challenging to predict central government funding, forecasting models suggest that funding will reduce drastically over the medium term. Whilst a proportionate view has been taken at this stage; some forecasters have predicted that the Council's Revenue Support Grant could be as much as £16 million lower than is being projected by 2017/18. These projections therefore remain subject to potentially significant changes until the actual level of grant is notified by the Government in December each year.

4.9 Top up / Tariff and Levy Grants

4.9.1 The council is a top-up authority under the new system. The top up grant is calculated as the sum of money required to bridge the gap between the underlying need of an authority as measured by formula grant and its combination of other grants receivable from central government.

4.9.2 In order to attract a levy payment, from an underlying increase in business rates, the council would have to succeed in generating a significantly greater than historical level of business rates increase. It is not currently expected that the council will be required to make a levy payment in the foreseeable future.

4.9.3 The top up is fixed for a period of up to ten years but rises with in line with the RPI over that time.

4.10 Specific Grants

4.10.1 The following table sets out the anticipated specific grants for each year, it should however be noted that some specific grants are subject to change e.g. the Education Services Grant for in year Academy conversions

Table 7 – Specific Grants

Description	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Specific Grants for previous year	(329,096)	(335,108)	(332,312)	(332,194)	(332,082)
Changes in Specific Grants	(6,012)	2,796	118	112	-
Specific Grants for this year	(335,108)	(332,312)	(332,194)	(332,082)	(332,082)

4.10.2 A detailed schedule of specific grants can be found on the Council's website via the following link <http://www.wolverhampton.gov.uk/budgetsavings>

4.11 Dedicated Schools Grant

4.11.1 On 19 December 2013, the Government announced the Local Authority's Dedicated Schools Grant (DSG) allocation for 2014/15. The City of Wolverhampton's initial allocation was announced as £201.176 million with allocation to individual blocks shown in table 8 below:

Table 8 – DSG Block Allocation

Details	2013/14 £000	2014/15 £000	Basis of calculations
Schools Block	156,405	158,870	£4,286 per pupil
Early Years Block	9,793	9,793	Currently an estimate of £4,201 per pupil
High Needs Block	26,595	27,133	Flat amount subject to change
2 year old offer	3,554	5,682	Based on an hourly rate of £5.09
Allocation for newly qualified teachers	49	49	Notified amount
90% Floor Protection early year	287		Notified amount.
Removal of Carbon reduction commitment from LA responsibility		(351)	Notified amount
Total	196,683	201,176	

4.11.2 A commentary on the individual funding blocks of the DSG shown above can be found on the Council's website via the following link <http://www.wolverhampton.gov.uk/budgetsavings>

5.0 Savings Proposals

5.1 Since reporting to Cabinet in January work has continued to identify, cost and evaluate savings proposals based on the adapted strategy that was approved at that time. This included assessing the impact of the proposals on prior year savings and as a result some of these have been amended or removed where they are now being delivered in

an alternative way under the new proposals. The total change amounted to £3.7 million in 2014/15, reducing to £700,000 from 2015/16 onwards over the five years.

- 5.2** The original 165 savings proposals in the 23 October report have been subject to further detailed review and analysis, including taking in to account the results of consultation and scrutiny and the revised strategy adopted on 8 January 2014 to accelerate savings where possible. These have been amended for the changes arising from the additional work, resulting in acceleration of savings of £1.851 million into 2014/15 but an overall reduction of £3.454 million in savings over the five years. These revised numbers are shown in table 9 below:

Table 9 – Amended original savings proposals by Cabinet Portfolio

Cabinet Portfolio	No.	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	Total £000
Resources	23	1,344	501	376	1,043	1,720	4,984
Leisure and Communities	24	4,020	2,045	512	529	666	7,772
City Services	48	3,187	2,506	1,239	2,911	1,957	11,800
Governance and Performance	16	460	560	315	-	-	1,335
Economic Regeneration and Prosperity	14	1,286	796	176	140	159	2,557
Schools, Skills and Learning	1	1,913	1,427	-	-	-	3,340
Health and Well Being	2	556	650	-	-	-	1,206
Adult Services	29	3,405	6,569	5,850	3,750	4,464	24,038
Children and Families	8	1,948	2,014	-	-	-	3,962
	165	18,119	17,068	8,468	8,373	8,966	60,994

- 5.3** The amendments to the original savings proposals are shown on the Councils website which can be accessed via the following link:
<http://www.wolverhampton.gov.uk/budgetsavings> .

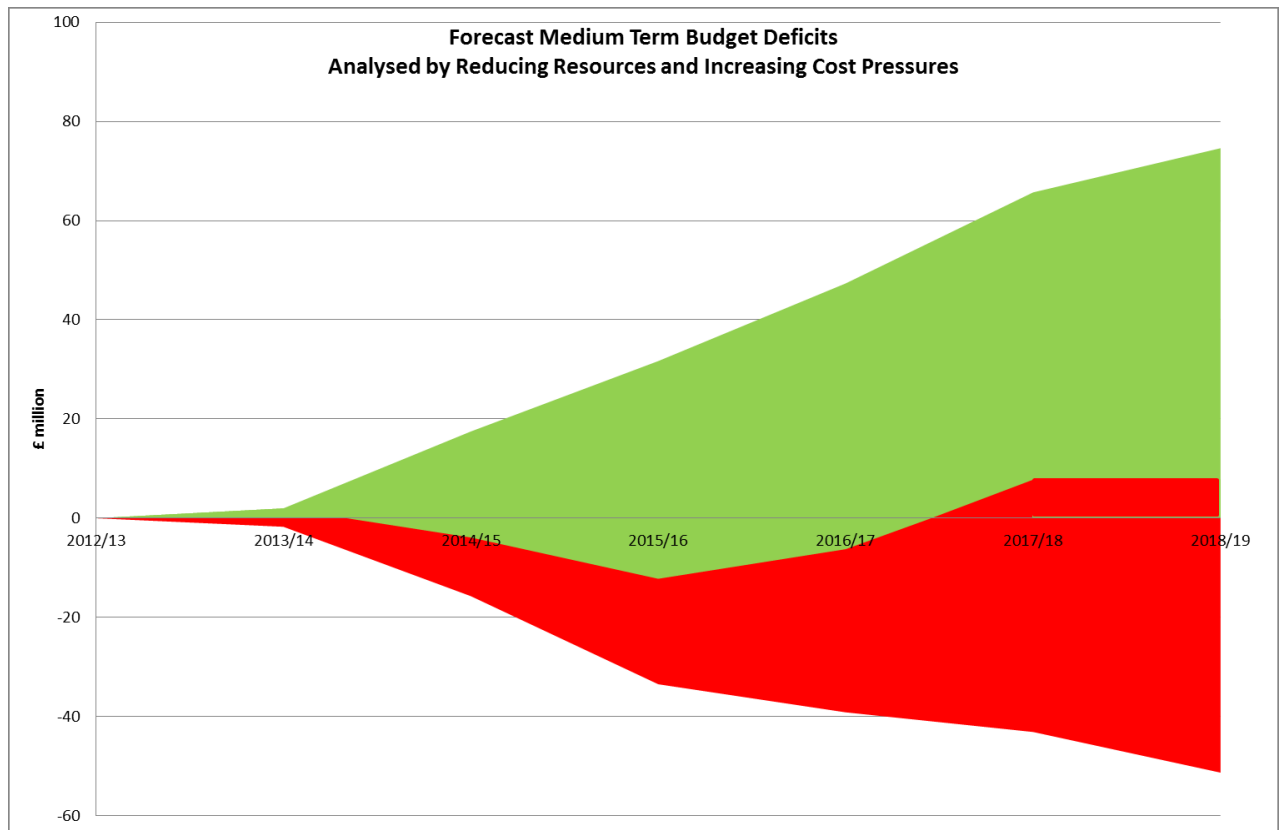
- 5.4** The work undertaken since the 8 January report has identified additional savings of £5.741 million as shown in table 10 below:

Table 10 – Additional savings proposals by Cabinet Portfolio

Cabinet Portfolio	No.	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	Total £000
Resources	5	1,000	70	75	75	-	1,120
Leisure and Communities	5	40	120	-	-	-	160
City Services	8	232	165	-	20	-	417
Governance and Performance	6	60	4,589	1,248	(3,799)	(498)	1,600
Economic Regeneration and Prosperity	5	345	325	(100)	-	-	570
Schools, Skills and Learning	-	-	-	-	-	-	-
Health and Well Being	2	400	-	-	-	-	400
Adult Services	5	493	176	-	-	-	669
Children and Families	4	686	19	-	-	-	705
	40	3,256	5,464	1,223	(3,704)	(498)	5,741

- 5.5** The individual savings proposals are included in Appendix C. Consultation, scrutiny and equality analysis of these proposals will be undertaken as appropriate and implementation will be dependent upon the outcome of this. Where either this has already be undertaken and necessary adjustment made to the proposal or is assessed, after initial screening, as not required, the proposals will be implemented as identified.
- 5.6** The following chart 1 highlights the total savings proposed of £66.7 million (green) and the residual deficit of £59.2 million (red).

Chart 1 – Revised Budget Deficit after Savings



5.7 The level of Governments cuts, both to date and projected, have led to an extremely challenging period for the Council. The level of the remaining deficit, even after the cuts already made and the £66.7 million proposed within this report, means that further significant savings will be required. This is likely to lead to significant additional job losses and cuts to services.

5.8 Redundancy Programme

5.8.1 The savings outlined in paragraphs 5.2 and 5.4 will have a significant impact on the number of staff employed by the Council. At this stage anticipated full time equivalent (FTE) reductions are set out in Table 11. However, it should be noted that these are the reductions arising from the proposals put forward so far, not those required to meet the total budget deficit, which, as identified in paragraph 6.6 is likely to be a much larger number; at least 1,000 by March 2015 and potentially some 1,500 to 2,000 overall. This is in addition to the reduction of more than 600 posts over the last five years.

Table 11 – Estimated reduction in FTE Numbers

Directorate	2014/15 FTE	Total 2014/19 FTE
Community	153	861
Delivery	52	151
Education & Enterprise	86	149
Office of the Chief Executive	4	12
	295	1,173

Note – these are in addition to savings approved in previous years, including the implementation of the FutureWorks Programme.

- 5.8.2** The Council continues to make progress with the voluntary redundancy exercise having sought volunteers for redundancy/early retirement during late 2013 in order to identify new savings and where possible accelerate the proposals. Having received 467 expressions of interest as a result of phase one of the voluntary redundancy programme 262 applications were approved and 41 were deferred for consideration at a later date. Phase two of the scheme closed on 11 November 2013 and a further 311 expressions of interest were received of which 63 applications were approved, 12 were deferred and 71 are yet to be considered.
- 5.8.3** It is the council's policy to avoid making compulsory redundancies wherever it can, but it is now unrealistic to assume that these can be avoided altogether. Therefore phase 3 of the redundancy programme opened on 13 February, with a closing date of 31 March 2014, will be the final opportunity to secure the current redundancy terms. After this time the scheme will be reduced to less generous terms as approved by Cabinet in January 2014.
- 5.8.4** Based on an assumption of 1,137 redundancies over the next 2 years from the original savings proposals reported in October 2013, the likely one-off cost to the Council will be £18.7 million. Although staff reductions at that level may not be achieved during that timescales based on the projected job losses arising from the savings proposals this assumption is being made for planning purposes, and in line with the revised strategy, in order to be prudent. It is however also important to note that the need to identify yet further savings over the coming years is likely to mean that there will be further significant redundancy costs to fund, although the impact of the move to a 'statutory minimum' scheme has not been reflected in the projections, in order to be prudent due to the uncertainty regarding the timing of redundancies, so this may offset some of those costs.
- 5.8.5** As previously reported discussions with West Midlands Pension Fund have concluded and it has been agreed that the Council can spread the cost of "pension fund strain" associated with redundancies over 3 years. It is currently anticipated that the strain element of the cost will be approximately 42% of the total one-off cost associated with redundancies (£7.9 million).
- 5.8.6** The application to the Government to capitalise the cost of redundancies in 2013/14 was approved by the Secretary of State for a value of up to £1.3 million. This allows the

Council to fund these costs from capital and spread the impact on the General Fund over 20 years. This is out of an estimated 2013/14 redundancy cost of £3.8 million, the balance of £2.5 million being charged to the General Fund in 2013/14. The utilisation of this capitalisation direction has been reflected in the figures included in this report.

5.8.7 Representations to fund further redundancy costs from capital are continuing. However, at this stage it has been assumed that further costs (approximately £7.0 million before strain) will have to be funded from general balances next year.

6.0 Updated Budget and Medium Term Forecast

6.1 Due to the extent of the financial challenges facing the Council it is more important than ever to consider next year's budget as part of a Medium Term Financial Strategy. The scale of the projected deficit over the medium term is now such that large scale budget cuts need to be identified, approved and implemented as soon as possible. It is imperative that plans now cover the entire five year period. This is necessary because delivering savings of this magnitude will invariably involve some options that are likely to take several years to develop and implement.

6.2 Compared to the projections reported to Cabinet on 8 January 2014, which stood at £123 million, and after updating the figures as a result of further information and analysis together with the development of savings proposals, the remaining deficit is £59.2 million. A summary of the changes that have resulted in these revised projections is provided below, whilst a detailed analysis is provided at Appendix A:

Table 12 - Medium Term Financial Strategy: Analysis of Changes since 8 January 2014

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	Total £000
Projected Budget Challenge – January	30,793	29,868	20,765	22,862	18,732	123,020
Changes to:						
Pay related pressures	1,035	400	-	-	-	1,435
Treasury management	(1,724)	3,099	(535)	(462)	(387)	(9)
Budget growth	2,846	648	-	-	-	3,494
Net changes in specific grants	(105)	-	-	-	-	(105)
Net total of all savings	(20,256)	(22,346)	(9,784)	(4,669)	(8,468)	(65,523)
Corporate resources	(762)	(2,235)	1,188	(85)	(1,228)	(3,122)
Net Change to Projected Budget Challenge	(18,966)	(20,434)	(9,131)	(5,216)	(10,083)	(63,830)
Revised Projected Budget Challenge - February	11,827	9,434	11,634	17,646	8,649	59,190

- 6.3** It is also important to note that the revised projected budget deficit already assumes the successful delivery of prior year savings amounting to £5.2 million during 2014/15, many of which will be particularly challenging. Should any of these proposals and options not be delivered the revised projected budget deficit will increase by an equivalent sum and alternative savings will have to be identified.
- 6.4** Having identified savings in excess of £100 million over the last four financial years, the extent of the financial challenge over the medium term represents the most significant that the council has ever faced
- 6.5** The Council's proposed budget for 2014/15 and the medium term forecast is shown at Table 13 below:

Table 13 – Medium Term Financial Strategy 2014/15 to 2018/19

	Para	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Previous Years Net Budget Brought Forward		255,630	249,435	241,230	247,319	261,113
Increasing Cost Pressures:						
Pay Related Pressures	4.3	5,232	5,964	8,061	13,566	3,541
Treasury Management	4.4	1,772	6,442	2,454	197	282
Budget Growth	4.5	13,699	5,256	5,302	5,089	5,093
Full year effect of prior year savings	6.3	(5,208)	(3,459)	(154)	(500)	-
Net change in specific grants	4.10	(315)	124	117	111	-
		15,180	14,327	15,780	18,463	8,916
Savings	5.0	(21,375)	(22,532)	(9,691)	(4,669)	(8,468)
Net Budget		249,435	241,230	247,319	261,113	261,561
Projected Corporate Resources						
Council Tax	4.6	(76,567)	(78,481)	(80,443)	(82,454)	(84,515)
Collection Fund		700	(600)	-	-	-
Revenue Support Grant	4.8	(86,956)	(61,565)	(51,283)	(41,065)	(30,539)
Top Up Grant	4.9	(35,226)	(36,198)	(37,605)	(39,149)	(39,149)
Business Rates	4.7	(36,994)	(39,427)	(40,986)	(43,120)	(43,491)
New Homes Bonus	2.3	(2,565)	(3,698)	(4,107)	(4,784)	(4,676)
		(237,608)	(219,969)	(214,425)	(210,572)	(202,371)
Projected Annual Change in Budget Deficit		11,827	9,434	11,634	17,646	8,650
Projected Cumulative Budget Deficit		11,827	21,261	32,894	50,541	59,190

6.6 The 2014/15 budget for the General Fund is balanced after the use of £11.827 million of general balances and shows a net budget requirement of £249.435 million. A summary of the recommended budget by directorate can be found on the Council's website via the following link: <http://www.wolverhampton.gov.uk/budgetsavings> .

6.7 The Assistant Director Finance (Section 151 Officer) has considered the budget and in his opinion the budget estimates for 2014/15 are robust. It is important to note that this remaining projected budget deficit assumes that all of these savings proposals are approved and implemented. However, the savings proposals identified since 8 January 2014 remain subject to change where equality analysis is still being undertaken and also where consultation or scrutiny is necessary. Where this is the case the outcome of these exercises will be reported to Cabinet before the savings proposals are implemented. Otherwise the savings will be fully implemented following the approval of the budget by Council on 5 March 2014. It should also 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.

Urgent action is therefore required to identify further significant savings over the coming months and a revised 2014/15 budget and draft 2015/16 budget and medium term financial strategy will be presented to Cabinet in June 2014 and Council in July 2014 (revised 2014/15 budget only). In order to ensure that general balances can be replenished above the minimum level of £10 million a minimum of £25 million of savings for 2015/16 should be identified by this time, with an aim to accelerate as many of these savings into 2014/15 as possible. In addition, a further £35 million of additional savings should be identified, taking the total additional savings to be identified to £60 million, in order to address the projected budget deficit over the medium term to 2018/19 and that due to the extreme uncertainty facing the Council and the potentially significant impact that this has on the accuracy of financial projections the period of the medium term financial strategy should continue to extend to 2018/19 only, for the foreseeable future.

7.0 General Fund Reserves

7.1 General Balances

7.1.1 The following table sets out the projected level of general balances at 31 March 2014:

Table 14 – Projected General Balances at 31 March 2014

	£000	£000
Balance at 1 April 2013		(15,928)
Transfers Approved During 2013/14 From:		
Specific Reserves	(7,155)	
Minimum Revenue Provision	(10,000)	(17,155)
Projected Movements in 2013/14		
Budgeted use in 2013/14	3,716	
Quarter 2 Forecast Overspend	6,784	
Direct Contribution of Birmingham Airport Special Dividend Redundancy Programme (after application of capitalisation direction of £1.3 million)	(3,300)	
	2,523	9,723
Projected balance at 31 March 2014		(23,360)

7.1.2 The following table sets out the general balance projections over the medium term and the additional savings now required, over and above the £66.7 million proposed, to maintain the minimum level of £10 million required within the Reserves Policy.

Table 15 – Projected uncommitted General Fund Reserves

	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000
Balance brought forward	(23,360)	(4,512)	16,749	49,643	100,184
Redundancy programme	7,021	-	-	-	-
Revised Projected budget deficit	11,827	21,261	32,894	50,541	59,190
Balance carried forward	(4,512)	16,749	49,643	100,184	159,374
Shortfall against £10 million minimum	5,488	26,749	59,643	110,184	169,374
Additional annual savings required to maintain £10 million minimum	5,488	15,773	11,633	17,647	8,689
Cumulative additional Savings	5,488	21,261	32,894	50,541	59,230

- 7.1.3** The Assistant Director Finance (Section 151 Officer) has considered the aggregate level of the Council's reserves, balances and provisions and is of the opinion that they are adequate in respect of the forthcoming financial year, noting also that projections indicate that the general balance will fall below the approved minimum of £10 million during 2014/15 and that whilst the policy on the use of reserves permits this, this can only be the case for a short period
- 7.1.4** A review of Fees and Charges is currently being undertaken with the intention that revised rates will be in force from 1 April 2014. The outcome of the review will be reported to Cabinet (Resources) Panel on 11 March. Any additional income arising from changes made, along with the cost of redundancies which will be clearer at that time, will be reflected in the revised budget to be reported to Council in July 2014.
- 7.1.5** Further savings opportunities are being actively explored in order to address the budget deficit. These include areas such as opportunities for commercialisation, centralisation and rationalisation, a comprehensive review of all of the Council's assets, its capital programmes and the associated treasury management implications plus looked after children initiatives.
- 7.1.6** The legal comments in paragraph 13 set out the implications for the Council in the event of not being able to set a balanced budget.

7.2 Specific Reserves

- 7.2.1** Specific reserves represent monies set aside by the Council to fund future expenditure plans. Whilst specific reserves have no basis in statute, they are usually established as a matter of prudent financial management. Each specific reserve has its own restrictions on how and when the funds held within it can be spent.
- 7.2.2** As part of the 2014/15 budget process all specific reserves have been reviewed to identify what could be released to the general balance. At the beginning of 2013/14 £44.1 million was held within specific reserves, of this Council approved that £7.155 million be transferred to general balances. The analysis of the specific reserves position reflected in the budget can be found on the Council's website via the following link: <http://www.wolverhampton.gov.uk/budgetsavings>.

8.0 Corporate Priorities

- 8.1** The City Council has strong financial planning and control systems with clear links to the Council's strategic priorities and the service planning framework. The Medium Term Financial Strategy provides a firm foundation from which to determine future patterns of spending on priority areas and programmes. This medium term planning framework:
- Allows changes in demand for services to be highlighted;
 - Allows comparisons to be made between the cost of meeting those demands and the likely level of resources available;
 - Provides for opportunities to highlight the costs of alternative policies or different ways of delivering services, and
 - Provides Councillors with a mechanism for tracking shifts in resources and the impact of these shifts on organisational and service performance.

8.2 The Council's budget determination processes are informed by :

- Corporate priorities;
- Changes in demand levels, often driven by demographic changes;
- The emergence of new local and national priorities;
- Public consultation;
- Assessments of value for money delivered through current service configurations, and
- Levels of current performance and targets for improvement.

8.3 Council resources are continually rebalanced to support Corporate Plan objectives which are:

- **Encouraging Enterprise and Business;**
- **Empowering People and Communities;**
- **Re-invigorating the City, and**
- **Confident Capable Council.**

8.4 The Council's strategic approach to address the deficit is to:

- Stimulate economic activity and private-sector employment by bringing in more business and helping local people develop the skills they need to compete for jobs more effectively. The Council will build on its proven track record of bringing investment into the City through, e.g. Jaguar Land Rover and other companies in order to generate real opportunities for local people, and
- Increase income from business rates and the New Homes Bonus by the stimulation of economic activity and the local housing market, and
- Manage demand for core services by using early intervention to help families in trouble live unsupported, independent lives.
- Identify Invest to Save initiatives e.g. rationalisation of property assets, whereby savings are generated by investment of Council resources.

8.5 The outcome of the budget engagement exercise during 2013 indicated that these are the priorities that local people want us to focus on. Delivering these priorities will not be in addition to 'business as usual' – it is and will be the Council's core business.

8.6 Given the financial and legal background, it will mean that the Council has to look very hard at the other things it does and, if necessary, stop doing those that do not make a direct or significant contribution to our real priorities. It should however also 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 these real priorities is now at significant risk.

9.0 Budget Risk Management

9.1 The following table provides a summary of the risks associated with the Medium Term Financial Strategy, using the corporate risk management methodology.

9.2 The six main areas of risk are summarised below along with the assessed level of risk:

Table 14 – General Fund Budget Risks 2014/15 – 2018/19

Risk	Description	Level of Risk
Financial and Budget Management	Risks that might materialise as a result of the impact of non-pay inflation and pay awards, staff vacancy factors, VAT rules, loss of ICTS facilities, treasury management activity and the impact of single status and budget management failure.	Amber
Transformation Programme	Risks that might materialise as a result of not identifying savings, not delivering the savings incorporated into the budget and not having sufficient sums available to fund the upfront and one-off costs associated with delivering savings and downsizing the workforce.	Red
Income and Funding	Risks that might materialise as a result of income being below budgeted levels, claw back, reduction to government grant or increased levels of bad debts.	Red
Service Demands	Risks that might materialise as a result of demands for services outstretching the available resources.	Amber
Third Parties	Risks that might materialise as a result of third parties and suppliers ceasing trading or withdrawing from the market.	Amber
Government Policy	Risks that might materialise as a result of changes to Government policy including changes in VAT and personal taxation rules and, in particular, from the Care Bill	Red

- 9.3** The overall risk associated with the five year budget and medium term financial strategy for 2014/15 to 2018/19 continues to be assessed as Red.
- 9.4** Details of the risk control measures that are in place in order to manage and mitigate the risks as far as possible have been published on the Council's Website and can be found via the following link <http://www.wolverhampton.gov.uk/budgetsavings>. These risks will be closely monitored and managed throughout the year and regular updates will be presented to councillors as part of the established budget monitoring arrangements.
- 9.5** The Council is planning its budget amidst a high degree of uncertainty, which brings with it risks. As well as specific mitigating actions on individual issues, risks have been addressed in a number of different ways:
- The Assistant Director Finance will work closely with, and where necessary challenge, the Chief Executive, Strategic Directors, Assistant Directors, Heads of Finance and leading councillors throughout the budget process in order that such risks are identified, understood and effectively managed;

- The planning of the budget and service plans are designed to ensure that account can be taken of the need for proper planning of change and of the financial impact in later years of decisions taken now;
- The process of planning the budget will afford the opportunity for services to identify emerging budget pressures, including those related to legislative requirements and demographic changes. Where necessary these will result in new investment, and
- Account will be taken, in planning the budget for future years, of any issues which emerge as part of the process of monitoring the budget during 2013/14.

10.0 Budget Consultation

- 10.1** The results of budget consultation were reported to Cabinet (Resources) Panel on 11 February 2014 which agreed the initial response of Cabinet to the budget consultation.
- 10.2** Further consultation in respect of the further savings proposals as shown at Appendix C will be undertaken as appropriate.
- 10.3** This report provides the final response of Cabinet to the budget consultation, subject to the further consultation to be undertaken as identified in paragraph 10.2.
- 10.4** The Cabinet would like to thank all participants in the consultation process and to pay tribute to the serious and constructive approach adopted. The Cabinet would also like to thank those participants who would be prepared to assist the Council by volunteering to assist within their communities or by offering to work with the Council to find alternative ways of saving money to prevent service cuts.
- 10.5** Replacing Local Neighbourhood Partnerships (LNP) with Community Economic Regeneration Stage 1 and 2 - The Cabinet proposes to retain an earmarked fund designed to enable existing LNPs to put in place arrangements to continue working with their communities and to bid for external funding. The Council's Community Engagement Officer will be transferred to the service, as will be the remaining Voluntary Community Sector Engagement officer. Both of these officers will work with local grassroots organisations and the voluntary community sector to ensure that there is engagement with people who are more difficult to reach.
- 10.6** The Cabinet wishes the Art Gallery, Archives, Bantock House and Bilston Craft Gallery to become commercially viable under new business models designed to maximise revenue income and reduce the Council's subsidy. Where appropriate we will work with partner organisations to achieve this.
- 10.7** Reduction in the Neighbourhood Warden Service - The Cabinet notes that with reduced Council resources it will be important to work in close partnership with the police, who will be increasing the number of Police and Community Support Officers (PCSO) in Wolverhampton. To ensure the remaining wardens are employed effectively, alongside PCSOs, the Council's Community Safety Team has been co-located at Bilston Street Police Station, and the Anti-Social Behaviour Unit at a Wolverhampton Homes site. Also in response to serious concerns in the consultation three warden posts are to be reinstated, which reduces the saving

achievable by £76,000. A virements will be processed in year to effect this change. It should however be noted that this increases the overall budget deficit and therefore the need to identify further savings.

- 10.8** Reconfiguration of Youth Services, centred on targeted youth support - The Cabinet is extremely sympathetic to the concerns expressed in the consultation regarding the closure of all open access youth facilities. We have left in the budget a sum of money available to reprovide some facilities through voluntary sector and community sector organisations. Further, the Council will be continuing to support some targeted work with young people within the own communities. Cabinet will give further consideration to the concerns raised about the practical difficulties, safety aspects and travel costs for young people accessing the Youth Zone.
- 10.9** Focus on Regeneration - Cabinet will continue to support regeneration work by using capital resources available to the Council either through government grant, government supported borrowing, capital receipts or prudential borrowing. There will be continued focus on the regeneration of the City Centre; the Junction 2 area including i54 and the Enterprise Zone as well as a focus on ensuring a supply of quality housing and employment land across the City. This is resulting in increased investment, new homes and employment opportunities for local people as well as increased business rates revenues and new homes bonus grant. Cabinet will have due regard to the revenue implications of any new prudential borrowing which supports further regeneration.
- 10.10** Job Creation - Cabinet will continue to support new jobs and training opportunities across the City. We are working directly with the businesses creating jobs to understand their needs and then developing approaches with our key partners including the College, University and Job Centre Plus to ensure local people get the appropriate support/training to access the jobs.
- 10.11** Reduction in Voluntary Sector Grant - The Cabinet notes concerns raised regarding reduction in Voluntary Sector Grant. Across the Council financial support to the voluntary sector remains considerable and where ever possible these changes have been made in a way that minimises the loss of external funding. The Council also has at its disposal a small earmarked "innovate to save" budget which is designed to create efficiencies and reduce costs in the Voluntary Sector. However due to recent concerns expressed regarding the impact of the cuts in community language teaching previously consulted upon it may be necessary to reserve some of this fund to be used as seed money for alternative provision of mother tongue teaching should sufficient resources not be available through existing approved budgets.
- 10.12** Reduce the number of Councillors - The Cabinet notes the feedback in relation to this proposal and will continue to consider it further in the context of the of the reduction in councillors' allowances that has already been agreed.
- 10.13** Removal of Council Subsidy for Central Baths - Cabinet notes that there is a new commercial operating model being developed which is intended to move all Leisure Centres, including Central Baths to a more commercial footing. The new management team are developing a business model for the delivery of the service that will presented to Cabinet (Resources) Panel on 11 March 2014 for approval. The Cabinet's aspiration is that overall Leisure Centres won't require any subsidy and the Council is therefore looking for ways for the three sites together to at least break even as soon as is commercially possible.

- 10.14** Reduction in library opening hours and introducing charges for internet use - Cabinet notes that the move of Libraries into community hubs will mean that many libraries will continue to be open for book borrowing and return and computer use even when staff are not present. In addition efforts are being made to develop network of volunteers to provide support to community libraries which may support extension to their opening hours.
- 10.15** Other General Comments - Cabinet welcomes the wish of participants to see an increased focus on prevention to ultimately save money. The Council has, for example, invested resources in a new operating model in Children's Services which will ultimately produce cost savings as well as an improved Children's Service. However our ability to make additional investment in preventative measures is constrained by the lack of resources available to the Council. Cabinet will continue to seek savings in administration costs and by seeking partnership arrangements with other public, voluntary or private sector bodies. All other savings ideas suggested by participants will be given serious consideration.

11.0 Budget Scrutiny

- 11.1** During November 2013, each Scrutiny Panel reviewed and scrutinised the relevant budget matters. All of these views and observations were then reported to Scrutiny Board in December; the outcome of this budget scrutiny was reported to and considered by Cabinet on 22 January 2014.
- 11.2** Scrutiny Board considered Cabinet's response to the first round of budget scrutiny together with the updated five year budget and medium term financial strategy (approved by Cabinet on 8 January 2014) at its meeting of 11 February 2014.
- 11.3** The final budget recommendations in this report take into account Cabinet's consideration of the outcome of budget scrutiny.

12.0 Financial implications

- 12.1** The financial implications are discussed in the body of the report.

[NA/17022014/M]

13.0 Legal implications

- 13.1** The Authority's revenue budgets make assumptions which must be based on realistic projections about available resources, the costs of pay, inflation and service priorities and the likelihood of achieving any savings proposals.
- 13.2** The legal duty to spend with propriety falls under S.151 Local Government Act 1972 and arrangements for proper administration of their affairs is secured by the S.151 as Chief Financial Officer
- 13.3** Section 25 of the Local Government Act 2003 requires the Chief Financial Officer to report to the Authority when it is making the statutory calculations required to determine its council tax. The Authority is required to take this report into account when making its budget decision. The Chief Financial Officer's report must deal with the robustness of the

budget estimates and the adequacy of the Reserves for which the budget provides. Both are connected with matters of risk and uncertainty. They are inter-dependent and need to be considered together. In particular, decisions on the appropriate level of Reserves should be guided by advice based upon an assessment of all the circumstances considered likely to affect the Authority.

- 13.4** The relevant guidance concerning Reserves is Local Authority Accounting Panel Bulletin 77, issued by CIPFA in November 2008. Whilst the Bulletin does not prescribe an appropriate level of Reserves, leaving this to the discretion of individual authorities, it does set out a number of important principles in determining the adequacy of Reserves. It emphasises that decisions on the level of Reserves must be consistent with the Authority's medium term financial strategy, and have regard to the level of risk in budget plans, and the Authority's financial management arrangements (including strategies to address risk).
- 13.5** In addition, section 114 of the Local Government Finance Act 1988 requires the Chief Financial Officer to '**...make a report ... if it appears to him that the Authority, a committee or officer of the Authority, or a joint committee on which the authority is represented**':
- (a) has made or is about to make a decision which involves or would involve the Authority incurring expenditure which is unlawful,
 - (b) has taken or is about to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency on the part of the Authority, or
 - (c) is about to enter an item of account the entry of which is unlawful.
- 13.6** The Chief Financial Officer of a relevant Authority shall make a report under this section if it appears to him that the expenditure of the Authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.
- 13.7** These statutory requirements will have to be taken into account when making final recommendations on the budget and council tax requirement for 2014/15.

[WT/06012014/I]

14.0 Equalities implications

- 14.1** Under the Equality Act 2010, the council has a statutory duty to pay due regard to the impact of how it carries out its business on different groups of people. This is designed to help the council identify the particular needs of different groups and reduce the likelihood of discrimination, the nine equality strands covered in the legislation are:
- Age;
 - Disability;
 - Gender reassignment;
 - Marriage and Civil Partnership (this strand only applies to employment and not to service delivery);
 - Pregnancy and Maternity; Page 327 of 472

- Race;
- Religion or Belief;
- Sex, and
- Sexual Orientation.

The strands include everyone

- 14.2** In relation to determining the overall revenue budget for the council there is always a difficult balance to be struck in deciding the levels at which to invest, reduce expenditure and raise income set against the often competing needs of different groups within the Wolverhampton community.
- 14.3** In order to address these complex issues the council operates an open and consultative approach to budget and council tax determination. Year-on-year and medium term spending forecasts are provided to every household and business ratepayer within the city as part of the documentation which accompanies the council tax demand.
- 14.4** Budget consultation meetings have been held with the education community, the business community, the voluntary sector, communities of interest and trade unions. The council's budget consultation approach has also included online surveys and a telephone hotline in order to gain feedback on budget and service priorities.
- 14.5** In determining the budget for 2014/15 considerable focus has been placed on the development of savings proposals. All of these proposals have been subject to an equality analysis screening and where necessary a full equality analysis has been conducted.
- 14.6** The Council is facing a particularly challenging short and medium term financial environment in which savings must be generated and a tight control on spending maintained. This means that a greater focus than ever is necessary to ensure that core equalities commitments are met. In determining the 2014/15 budget particular attention has been given to attempts to lessen any adverse impact of proposals on individuals and communities in most need.
- 14.7** In summary the council's annual budget and medium term financial strategy supports a range of services designed to meet key equalities objectives. A cumulative equalities analysis has been conducted on the overall budget proposals, including the overall impact of job losses. This can be found on the Council's website via the following link: <http://www.wolverhampton.gov.uk/budgetsavings>
- 14.8** Councillors should also be aware that under the Equality Act 2010, they must comply with the Public Sector Equality Duty (PSED) when making budget decisions. What this means in practice is that Councillors must consciously think about the three aims of the public sector equality duty as part of the decision making process, the three aims are to have due regard to the need to:
- Eliminate discrimination, harassment and victimisation;
 - Advance equality of opportunity by removing or minimising disadvantages, meet differing needs and encouraging participation, and
 - Foster good relations between people from different groups.

14.9 The Act does not require the council to treat everyone in the same way; sometimes different treatment is required, for example, be making reasonable adjustments to meet the needs of disabled people.

14.10 Consideration of equality issues must influence the decisions reached by public bodies including:

- How they act as employers;
- How they develop, evaluate and review policy;
- How they design, deliver and evaluate services, and
- How they commission and procure from others.

14.11 The Brown Principles, established as a result of a legal case concerning Post Offices closures in 2008, provide an important checklist that should be considered when making decisions:

- Decision makers must be made aware of their duty to have due regard to the identified goals;
- Due regard must be fulfilled before and at the time that a particular decision is being considered, not afterwards;
- The duty must be exercised in substance, with rigour and with an open mind. It is not a question of ticking boxes;
- The duty is cannot be delegated; it must be fulfilled by the organisation in question rather than through the use of an external body to do it to the organisation;
- The duty is a continuing one, and
- It is good practice to keep an adequate record showing that it has considered the identified needs.

15.0 Environmental implications

15.1 Please see the individual savings proposals for details of the environmental implications.

16.0 Human resources implications

16.1 The additional reduction in the financial settlement and the need for greater and quicker job reductions across the Council will create more severe human resources implications than originally anticipated. These will arise from accelerated and increased saving proposals and targets, higher volume redundancies and post reductions, and from an increased requirement to reduce other employee costs.

16.2 In line with the Council's statutory duties as an employer under the Trade Union Labour Relations (Consolidation) Act 1992, an HR1 form has been issued to the Secretary of State for Business, Innovation and Skills identifying the intention to reduce the workforce by up to 1,000 jobs across the Council. The HR1 covers the current voluntary redundancy programme and savings proposals which will result in compulsory redundancies. A further HR1 based on additional proposals may be required at a later date.

- 16.3** The impacts of the savings programme with regard to redundancy programme are set out in Section 5.8 above. Reductions in employee numbers will be achieved in line with the Council's HR policies. Compulsory redundancies will be mitigated as far as is possible through seeking voluntary redundancies in the first instance, and through access to redeployment. Given the volume and range of savings being proposed, there will be reductions in services and employee numbers which will require fair and due process to be followed regarding consultation, selection and implementation of any compulsory redundancies. The accelerated timetable for achieving savings in the light of the financial settlement is likely to require the Council as an employer to utilise the statutory 45 day and 30 day consultation periods for some service reductions, rather than the best practice position of allowing, where possible, 90 days.
- 16.4** The Council will ensure that appropriate support is made available to employees who are at risk of and selected for redundancy, and will work with partner and external agencies to provide support. Proposals to move service delivery from direct Council management to private, community or third sector providers may have implications under the TUPE regulations.
- 16.5** Ongoing consultation with the trade unions on the impact of the financial settlements and the proposals to face the challenges posed by it will be carried out by the Chief Human Resources Officer.

17.0 Schedule of background papers

Budget Strategy 2013/14 and Medium Term Financial Strategy – Cabinet 26 February 2013

Draft Budget Strategy 2014/15 and Medium Term Financial Strategy – Cabinet 24 July 2013

5 Year Budget and Medium Term Financial Strategy 2014/15 to 2018/19 – Cabinet 23 October 2013

5 Year Budget and Medium Term Financial Strategy 2014/15 to 2018/19 – Cabinet 8 January 2018

Medium Term Financial Strategy: Analysis of Changes since January 2014

	Note	2014/15 £000	2015/16 £000	2016/17 £000	2017/18 £000	2018/19 £000	Total £000
Projected Budget Deficit before Savings Proposals – January		30,793	29,868	20,765	22,862	18,732	123,020
Growth							
Pay Related	1	1,035	400	-	-	-	1,435
Treasury Management	2	(1,724)	3,099	(535)	(462)	(387)	(9)
Demographic and Demand	3	2,894	600	-	-	-	3,494
Inflationary Pressures	4	(48)	48	-	-	-	-
Net change in specific grants		(105)	-	-	-	-	(105)
		2,052	4,147	(535)	(462)	(387)	4,815
Net Total of all Savings	5	(20,256)	(22,346)	(9,784)	(4,669)	(8,468)	(65,523)
Corporate Resources:							
Council Tax	6	(1,430)	(214)	63	(28)	(30)	(1,639)
Revenue Support Grant	7	(20)	20	-	-	-	-
Localised Business Rates		(42)	(93)	178	311	(1,305)	(951)
New Homes Bonus	8	730	(1,348)	347	(368)	107	(532)
Share of Collection Fund Deficit	9	-	(600)	600	-	-	-
		(762)	(2,235)	1,188	(85)	(1,228)	(3,122)
Net Change to Projected Budget Deficit		(18,966)	(20,434)	(9,131)	(5,216)	(10,083)	(63,830)
Revised Projected Budget Deficit		11,827	9,434	11,634	17,646	8,649	59,190

Notes Regarding the Analysis of Changes since January 2014

1. Pay Related Pressures – these changes reflect an updated calculation of the impact of annual increments on pay costs,
2. Treasury Management – these changes reflect the impact of reprofiling the capital programme together with the associated borrowing requirement and the anticipated impact of lower borrowing costs.
3. Demographic and Demand – the most significant element of this item is the £2.5 million increase in the cost of Looked After Children.
4. Inflationary Pressures – this is a minor reprofiling change
5. Net Total of All Savings – this is the net impact of the additional savings, the original savings as reported in October 2013 as adjusted for acceleration etc. together with the associated impact on the full year effect of prior year savings.
6. Council Tax – this change reflects the final setting of the Council Tax Base
7. Revenue Support Grant – this is the result of the minor variance between the final and provisional local government finance settlements.
8. Localised Business Rates – the change reflects the latest tax base calculations and projections.
9. New Homes Bonus – the change reflects the minor recalculation following the confirmation of the final allocation and is primarily a rephrasing of receipts (net effect over three years being £271,000).

Virements reflected in the 2014/15 Budget

From Service	To Service	Reason	£000
Assistant Director - Children, Young People and Families	Looked After Children	Reorganisation of resources	67

Summary of Additional Savings Proposals 2014-2015 - Resources								
Saving Proposal Title	2014-2015	2014-2019	2014-	2015-	2016-	2017-	2018-	TOTAL
	Staffing	Staffing	2015	2016	2017	2018	2019	
	implication	implication	Base	Base	Base	Base	Base	Base
	FTE	FTE	Budget	Budget	Budget	Budget	Budget	Budget
			Saving	Saving	Saving	Saving	Saving	Saving
			£000	£000	£000	£000	£000	£000
Community								
Implement New Scheme with Revised Criteria to Replace the Local Discretionary Grant Scheme (LDGS)	-	-	1,000	(1,000)	-	-	-	-
Community Total	-	-	1,000	(1,000)	-	-	-	-
Delivery								
Delivery Efficiencies	-	2	-	100	-	-	-	100
Refocussing the Risk Based Internal Audit, Risk Management and Counter Fraud Service	-	4	-	-	75	75	-	150
Option 2: Remove the two Business Relationship Manager roles and the two VIP Support Officer Roles	-	4	-	170	-	-	-	170
Delivery Total	-	10	-	270	75	75	-	420
Corporate								
Council Tax Reduction Scheme	-	-	-	800	-	-	-	800
Corporate Total	-	-	-	800	-	-	-	800
Total	-	10	1,000	70	75	75	-	1,220

Summary of Additional Savings Proposals 2014-2015 - Leisure and Communities								
Saving Proposal Title	2014-2015 Staffing implication FTE	2014-2019 Staffing implication FTE	2014- 2015 Base Budget Saving £000	2015- 2016 Base Budget Saving £000	2016- 2017 Base Budget Saving £000	2017- 2018 Base Budget Saving £000	2018- 2019 Base Budget Saving £000	TOTAL Base Budget Saving £000
Community								
Administrative Expenditure Review	-	-	5	-	-	-	-	5
Parks Strategy and Countryside Restructure	1	1	25	25	-	-	-	50
Community Total	1	1	30	25	-	-	-	55
Education & Enterprise								
Reduce Outdoor Events Programme	-	-	-	20	-	-	-	20
Shared Services in the cultural sector across the Black Country	-	-	-	75	-	-	-	75
Further Reduction to the Grand Theatre Grant	-	-	10	-	-	-	-	10
Education & Enterprise Total	-	-	10	95	-	-	-	105
Total	1	1	40	120	-	-	-	160

Summary of Additional Savings Proposals 2014-2015 - City Services								
Saving Proposal Title	2014-2015	2014-2019	2014-	2015-	2016-	2017-	2018-	TOTAL
	Staffing	Staffing	2015	2016	2017	2018	2019	
	implication	implication	Base	Base	Base	Base	Base	Base
	FTE	FTE	Budget	Budget	Budget	Budget	Budget	Budget
			Saving	Saving	Saving	Saving	Saving	Saving
			£000	£000	£000	£000	£000	£000
Delivery								
Public Toilets Contract in-sourced to Cleaning Services with a subsequent rationalisation of provision	-	1	-	-	-	20	-	20
Replace Switchboard Function with an IVR Solution	2	2	35	-	-	-	-	35
Increased productivity levels in relation to call answering	1	1	20	-	-	-	-	20
Review of Pest Control Service	1	1	25	-	-	-	-	25
Review of delivery of Christmas lights/decorations	-	-	25	-	-	-	-	25
Catering - increased productivity and efficiency	-	-	100	65	-	-	-	165
Office Cleaning Savings	-	6	-	100	-	-	-	100
Delivery Total	4	11	205	165	-	20	-	390
Education & Enterprise								
Review Graffiti Removal Service	1	1	27	-	-	-	-	27
Education & Enterprise Total	1	1	27	-	-	-	-	27
Total	5	12	232	165	-	20	-	417

Summary of Additional Savings Proposals 2014-2015 - Governance and Performance								
Saving Proposal Title	2014-2015	2014-2019	2014-	2015-	2016-	2017-	2018-	TOTAL
	Staffing implication FTE	Staffing implication FTE	2015 Base Budget Saving £000	2016 Base Budget Saving £000	2017 Base Budget Saving £000	2018 Base Budget Saving £000	2019 Base Budget Saving £000	Base Budget Saving £000
Delivery								
Rationalisation of Disclosure and Barring Service (DBS) re-checks	-	-	50	-	-	-	-	50
Reduce number of work station assessments undertaken by external provider.	-	-	5	-	-	-	-	5
Introduce a package of changes to terms and conditions for Council employees	-	-	-	4,549	1,248	(3,799)	(498)	1,500
To reduce the staffing establishment of the Corporate Health & Safety Team from four members of staff to three.	-	1	-	35	-	-	-	35
Meetings cost reductions	-	-	5	-	-	-	-	5
Further reduction in Councillor training budget	-	-	-	5	-	-	-	5
Delivery Total	-	1	60	4,589	1,248	(3,799)	(498)	1,600
Total	-	1	60	4,589	1,248	(3,799)	(498)	1,600

Summary of Additional Savings Proposals 2014-2015 - Economic Regeneration and Prosperity								
Saving Proposal Title	2014-2015	2014-2019	2014-2015	2015-2016	2016-2017	2017-2018	2018-2019	TOTAL
	Staffing implication	Staffing implication	Base Budget	Base Budget	Base Budget	Base Budget	Base Budget	Base Budget
	FTE	FTE	Saving £000	Saving £000	Saving £000	Saving £000	Saving £000	Saving £000
Community								
Review the method for apportioning the cost of the Housing Support service	-	-	240	-	-	-	-	240
Community Total	-	-	240	-	-	-	-	240
Education & Enterprise								
Highway Management	-	-	-	250	(100)	-	-	150
Development Plan	-	-	80	-	-	-	-	80
Team Black Country	-	-	-	50	-	-	-	50
Reduce Contribution to BCC Ltd	-	-	25	25	-	-	-	50
Education & Enterprise Total	-	-	105	325	(100)	-	-	330
Total	0	0	345	325	(100)	0	0	570

Summary of Additional Savings Proposals 2014-2015 - Health and Well Being								
Saving Proposal Title	2014-2015	2014-2019	2014-	2015-	2016-	2017-	2018-	TOTAL
	Staffing	Staffing	2015	2016	2017	2018	2019	
	implication	implication	Base	Base	Base	Base	Base	Base
	FTE	FTE	Budget	Budget	Budget	Budget	Budget	Budget
			Saving	Saving	Saving	Saving	Saving	Saving
			£000	£000	£000	£000	£000	£000
Community								
Healthwatch Contract Efficiencies	-	-	50	-	-	-	-	50
Public Health funding to support service areas that make a positive impact on public health outcomes.	-	-	350	-	-	-	-	350
Community Total	-	-	400	-	-	-	-	400
Total	-	-	400	-	-	-	-	400

Summary of Additional Savings Proposals 2014-2015 - Adult Services								
Saving Proposal Title	2014-2015	2014-2019	2014-	2015-	2016-	2017-	2018-	TOTAL
	Staffing	Staffing	2015	2016	2017	2018	2019	Base
	implication	implication	Base	Base	Base	Base	Base	Base
	FTE	FTE	Budget	Budget	Budget	Budget	Budget	Budget
			Saving	Saving	Saving	Saving	Saving	Saving
			£000	£000	£000	£000	£000	£000
Community								
Learning Disability - Commissioning Projects - Winterbourne	2	2	123	-	-	-	-	123
Revising the skills mix in Older Persons Social Work	-	2	50	151	-	-	-	201
Restructure of Welfare Rights, Financial Assessments and Direct Payments	3	3	95	10	-	-	-	105
Cessation of a number of preventative services contracts	-	-	125	15	-	-	-	140
Reduced Spending on Training	-	-	100	-	-	-	-	100
Community Total	5	7	493	176	-	-	-	669
Total	5	7	493	176	-	-	-	669

Summary of Additional Savings Proposals 2014-2015 - Children and Families								
Saving Proposal Title	2014-2015	2014-2019	2014-	2015-	2016-	2017-	2018-	TOTAL
	Staffing	Staffing	2015	2016	2017	2018	2019	Base
	implication	implication	Base	Base	Base	Base	Base	Base
	FTE	FTE	Budget	Budget	Budget	Budget	Budget	Budget
			Saving	Saving	Saving	Saving	Saving	Saving
			£000	£000	£000	£000	£000	£000
Community								
Troubled Families Set Up Costs	2	2	200	-	-	-	-	200
Review of Direct Payments - Children with Disabilities	-	-	20	-	-	-	-	20
Reduction in Early Years Service and Re-alignment of Family Support within Children's Centres	3	3	259	-	-	-	-	259
To make savings on work carried out through the funding of Early Intervention Services (formerly Early Intervention Grant)	-	-	207	19	-	-	-	226
Community Total	5	5	686	19	-	-	-	705
Total	5	5	686	19	-	-	-	705

Budget Preparation Parameters

The following key parameters have been reflected in the budget and medium term projections.

	2014/15 Forecast Budget	2015/16 Forecast Budget	2016/17 Forecast Budget	2017/18 Forecast Budget	2018/19 Forecast Budget
Council Tax Annual Increase (Council element)	1.99%	1.99%	1.99%	1.99%	1.99%
Growth in Council Tax Base	0.5%	0.5%	0.5%	0.5%	0.5%
Pay Awards	1.0%	1.0%	1.0%	2.0%	2.5%
Price Inflation (excl. Gas, Electricity and NNDR)	0.0%	0.0%	0.0%	0.0%	0.0%
Price Inflation (Gas)	5.7%	5.7%	5.7%	5.7%	5.7%
Price Inflation (Electricity)	2.5%	2.5%	2.5%	2.5%	2.5%
Price Inflation (NNDR)	3.9%	3.9%	3.9%	3.9%	3.9%
Borrowing Interest Rate (PWLB 25 year rate)	4.5%	4.8%	5.1%	5.5%	5.5%
Return on Investments	0.3%	0.3%	0.3%	0.3%	0.3%
NNDR Income Annual Increase	3.6%	3.9%	3.0%	3.0%	3.0%
Growth in NNDR Tax Base	0.1%	0.2%	0.2%	0.2%	0.2%
Increase/(Decrease) in Top-Up Grant	1.9%	2.8%	3.9%	4.1%	0.0%
Increase/(Decrease) in Revenue Support Grant	(16.9)%	(29.2)%	(16.7)%	(19.9)%	(25.6)%
Increase/(Decrease) in Specific Grant	As notified assuming any future changes will be neutralised with equal and opposite changes to expenditure budgets				

Note the NNDR annual increase remains at RPI even though now capped at 2.0% as the shortfall is to be made up by the Government.



Cabinet Meeting

25 February 2014

Report title	Capital Programme 2013/14 to 2017/18 Quarter Three Review and 2014/15 to 2018/19 Budget Strategy	
Decision designation	RED	
Cabinet member with lead responsibility	Councillor Andrew Johnson Resources	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All	
Accountable director(s)	Simon Warren, Chief Executive Sarah Norman, Community Keith Ireland, Delivery Tim Johnson, Education and Enterprise	
Originating service	Strategic Finance	
Accountable employee(s)	Mark Taylor Tel Email	Assistant Director Finance 01902 55(6609) Mark.Taylor@wolverhampton.gov.uk
Report to be/ has been considered by	Strategic Executive Board	13 February 2014

Recommendation(s) for action or decision:

1. The Cabinet recommends that Council:
 - (i) Approve the revised medium term General Fund (excluding housing revenue account) capital programme of £315.6 million for the period 2013/14 to 2018/19 (paragraph 2.3);
 - (ii) Approve additional resources for existing schemes totalling £3.6 million (paragraph 5.5);

- (iii) Approve additional resources for new schemes totalling £5.3 million (paragraph 6.1);
- (iv) Approve the capitalisation of Redundancy costs of £1.3 million under the capitalisation direction received from the Secretary of State on 17 January 2014 (paragraph 6.5).

2. The Cabinet is recommended to:

- (i) Approve virements totalling £298,000 in respect of Wilkinson Primary School, capital maintenance scheme and the demolition of the former Bilston Leisure Centre / former day centre. (paragraph 5.4);
- (ii) Approve the 2013/14 updated schedules of works for the following schemes;
 - (a) Delivery ICTS Capital Programme (Appendix G1)
 - (b) Delivery Market Services Capital Programme (Appendix G2)
 - (c) Community Co-Location Capital Programme (Appendix G3)
 - (d) Community Review of Childrens Homes Capital Programme (Appendix G4)
 - (e) Community Urban Parks Capital Programme (Appendix G5)
 - (f) Education and Enterprise i54 Capital Programme (Appendix G6)
 - (g) Education and Enterprise Targeted Disposals Programme (Appendix G7)

Recommendations for noting:

The Cabinet is asked to note:

- (i) The medium term budget of £232.3 million for the Housing Revenue Account (HRA) as approved by Cabinet on 22 January 2014 (paragraph 9);
- (ii) The additional resources for new schemes totalling £175,000 as approved by Cabinet (Resources) Panel on 7 January 2014 (paragraph 6.2)

1. Purpose of report

- 1.1 To provide Cabinet with an update on the financial performance of existing schemes within the capital programme as at quarter three of 2013/14 and the budget strategy for 2014/15. The report covers General Fund schemes which includes private sector housing and excludes the Housing Revenue Account.
- 1.2 To recommend a revised General Fund capital programme for the period 2013/14 to 2018/19.

2. Executive summary

- 2.1 At its meeting on 18 December 2013, Council approved a revised General Fund (excluding housing) capital programme totalling £290.8 million, covering the period 2013/14 to 2017/18. Including General Fund private sector housing, the total General Fund capital programme was £310.5 million at quarter 2.
- 2.2 A profile of forecast expenditure by financial year, reflecting the changes to budget recommended in this report, is shown in table 1.

Table 1: Summary of the revised capital programme

Directorate	Forecast						Total
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19*	
	£000	£000	£000	£000	£000	£000	£000
Expenditure							
Community	7,119	7,417	268	-	-	-	14,804
Delivery	10,393	25,821	13,785	4,157	2,000	-	56,156
Education & Enterprise	117,665	73,689	18,940	10,105	4,569	-	224,968
Housing Private Sector	6,788	3,872	3,896	4,028	1,100	-	19,684
Total Programme	141,965	110,799	36,889	18,290	7,669	-	315,612
Financing							
Internal Resources	50,596	81,227	28,202	9,603	288	-	169,916
External Resources	91,369	29,572	8,687	8,687	7,381	-	145,696
Total Resources	141,965	110,799	36,889	18,290	7,669	-	315,612

*see paragraph 3.1

- 2.3 This report recommends variations to the approved programme totalling an increase of £5.1 million as set out in table 2, bringing the total revised capital programme to £315.6 million.
- 2.4 Detailed variations from approved budget are set out in Appendices A-E attached and summarised in paragraphs 4 to 6.

Table 2: Summary of recommended changes to the General Fund capital programme expenditure

	Paragraph	Appendix	£000
Current budget			310,483
Budget on completed schemes	4	-	0
Budget on existing schemes no longer required	5	B	(3,868)
Additional resources for existing schemes	5	D	3,553
New schemes	6	E	5,444
Revised budget			315,612

3. 2014/15 to 2018/19 budget strategy

3.1 Cabinet on 8 January 2014 approved the recommendation to review the capital programme to identify further savings. This review is currently underway and the outcome will be subject to a further report. As a consequence of this review no new schemes have been included in the 2018/19 financial year. Any new project proposals will be submitted to the Capital Programme Working Group to be reviewed on value for money and appropriateness based on the current financial climate. Capital expenditure has a direct impact upon the Council's revenue budgets and therefore needs to be restricted to projects essential to the Council's priorities.

4. Completed schemes

4.1 There are no completed schemes this quarter.

5. Existing schemes

5.1 Appendix A provides an update on the financial performance of existing schemes. The current forecast variance up to completion is £315,000 underspend. Actual expenditure as at quarter three of 2013/14 stands at £82.4 million, which represents 52% of the current 2013/14 approved budget.

5.2 Appendix B details an underspend forecast for existing schemes of £3.9 million, for which the budget is no longer required. £2.5 million is due to a change in delivery method of the scheme, £853,000 is a reclassification of Section 106 funds between capital and revenue, £204,000 due to reduced grant allocation and £311,000 will result in a reduced borrowing requirement.

5.4 Requests for virements between schemes are detailed in Appendix C. These represent the transfer of budget between capital projects. The total of £298,000 requires approval.

5.5 Requests for additional resources totalling £3.6 million are detailed in Appendix D. Key variations are as follows:

Schemes financed by internal resources

- (a) £1.7 million for the futureworks system implementation programme, in order to deliver one off savings against the 2013/14 General Fund revenue budget.
- (b) £500,000 for the school IT loans. This will be fully funded by the schools that utilise this loan facility.
- (c) £11,000 for the increased cost of the white diesel fuel tank at Culwell Street scheme.

Schemes financed by external resources

- (d) £40,000 for the integrated transport scheme.
- (e) £70,000 for the urban parks projects.
- (f) £29,000 for the increased costs of the installation of electric vehicle charging points programme.

Schemes financed by both internal and external resources

- (g) £1.2 million for the Building Schools for the Future (BSF) Programme financed by £635,000 of external resources for increased costs relating to Westcroft and Pupil Referral Units and £600,000 of internal resources, being the council's contribution to the LEP/PFI Phase 3c scheme.

- 5.6 The additional £3.6 million will be financed through £774,000 of additional external resources, which include grant contributions and £2.8 million through internal resources, which includes prudential borrowing.

6. New schemes

- 6.1 Requests for additional resources totalling £5.4 million to finance new schemes are set out in detail in Appendix E and can be summarised as follows:

- (a) £175,000 for a loan to the temporary staffing agency
- (b) £4.0 million for the ICT future developments programme
- (c) £1.3 million for redundancy capitalisation

- 6.2 The total value of new schemes for noting is £175,000 which will be financed through internal resources. This scheme was approved by Cabinet (Resources) Panel on 7 January 2014 and the loan will be fully repaid over a 12 month period commencing 1 May 2014.

- 6.3 The value of the ICT future developments programme requiring council approval is £4.0 million which will be financed through internal resources. A provisional sum of £2.0 million has been included in the Capital Programme for 2014/15 and a further £2.0 million for 2015/16 to meet the fundamental requirement for the replacement and upgrade of the core ICT solutions. This includes;

- (a) Replacement of the time expired current mainframe system
- (b) Data warehousing which will ensure the Council has consistent data shared electronically and readily available
- (c) Development of mobile solutions which is core to the Council's transformation programme

(d) Replacement and consolidation of the existing point solutions for the management of the Council's land and property assets

- 6.4 When the individual solutions are fully designed and developed, business plans will be brought forward to Capital Programme Working Group for consideration before being reported to Councillors for approval.
- 6.5 Capitalisation of redundancy costs of £1.3 million under the capitalisation direction received from the Secretary of State on 17 January 2014. This will require council approval and will be financed through internal resources, reducing the call on general balances during 2013/14.

7. Ancillary programmes

- 7.1 Ancillary 2013/14 schedules of works are detailed in Appendix G to provide further analysis against schemes included within the overall programme as follows:

Appendix G1 - Delivery: ICTS capital programme

This includes the main programme, desktop refresh and disaster recovery schemes.

Appendix G2 - Delivery: Market Services capital programme

This includes a breakdown of the market programme.

Appendix G3 - Community: co-location capital programme

The programme was approved in the quarter two report to Cabinet (Resources) Panel on 26 November 2013.

Appendix G4 - Community: Review of Childrens Home Capital Programme

The Programme was approved in the quarter two report to Cabinet (Resources) Panel on 26 November 2013.

Appendix G5 – Community: urban parks refurbishment capital programme

This includes various parks in the main programme.

Appendix G6 – Education and Enterprise: Regeneration: i54 travel plan capital programme. This programme was approved in the quarter two report to Cabinet (Resources) Panel on 26 November 2013.

Appendix G7 – Education and Enterprise: Regeneration: targeted disposals programme. This includes a breakdown of the disposals programme.

8. Programme financing

- 8.1 The programme is financed through internal and external resources. External resource is funding secured from external organisations e.g. Central Government. Internal resources reflect expenditure that requires the use of Council resources and over which the Council therefore has absolute discretion. Capital receipts are only assumed where there is reasonable certainty that they will be received within the required timeframe. The

implications of the levels of borrowing required have been fully reflected in the revenue budget and medium term financial strategy.

- 8.3 Details on the financing of the revised capital programme are shown in table 3:

Table 3: Summary of recommended changes to financing of the General Fund capital programme

	2013/14 to 2018/19		
	Approved Budget £000	Recommended Budget £000	Variance £000
Expenditure	310,483	315,612	5,129
Financing			
Internal Resources			
Capital Receipts	3,285	16,969	13,684
Prudential Borrowing	160,237	151,654	(8,583)
Revenue Contributions	1,251	1,258	7
Reserves	35	35	-
Subtotal	164,808	169,916	5,108
External Resources			
Supported Borrowing	-	-	-
Grants & Contributions	145,675	145,696	21
Subtotal	145,675	145,696	21
Total	310,483	315,612	5,129

Note: the use of Revenue Contributions and Reserves will be reviewed at year end to identify whether this is the appropriate option or whether borrowing will provide the opportunity to deliver in year savings.

- 8.4 A forecast for capital receipts for years 2015/16 and 2016/17 has been included within the capital programme for quarter three. These receipts reduce the need for Prudential Borrowing. A summary of receipts is shown in Appendix F.

9. Housing Revenue Account capital programme

- 9.1 The Housing Revenue Account business plan quarter three 2013/14 detailed a budget of £232.3 million. This report was approved by Cabinet on 22 January 2014.

10. Key budget risks

- 10.1 Appendix H provides an analysis of the risks associated with the capital programme, along with details of the risk control measures that are in place in order to manage and mitigate these risks as far as possible. The overall risk associated with the Programme continues to be quantified as Amber.

11. Financial implications

11.1 The financial implications are discussed in the body of this report.

[SH/11022014/P]

12. Legal implications

12.1 Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs.

12.2 The Local Government Act 2003 brought in the current regime for capital finance for local authorities. It reduced the level of central control over local authority borrowing and capital expenditure.

12.3 The Council is required to comply with statutory codes of practice including the Prudential Code for Capital Finance in Local Authorities and Treasury Management in the Public Services.

12.4 The legal framework therefore places a greater responsibility on Cabinet Members to ensure properly managed borrowing and capital expenditure without the need for government consent.

12.5 The main principles of the framework are prudence, sustainability and affordability.

[JH/13022014/Z]

13. Equalities implications

13.1 Under the Equality Act 2010, the Council has a statutory duty to pay due regard to the impact of how it carries out its business on different groups of people. This is designed to help the Council identify the particular needs of different groups and reduce the likelihood of discrimination; the nine equality strands covered by the legislation are;

- Age
- Disability
- Gender reassignment
- Pregnancy and Maternity
- Religion or Belief
- Race
- Sex
- Sexual Orientation
- Marriage and Civil Partnership (this strand only applies to employment and not to service delivery).

These strands include everyone.

13.2 Cabinet Members should also be aware that under the Equality Act 2010, they must have due regard to the Public Sector Equality Duty when making budget decisions. What this means in practice is that Cabinet Members must consciously think about the

three aims of the Public Sector Equality Duty as part of the decision making process, the three aims are to have due regard to the need to:

- Eliminate discrimination, harassment and victimisation
- Advance equality of opportunity by removing or minimising disadvantages, meet differing needs and encouraging participation;
- Foster good relations between people from different groups.

13.3 Consideration of equality issues must influence the decisions reached by public bodies including:

- How they act as employers.
- How they develop, evaluate and review policy.
- How they design, deliver and evaluate services.
- How they commission and procure from others.

13.4 The Brown Principles, established as a result of a legal case concerning Post Offices closures in 2008, provide an important checklist when making decisions:

- Decision makers must be made aware of their duty to have due regard to the identified goals.
- Due regard must be fulfilled before and at the time that a particular decision is being considered, not afterwards.
- The duty must be exercised in substance, with rigour and with an open mind. It is not a question of ticking boxes.
- The duty is not delegable; it must be fulfilled by the organisation in question rather than through the use of an external body to do it to the organisation.
- The duty is a continuing one.
- It is good practice to keep an adequate record showing that it has considered the identified needs.

13.5 There is a range of individual projects delivered through the Council's capital programme that have significant impacts on specific groups and equality implications should be considered when individual capital schemes are being developed.

13.6 This requirement would also apply if there were to be any redirection of capital funding in-year so as to ensure that the impact of any changes is considered.

14. Environmental implications

14.1 A wide range of projects delivered through the capital programme have significant environmental implications and are geared to promote improvements to the physical environment.

15. Schedule of background papers

- Capital Programme 2013/14 to 2017/18 Quarter Two Review – Report to Cabinet (Resources) Panel, 26 November 2013
- Housing Revenue Account Business Plan 2013/14 (Including 2014/15 Budget Rents and Services Charges) – Report to Cabinet, 22 January 2014
- 2014 Primary School Expansion Programme – Report to Cabinet (Resources) Panel, 24 September 2013,
- Housing Revenue Account Business Plan Quarter Two 2013/2014 Budgets – Report to Cabinet (Resources) Panel, 26 November 2013.
- Creating a Council Temporary staffing Agency – Report to Cabinet (Resources) Panel 7 January 2014
- Building Schools for the Future (BSF) Financial Monitoring Update – Report to the Building Schools for the Future Advisory Group, 20 November 2013

16. Schedule of Appendices

App	Title	Page
A	Update on existing schemes	13
B	Reduction in budget of existing schemes	18
C	Virements	19
D	Additional resources for existing schemes	20
E	New schemes	22
F	Summary of receipt assumptions	23
G	Ancillary schedule of works	24
H	Risk analysis	31

Existing Schemes

Assistant Director	Scheme	Spend to date (as at end of December 2013)		Total Budget (2013/14 - 2017/18)	Forecast Expenditure	Forecast Variance	
		£000	£000	£000	£000	£000	
DELIVERY							
Chris Huddart	Bereavement Services	Bushbury Cemetery Extension	25	15	15	-	
		Bushbury Cremator Replacement	72	62	62	-	
	Fleet Services	Vehicles (Procurement)	-	10,172	10,172	-	
		Passenger Transport relocation to Wholesale Market	8	23	23	-	
		White Diesel Fuel Tank at Culwell Street	44	32	43	11	
	Markets Services	WRM - Statutory works to upgrade electrics	4	112	255	143	
		WRM - Automatic Entrance Doors	1	-	1	1	
		WRM - Market Stall Roof Coverings	2	9	9	-	
		WRM - Refurbishment of Public Toilets	4	5	5	-	
		WRM - Market Development (Westside)	-	-	111	111	
		BRM - Air Conditioning Upgrade	6	204	193	(11)	
		BRM - Statutory works to upgrade electrics	-	339	42	(297)	
		BRM - Resurfacing works to Loading Bay	-	3	3	-	
		BRM - Statutory H & S Works	-	-	42	42	
		BRM - Market Stall Roof Coverings	11	-	11	11	
		BRM - Removal of Skylights	2	22	22	-	
		WWM - Refurbishment of Toilets	21	48	48	-	
		WWM - Structural Works	37	70	70	-	
		WWM - Resurfacing works to External Market area	26	165	165	-	
	WM - Statutory works to upgrade electrics	-	22	22	-		
Waste & Recycling	Phase 2 of the waste & recycling service reconfiguration	-	306	-	(306)		
Alistar Merrick	Energy Management	Installation of Photovoltaic Panels (Invest to Save)	-	1,000	1,000	-	
		Installation of Biomass Boilers (Invest to Save)	129	1,500	1,500	-	
		Energy Efficiency Measures	67	1,233	1,233	-	
	Facilities Management	Future Spaces, including Parkfields (Gross Costs after Capital Receipts)	-	20,120	20,120	-	
		Civic Centre Car Park Repairs	-	1,450	1,450	-	
	Catering Services	Catering Facilities in Bert Williams Leisure Centre	5	-	1	1	
	ICT Developments	<u>General Programme</u>					
		Security Enhancement	109	351	351	-	
		Microsoft Enterprise Agreement	252	1,254	1,254	-	
		Storage Rolling Programme of Replacement	616	756	756	-	
Upgrades		71	1,032	1,032	-		
Infrastructure Upgrades		235	1,398	1,398	-		
Data Centres		1	197	197	-		
Desktop Rolling Programme of Replacement		-	2,003	2,003	-		
	Disaster Recovery	27	714	714	-		
Mark Taylor	Cross Cutting Schemes	Provision for Future Programmes	-	1,981	1,981	-	
		Installation of Electrical Vehicle Charging Points	-	19	48	29	
	FutureWorks	System Implementation	-	2,700	4,360	1,660	

APPENDIX A

Assistant Director	Scheme		Spend to date (as	Total Budget	Forecast	Forecast Variance
			at end of	(2013/14 -2017/18)	Expenditure	
			December 2013)	£000	£000	£000
COMMUNITY						
John Welsby	Co-location Programme	Graiseley Centre	-	54	16	(38)
		Warstones - Prior Year Scheme	1	-	1	1
		Priory Green	-	-	36	36
		Berrybrook MAST	-	35	-	(35)
		Wednesfield Area Office	44	105	11	(94)
		SWB Academy	2	53	11	(42)
		Eastfield Primary IWA	-	3	-	(3)
		Highfield / Penn Fields IWA	-	19	-	(19)
		Kings / Tettenhall Wood IWA	-	26	-	(26)
		Bushbury Hill Primary IWA	-	35	-	(35)
		Oak Meadow Primary IWA	-	15	-	(15)
		Warstones	-	-	51	51
		Avenues Family Resource Centre	-	-	36	36
		Middleway Green	-	-	51	51
		Rainbow Centre	-	-	21	21
		Bilston Creche	-	-	36	36
		Windsor Childrens Centre	-	-	61	61
		Bingley Enterprise Centre	-	-	21	21
		Whitmore Reans Childrens Centre	-	-	31	31
		The Dove Centre	-	-	26	26
		The Berries	-	-	11	11
		Childrens Village	-	-	26	26
		Bradley Community Centre	-	-	21	21
		Blakenhall Family Resource Centre	-	-	26	26
		Schemes to be confirmed	-	251	103	(148)
		Early Education for two year olds from lower income households	-	661	661	-
		Looked After Children	Residential Care (Integrated Placement Scheme) at Zoar Street	1	435	435
Children In Need	Short Breaks for Disabled Children	-	149	149	-	
Tony Mko	Adult Social Care Commisioning	Residue on Capital Investment in Community Capacity	-	838	838	-
	Independent Living Service	Works to the Neville Garratt Centre and Titan Building ILS - Titan Building Improvement	-	89	89	-
Emma Bennett	Sport, Recreation & Leisure	Bert Williams Leisure Centre	9	60	60	-
	Sports Investment Strategy	Barnhurst Land Pitches	627	2,553	2,553	-
		Synthetic Pitch at Our Lady & St Chads	-	994	994	-
		Aldersley Synthetic Pitch	199	283	283	-
	Community Recreation	Blakenhall Centre	-	13	13	-
		Community Hubs	700	4,049	4,049	-
	Parks Strategy & Open Spaces	Parks Refurbishment Programme	812	2,326	2,391	65
	Community Initiatives	Community Initiatives Contingency	-	30	30	-
	Information Systems Management	Social Care IT Infrastructure	-	10	10	-
Adult Services Assessment and Billing System Replacement		46	4	4	-	
Putting People First Programme		-	71	71	-	
Cross Cutting Schemes	Electronic Social Care Records	58	568	568	-	
Viv Griffin	Children's Social Care - Commissioning	Review of Children's Homes	-	900	900	-
	Adult's Social Care - Commissioning	Sweetman Street Redevelopment	1	-	1	1
		Relocation of Disability Team From Pond Lane	-	50	50	-
		Modernisation of Learning Disability Day Services	-	60	59	(1)

APPENDIX A

Assistant Director	Scheme	Spend to date (as at end of December 2013)		Total Budget (2013/14 - 2017/18)	Forecast Expenditure	Forecast Variance
				£000	£000	£000
		£000	£000	£000	£000	£000
EDUCATION & ENTERPRISE						
Nick Edwards	Regulatory Services	Bowman's Harbour - Former Landfill Sites	3	639	639	-
		Site Remediation Farndale	7	5,201	5,201	-
		Contaminated Land - Weddell Wynd	-	-	-	-
		Canalside Quarter	-	1,200	1,200	-
	Planning	Chapel Ash and Darlington Street Partnership	4	70	70	-
	Physical Regeneration	Bilston Urban Village	-	5,000	2,500	(2,500)
		BUV - High Street Link	1,352	2,334	2,334	-
		Demolition of Bilston Leisure Centre/ Former Day Centre	22	-	25	25
		City Centre	-	3,150	3,150	-
		W'ton Interchange Block 10 Development	-	8,010	8,010	-
		Wolverhampton Interchange Block 11	1,244	2,560	2,560	-
		Youth Zone	195	3,300	3,300	-
		City Deal	-	1,500	1,500	-
		South Side	280	4,716	4,716	-
		Corporate Asset Management	Central Library - Electrical Systems & DDA Works	-	6	6
	Rationalisation Initiatives		10	10	10	-
	Planned Programme of Enhancements		29	1,301	1,301	-
	Minor Works Programme for Childrens' Social Care		12	408	408	-
	Minor Works Programme for Adults' Social Care		2	431	431	-
	Refurbishment of Corner House		-	36	36	-
		Statutory Compliance Measures	32	955	955	-
		Targeted Disposals Programme	37	1,866	1,841	(25)
		Vacation & Disposal of Jennie Lee Centre	165	204	204	-
		Redevelopment of Tower & Fort Works Site	-	688	688	-
	Transportation Strategy & Development	Wolverhampton City Centre Interchange	67	2,092	2,092	-
		i54 Access and Infrastructure	5,572	20,194	20,194	-
		i54 Travel Plan	-	1,800	947	(853)
		West Midlands Urban Traffic Control	1,378	6,260	6,260	-
		West Midlands Red Routes - Package 1	-	93	93	-
		Local Sustainable Transport Fund	64	1,982	1,982	-
		Structural Maintenance	1,962	11,636	11,432	(204)
Network Development Programme	City Centre Transport & Movement Enhancements	107	4,883	4,883	-	
	Local Safety Schemes	130	1,490	1,490	-	
	Integrated Transport	2,564	7,664	7,704	40	
	Walking, Cycling, Safer Routes to Schools & Minor improvements	31	755	755	-	

APPENDIX A

Assistant Director	Scheme	Spend to date (as at end of December 2013)		Total Budget (2013/14 -2017/18)	Forecast Expenditure	Forecast Variance
				£000	£000	£000
		£000	£000	£000	£000	£000
EDUCATION & ENTERPRISE						
James Mcelligott	Neighbourhood Employment & Skills		103	126	126	-
	Capital Maintenance & Basic Need	Planned Maintenance	98	165	165	-
		Asbestos Removal	37	222	222	-
		Boiler/Pipework Replacements	672	938	938	-
		Roof/Window/Lighting Replacements	571	636	636	-
		Toilet Refurbishment	70	80	80	-
		External Works	7	33	33	-
		Ground Works	6	4	4	-
		St Peter's / St Edmund's Access Road	-	15	15	-
		Contingency for Emergency works across all schools	67	353	353	-
		School Development Plans	363	755	755	-
		Fire Prevention	52	174	174	-
		Schools Access	45	245	145	(100)
		Amalgamation	4	-	7	7
		Wilkinson Primary	5,309	5,137	5,310	173
		Unallocated	-	17,929	17,756	(173)
		Capital Maintenance	-	517	617	100
		Bilston CE Primary - Expansion of Primary School Places	21	1,528	1,528	-
		Eastfield Primary - Expansion of Primary School Places	0	7	7	-
		St Andrew's CE Primary - Expansion of Primary School Places	349	482	498	16
		Northwood Park Primary - Expansion of Primary School Places	205	456	329	(127)
		Dunstall Hill Primary - Expansion of Primary School Places	-	5,243	5,243	-
		Fallings Park Primary - Expansion of Primary School Places	-	3,626	3,626	-
		Trinity (CE) Primary - Expansion of Primary School Places	-	4,480	4,480	-
		Capital Maintenance Grant 2013/2014 - used to finance any in year schools maintenance items	25	316	427	111
	Schools Devolved Formula Capital		407	3,598	3,598	-
	Building Schools for the Future	Sample Schemes - The Kings School	6	36	36	-
		Sample Schemes - Highfields School	-	-	-	-
		Sample Schemes - Penn Fields Special School	-	-	-	-
		Phase 1 - Coppice Performing Arts School	259	272	275	3
		Phase 1 - South Wolverhampton & Bilston Academy	337	441	441	-
		Phase 1 - Wednesfield High School	161	202	202	-
		Phase 2 - St Edmunds School/ Compton Park Site	4,351	2,719	3,834	1,115
		Phase 2 - Moreton Community School	1,599	1,612	1,632	20
		Phase 2 - Our Lady & St Chads Catholic Sports College	2,053	2,243	1,909	(334)
		Phase 2 - Colton Hills Community School	1,988	1,985	1,985	-
		Phase 3 - Midpoint Centre	1,909	2,062	2,587	525
		Phase 3 - North East Academy (Pendeford)	4,274	8,723	8,870	147
		Phase 3 - Smestow School	5,271	6,899	6,899	-
		Phase 3 - Westcroft School and Sport College	4,330	4,301	4,950	649
		Phase 3 - Aldersley High School	3,960	6,055	6,055	-
		Phase 3 - Moseley Park School	3,036	6,128	6,128	-
		Phase 3 - New Park Special School	1,052	1,052	1,052	-
		Phase 3 - Penn Hall Special School	1,228	1,228	1,228	-
		Phase 3 - St Peters CoE School	4,683	5,829	4,858	(971)
		Phase 3 - Wolverhampton Girls High School	3,780	5,917	5,917	-
		Phase 3 - Traffic Signal Scheme	-	228	228	-
		Asbestos Remedial Works	335	1,350	1,350	-
		Funding to be Identified for Kings/Tettenahall Wood Schools VAT	-	(1,675)	(666)	1,009
		Council's Contribution to LEP / PFI Schemes	-	-	600	600
	BSF ICT infrastructure		8,053	18,855	17,327	(1,528)

APPENDIX A

Assistant Director		Scheme		Spend to date (as at end of December 2013) £000	Total Budget (2013/14 - 2017/18) £000	Forecast Expenditure £000	Forecast Variance £000
EDUCATION & ENTERPRISE							
		Primary Capital Programme	Warstones Primary School	-	-	-	-
			Oak Meadow Primary School	-	-	-	-
		Primary Capital Programme	Bushbury Hill Primary School	6	3	3	-
			Bilston CofE Primary School	11	25	25	-
		14-19 Diploma Exemplar Learning Centre		55	167	167	-
		Other Projects	School IT (LA Loans)	118	-	500	500
	Keren Jones	Partnerships	LPSA Reward Grant - Payment to Partners	28	35	35	-
			Black Country Loans	-	150	150	-
		Civic Halls & Museums	Archive Services Relocation Molineux Hotel	-	59	59	-
			Civic Hall Improvements	50	114	114	-
			Midland Box Office (Invest to Save)	75	75	75	-
			Newhampton Art Centre Improvements	-	154	154	-
HOUSING PRIVATE SECTOR							
	Nick Edwards	Disabled Facilities Grant	Disabled Facilities Grant	1,077	11,787	11,787	-
		Private Sector Assistance - Grants and Loans	Home Improvement Agency	-	62	62	-
		Small Works Assistance	Affordable Warmth	176	2,310	2,310	-
			Sanctuary Grant	2	-	10	10
			Imminent Risk - Small Works	-	45	22	(23)
			Repayable Grants	-	2,000	2,000	-
			Handyman capital costs	-	-	13	13
			To be Allocated	-	729	729	-
		Hughes Road	Boot Properties	23	28	28	-
		All Saints		146	2,723	2,723	-
Sub Total				82,387	310,483	310,168	(315)
		New schemes - Appendix E		-	-	5,444	5,444
Total				82,387	310,483	315,612	5,129

Reduction in Budget of Existing Schemes

Scheme	Budget £000	Comments
Parks Strategy & Open Spaces	(5)	St Chads Zoar Street no longer requires £5,000 of Council Resources
Waste Reconfiguration Phase 2	(306)	Council resources no longer required
Physical Regeneration	(2,500)	A reduction in budget as Homes and Community Agency will now be contracting the works directly therefore their contribution of £2.5 million is removed. The Council will make a contribution to the overall cost of the works and will also incur some costs itself which has been built into the Scheme.
i54 Travel Plan	(853)	A transfer of £853,000 of Section 106 money from Capital to Revenue.
Transportation Strategy & Development	(204)	Reduction in external resources of £204,000 – 2014/15 final allocations have now been confirmed by Department of Transport.
Total	(3,868)	

Virements

Virements Requiring Approval

Directorate	Scheme	Virement Required £000	Comments
Education and Enterprise	Wilkinson Primary	173	For Proposed Demountable costs in 2013/14
	Capital Maintenance	100	Transfer to Schools Capital Maintenance Scheme
	Demolition of Bilston Leisure Centre/ Former Day Centre	25	Virement from Targeted Disposals to cover final costs of the scheme.
Sub Total		298	
Education and Enterprise	Basic Needs Grant	(173)	Transfer to Wilkinson Primary
	Schools Access Contribution	(100)	Transfer to Capital Maintenance
	Targeted Disposals	(25)	Transfer to Demolition of Bilston Leisure Centre/ Former Day Centre
Sub Total		(298)	
Total		-	

Additional Resource Requests for Existing Schemes

Financed Externally

Directorate	Scheme	Current Budget £000	Current Forecast £000	Additional Resource Required £000	Financing	Reasons for additional resource
Education & Enterprise	Building Schools for the Future	76,462	77,097	635	LEP Grant	£635,000 is the net figure of LEP funding of £900,000 and a reduction in grant of £265,000. These relate to increased costs for Westcroft and Pupil Referral Units.
	Integrated Transport	7,664	7,704	40	Grant	14/15 final allocations have now been confirmed by Department of Transport
Community	Parks Refurbishment Programme	2,326	2,396	70	Grant	Play and infrastructure improvements proposed to green space in the All Saints and Blakenhall area financed from Section 106 Contributions.
Delivery	Installation of Electric Vehicle Charging Points	19	48	29	Grant	Additional funding required
Sub Total		86,471	87,245	774		

Financed Internally

Directorate	Scheme	Current Budget £000	Current Forecast £000	Additional Resource Required £000	Financing	Reasons for additional resource
Delivery	White Diesel Fuel tank at Culwell Street	32	43	11	Borrowing	Additional funding required due to increased costs.
Delivery	Catering Facilities - Bert Williams Leisure Centre	-	1	1	Borrowing	Additional funding required due to increased costs.
Delivery	System Implementation	2,700	4,360	1,660	Borrowing	Additional resources in order to deliver one off savings against the 2013/14 General Fund revenue budget.
Education & Enterprise	Building Schools for the Future	76,462	77,062	600	Borrowing	Council's contribution of £600,000 has been included in the Building Schools for the Future Phase 3C PFI schemes. This was approved by Council on 18 September 2013 as part of the final business case for the scheme.
	School IT (LA Loans)	-	500	500	Borrowing	Loan facility offered to schools for IT equipment. The costs are fully funded by the schools that utilise this facility.
	Capital Maintenance & Basic Need - Amalgamation	-	7	7	Revenue Contributions to Capital Outlay	Funded by schools budget.
Sub Total		79,194	81,973	2,779		
Total				3,553		

New Schemes

New Schemes requiring Approval

Forecast Expenditure				
Directorate	Scheme	£000	Financing	Additional Project details
Delivery	ICT Future Development Programme	4,000	Borrowing	To meet the fundamental requirement for the replacement and upgrade of the core ICT solutions
Delivery	Redundancy Capitalisation	1,269	Borrowing	Secretary of State Approval of Capitalisation application
Less Virements				
Sub Total		5,269		

New Schemes to Note

Forecast Expenditure				
Directorate	Scheme	£000	Financing	Additional Project details
Delivery	Loan to the Temporary Staffing Agency	175	Borrowing	See report to Cabinet (Resources) Panel of 07.01.14. Agenda item 11 "Creating a Temporary Staffing Agency".
Less Virements				
Sub Total		175		
Total		5,444		

Summary of Receipt Assumptions

	Forecast					Total
	2013/14	2014/15	2015/16	2016/17	2017/18	
	£000	£000	£000	£000	£000	
Assumed within Capital Programme						
Non- ringfenced General Fund	3,178	1,107	2,939	50	-	7,274
Jennie Lee ringfenced	419	750	750	750	-	2,669
I54 ringfenced receipt	-	40	-	-	-	40
Primary Schools ringfenced	-	80	2,357	4,075	-	6,512
General Fund - Private Sector Housing	474	-	-	-	-	474
Total Receipts	4,071	1,977	6,046	4,875	-	16,969

2013/14 Delivery: ICTS Capital Programme

ICT Capital Programme Quarter 3 2013/14	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	£000	£000	£000	£000	£000	£000
Main Programme:						
Future Developments (only to be spent once full business case approved)	-	2,000	2,000	-	-	-
	-	2,000	2,000	-	-	-
<u>Security Enhancement [1001]</u>						
Enterprise Anti Virus	120	191	-	-	-	-
Network Access Control	-	30	-	-	-	-
Network Intruder Detection	-	10	-	-	-	-
	120	231	-	-	-	-
<u>Microsoft Enterprise Agreement [1002]</u>	254	1,000	-	-	-	-
	254	1,000	-	-	-	-
<u>Storage Rolling Programme of Replacement [1003]</u>						
Increase Storage Capacity	596	-	-	-	-	-
Replace NEO4000 tape library	24	136	-	-	-	-
	620	136	-	-	-	-
<u>Upgrades [1004]</u>						
Replace / Upgrade Firewalls	34	163	-	-	-	-
Email labelling for GCSx	-	60	-	-	-	-
Web Filtering and Email Filtering replacement / upgrade	62	255	-	-	-	-
SQL Upgrade	-	21	-	-	-	-
Infra Upgrade	-	1	-	-	-	-
Exchange 2010	8	-	-	-	-	-
MOSS 2010	-	-	-	-	-	-
HR OPAS Module	-	-	-	-	-	-
Qlikview	28	-	-	-	-	-
Enterprise SFTP Solution	-	100	-	-	-	-
Corporate Data Network - contract renewal	-	300	-	-	-	-
	132	900	-	-	-	-
<u>Infrastructure Upgrades [1005]</u>						
IP Telephony	4	110	-	-	-	-
Windows 7 Migration	30	70	-	-	-	-
Replace smaller mainframe applications	200	-	-	-	-	-
Core network infrastructure upgrade	110	-	-	-	-	-
Network Hardware Refresh	60	30	30	30	-	-
SSL / VPN Remote Access replacement / upgrade	-	129	-	-	-	-
Replace public network infrastructure	1	98	-	-	-	-
Expand production VM environment and production DMZ	-	62	30	30	-	-
Secondary schools network	27	26	-	-	-	-
DASS to SIP trunking	8	-	-	-	-	-
SX2000 decommissioning	3	-	-	-	-	-
SCCM	-	-	-	-	-	-
SCOM	-	-	-	-	-	-
Thin client solution	50	200	-	-	-	-
Two factor authentication replacement / upgrade	-	60	-	-	-	-
	493	785	60	60	-	-
<u>Data Centres [1006]</u>						
Cold aisle containment	-	20	-	-	-	-
Uninterruptable Power Supply (UPS) capacity upgrade	-	14	-	-	-	-
Environmental monitoring	-	15	-	-	-	-
Additional Data Cabinets	1	17	6	-	-	-
Air conditioning	-	64	-	-	-	-
Additional capacity (schools)	-	40	-	-	-	-
Mainframe decommission and deep clean	-	20	-	-	-	-
	1	190	6	-	-	-
Main Programme	1,620	3,242	66	60	-	-
Desktop Rolling Programme of Replacement	100	1,903	-	-	-	-
Disaster Recovery	58	656	-	-	-	-
Total ICTS Capital Programme	1,778	7,801	2,066	60	-	-

2013/14 Delivery: Market Services Capital Programme

Market Services Capital Programme Qtr 3 2013/14	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	£000	£000	£000	£000	£000	£000
<u>Wednesfield Market</u>						
Electrical Works	10	12	-	-	-	-
	10	12	-	-	-	-
<u>Bilston Retail Market</u>						
Air Conditioning upgrade	107	86	-	-	-	-
Electrical Works	42	-	-	-	-	-
Minor Refurbishment	20	2	-	-	-	-
Statutory H&S Works	42	-	-	-	-	-
Market Stall Roof Coverings	11	-	-	-	-	-
	222	88	-	-	-	-
<u>Wolverhampton Retail Market/Heantun House</u>						
Electrical Works	105	150	-	-	-	-
Market Stall Covers	9	-	-	-	-	-
Refurbishment of Public Toilets	5	-	-	-	-	-
Market Development (Westside)	111	-	-	-	-	-
Automatic Entrance Doors	1	-	-	-	-	-
	231	150	-	-	-	-
<u>Wolverhampton Wholesale Market</u>						
Refurbish Toilet areas	48	-	-	-	-	-
Minor Refurbishment	34	-	-	-	-	-
Damaged Brickwork repairs	36	-	-	-	-	-
Tarmac/Concrete Repairs	85	80	-	-	-	-
	203	80	-	-	-	-
Total Market Services Capital Programme	666	330	-	-	-	-

APPENDIX G3

2013/14 Community:Co-Location Capital Programme

Co-Location Programme Quarter 3 2013/14	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	£000	£000	£000	£000	£000	£000
Main Programme:						
Middleway Green	-	51	-	-	-	-
SW Academy	11	-	-	-	-	-
Graiseley Centre	-	16	-	-	-	-
Warstones	-	51	-	-	-	-
Priory Green	36	-	-	-	-	-
Avenues Family Resource Centre	-	36	-	-	-	-
Wednesfield Area office	11	-	-	-	-	-
Rainbow Centre	-	21	-	-	-	-
Bilston Creche	36	-	-	-	-	-
Windsor Childrens Centre	-	61	-	-	-	-
Bingley Enterprise Centre	21	-	-	-	-	-
Whitmore Reans Childrens Centre	-	31	-	-	-	-
The Dove Centre	26	-	-	-	-	-
The Berries	-	11	-	-	-	-
Childrens Village	13	13	-	-	-	-
Bradley Community Centre	-	21	-	-	-	-
Blakenhall Family Resource Centre	-	26	-	-	-	-
Warstones - Prior Year Scheme	1	-	-	-	-	-
Schemes to be confirmed	-	103	-	-	-	-
Total Co-Location Capital Programme	155	441	-	-	-	-

2013/14 Community: Review of Childrens Homes Capital Programme

Review of Childrens Homes Programme Quarter 3 2013/14	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	£000	£000	£000	£000	£000	£000
Main Programme:						
Stowheath House	100	-	-	-	-	-
To be allocated	800	-	-	-	-	-
Total Children Homes Capital Programme	900	-	-	-	-	-

2013/14 Community: Urban Parks Capital Programme

Urban Parks Refurbishment Programme Qtr 3 2013/14	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	£000	£000	£000	£000	£000	£000
Main Programme:						
East Park	1,218	200	-	-	-	-
Spring Road Ind Estate (Taylor Rd)	177	-	-	-	-	-
Grapes Pool / Moseley Park	10	-	-	-	-	-
Greenway Playing Fields (Bradley Facilities)	20	-	-	-	-	-
Hay Canal Basin Broad Street	-	185	-	-	-	-
Cricket Provision (externally funded)	-	120	-	-	-	-
Heath Town Park	20	106	-	-	-	-
Bowling provision (externally funded)	-	131	-	-	-	-
Sandy Lane Open Space	-	-	-	-	-	-
West Park Play	85	-	-	-	-	-
Bushbury Baths Site	49	-	-	-	-	-
All Saints Park	-	70	-	-	-	-
Urban Parks Capital Programme	1,579	812	-	-	-	-

2013/14 Education and Enterprise: i54 Travel Plan Capital Programme

i54 Travel Plan	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	£000	£000	£000	£000	£000	£000
Footway and Cycleway works	115	75	-	-	-	-
Stafford Rd SCOOT sites	-	90	-	-	-	-
On-site Bus Stops and Shelters	-	66	-	-	-	-
Stafford Rd Bus Shelter upgrades	-	150	-	-	-	-
Variable Message Signs (A449)	-	40	-	-	-	-
CCTV (A449)	-	80	-	-	-	-
Puffin / Toucan Crossing Improvements (A449)	-	150	-	-	-	-
To be allocated	-	181	-	-	-	-
Total	115	832	-	-	-	-

2013/14 Education and Enterprise: Targeted Disposals Programme

Targeted Disposals Programme	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	£000	£000	£000	£000	£000	£000
Design and survey work for demolition of former Wednesfield High School	23	30	-	-	-	-
Dismantling and relocation of MUGA from Fifth Avenue development site	60	20	-	-	-	-
To be allocated	-	1,230	250	228	-	-
Total	83	1,280	250	228	-	-

Risk Number	Category	Risk- cause/event	Impact of Risk	Probability of Risk (P) Score 1-5	Impact of Risk (I) Score 1-5	Score (Pxl)	Red (R) Amber (A) Green (G)	Risk Control Measures	Owner	Review Period
1	Financial and Budget Management	Ineffective budget management.	Overspend against budget requiring either savings on other projects or additional prudential borrowing having an adverse impact on the Revenue Budget.	2	4	8	A	<ul style="list-style-type: none"> • Monthly monitoring at Service Level and to capital programme working group. • Quarterly monitoring to Cabinet Members. • Capital Programme report. 	Assistant Director Finance	Quarterly
2	Financial and Budget Management	Loss of ICT facilities e.g. due to failure of systems, loss of key personnel and/or disaster recovery arrangements.	Lack of robust financial information on which to set and monitor budgets, leading to increased projected expenditure requiring other project savings to be identified or the need for additional prudential borrowing having an adverse impact on the Revenue Budget.	3	4	12	A	<ul style="list-style-type: none"> • ICT disaster recovery project and arrangements. • Independent project management systems hold information in some instances. 	Assistant Director Finance	Quarterly
3	Financial and Budget Management	Inability to recover all VAT associated with capital expenditure.	Overspend against budget requiring either savings on other projects or additional prudential borrowing having an adverse impact on the Revenue Budget.	4	3	12	A	<ul style="list-style-type: none"> • Close scrutiny of new capital schemes to establish potential VAT implications in order that they can be effectively managed 	Assistant Director Finance	Monthly
4	Income and Funding	Inability to deliver disposal programme due to: affordability of Corporate Schemes preventing release of sites; local community and member opposition to site disposals.	<p>Loss of funding requiring projects to be delayed / stopped, or additional prudential borrowing having an adverse impact on the Revenue Budget.</p> <p>Unable to meet financial commitments e.g. repayment of Regional Infrastructure Funding requiring additional prudential borrowing having an adverse impact on the Revenue Budget.</p>	3	4	12	A	<ul style="list-style-type: none"> • Robust Project Management Systems. • Members Property Group • Reporting to Capital Programme Working Group. 	Assistant Directors	Monthly
5	Income and Funding	Decline in market for land and property resulting in failure to dispose of land or reduced level of receipt.	Reduced level of receipts requiring either a reduction in other areas of the Capital Programme or additional prudential borrowing having an adverse impact on the Revenue Budget.	2	3	6	A	<ul style="list-style-type: none"> • Pro-active management of disposals to maximise receipts, which could include conscious decision to defer sales etc. 	Assistant Director Regeneration	Monthly
6	Income and Funding	Reduction in level of Government funding after announcements made and programme committed.	Legal / political commitment to projects requiring either a reduction in other areas of the Capital Programme or additional prudential borrowing having an adverse impact on the Revenue Budget.	2	4	8	A	<ul style="list-style-type: none"> • Close monitoring of central government policy decisions. • Building in contingency plans within the capital programme. 	Assistant Director Finance	Monthly

Risk Number	Category	Risk- cause/event	Impact of Risk	Probability of Risk (P) Score 1-5	Impact of Risk (I) Score 1-5	Score (PxI)	Red (R) / Amber (A) Green (G)	Risk Control Measures	Owner	Review Period
7	Income and Funding	Inability to deliver outcomes / outputs in accordance with grant / S106 conditions.	Clawback of grant by funding organisations requiring either other project savings or additional prudential borrowing having an adverse impact on the Revenue Budget.	2	4	8	A	<ul style="list-style-type: none"> • Robust project management to monitor outputs / outcomes. • Reality check of business cases to support bids. 	Assistant Director Finance	Monthly
8	Income and Funding	Grant drawn down against ineligible project expenditure.	Clawback of grant by funding organisations requiring either other project savings or additional prudential borrowing having an adverse impact on the Revenue Budget.	1	4	4	A	<ul style="list-style-type: none"> • Careful, detailed monitoring of project expenditure to ensure robust grant claims. 	Assistant Director Finance	Monthly
9	Income and Funding	Availability of borrowing e.g. Central Government capping.	Lack of funding requiring projects to be delayed or stopped.	5	4	20	R	<ul style="list-style-type: none"> • Close monitoring of central government policy decisions. • Building in contingency plans within the Capital Programme. 	Assistant Director Finance	Monthly
10	Income and Funding	Affordability of borrowing.	Lack of funding requiring projects to be delayed or stopped.	3	4	12	A	<ul style="list-style-type: none"> • Building in contingency plans within the Capital Programme. 	Assistant Director Finance	Monthly
11	Third Parties	Contractors ceasing to trade.	Incomplete projects with a need to re-tender for another contractor leading to additional costs requiring either other project savings or additional prudential borrowing having an adverse impact on Revenue Budget.	2	4	8	G	<ul style="list-style-type: none"> • Departments using external service suppliers work closely with them and are kept abreast of their service and business situation. At worst this gives the council notice of emerging problems • Due diligence. 	Assistant Directors	Monthly
12	Third Parties	Delegation of programmes to partners e.g. Wolverhampton Homes.	Ineffective budget management.	2	4	8	A	<ul style="list-style-type: none"> • Regular monitoring meetings and clear stipulation regarding information requirements. 	Assistant Directors	Monthly

Risk Number	Category	Risk- cause/event	Impact of Risk	Probability of Risk (P) Score 1-5	Impact of Risk (I) Score 1-5	Score (PxI)	Red (R)/Amber (A) Green (G)	Risk Control Measures	Owner	Review Period
13	Third Parties	Contract delays.	Increased project costs requiring other project savings or additional prudential borrowing having an adverse effect on the Revenue Budget.	4	3	12	A	• Robust project management.	Assistant Directors	Monthly
14	Third Parties	Lack of contractors bidding for work.	Lack of competition, resulting in increased project costs and reduced VFM.	2	2	4	G	• Departments using external service suppliers work closely with them and are kept abreast of their service and business situation. This gives the City Council notice of emerging problems.	Assistant Directors	Monthly
15	Government Policy	Change in government policy requiring capital investment.	Lack of funding requiring other projects to be delayed or stopped or additional prudential borrowing having an adverse impact on the Revenue Budget.	2	4	8	A	• Close monitoring of central government policy decisions. • Building in contingency plans within the Capital Programme.	Assistant Directors	Monthly
16	Service Demands	Change in configuration of services requiring capital investment.	Lack of funding requiring other projects to be delayed or stopped or additional prudential borrowing having an adverse impact on the Revenue Budget.	1	4	4	A	• Building in contingency plans within the Capital Programme.	Assistant Directors	Monthly
17	Service Demands	Demand for service increases due to demographic changes requiring capital investment.	Lack of funding requiring other projects to be delayed or stopped or additional prudential borrowing having an adverse impact on the Revenue Budget.	1	4	4	A	• Close monitoring of service demands to enable the forecasting of pressures. • Building in contingency plans within the Capital Programme.	Assistant Directors	Monthly



Cabinet Meeting

25 February 2014

Report title	Treasury Management Strategy 2014/15	
Decision designation	RED	
Cabinet member with lead responsibility	Councillor Andrew Johnson Resources	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All	
Accountable director	Simon Warren, Chief Executive Sarah Norman, Community Keith Ireland, Delivery Tim Johnson, Education and Enterprise	
Originating service	Strategic Finance	
Accountable employee(s)	Mark Taylor Tel Email	Assistant Director Finance 01902 556609 Mark.Taylor@wolverhampton.gov.uk
Report to be/has been considered by	Strategic Executive Board	14 February 2014

Recommendation(s) for action or decision:

The Cabinet recommends that Council:

1. Approves that the authorised borrowing limit for 2014/15 as required under Section 3(1) of the Local Government Act 2003 be set at £1,006.6 million (PI 5, page 32).
2. Approves the Treasury Management Strategy Statement 2014/15 as set out in Appendix A to this report (pages 9 to 21).
3. Approves the Annual Investment Strategy 2014/15 as set out in Appendix B to this report (pages 22 to 30).

4. Approves the Prudential and Treasury Management Indicators as set out in Appendix C to this report (pages 31 to 33).
5. Approves the Annual Minimum Revenue Provision (MRP) Statement setting out the method used to calculate MRP for 2014/15 onwards as set out in Appendix D to this report (pages 34 to 37).
6. Approves that the method used to calculate MRP for 2013/14 as set out in the Annual Minimum Revenue Provision (MRP) Statement approved by Council on 6 March 2013 be amended to the method as set out in Appendix D to this report (pages 34 to 37).
7. Approves the Treasury Management Policy Statement and Treasury Management Practices as set out in Appendix F to this report (pages 39 to 98).
8. Notes that Cabinet (Resources) Panel and Council will receive regular Treasury Management reports during 2014/15 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 2.8 and Appendices B and C to this report.
9. Approves that authority continues to be delegated to the Assistant Director Finance to amend the Treasury Management Policy and Practices to ensure that they remain aligned with the Treasury Management Strategy, the Prudential and Treasury Management Indicators, the Investment Strategy and the Annual MRP Statement. Any amendments will be reported to the Cabinet Member for Resources and Cabinet (Resources) Panel as appropriate.

1.0 Purpose

- 1.1 This report sets out the Council's Treasury Management Strategy for 2014/15 for approval by full Council. The strategy incorporates six elements, which are detailed in separate documents, appended to this report. These documents are the Treasury Management Strategy, the Annual Investment Strategy, the Prudential and Treasury Management Indicators, Minimum Revenue Provision (MRP) Statement, the Disclosure for Certainty Rate and the Treasury Management Policy Statement and Practices.

2.0 Background

The Revised CIPFA Code of Practice on Treasury Management (revised November 2011)

- 2.1 The Council has previously adopted the 2002 and 2009 CIPFA Codes of Practice on Treasury Management and fully complied with their guidance. CIPFA issued a revised code in 2011 following developments resulting from the Localism Act 2011, including housing finance reform and the introduction of the General Power of Competence. It is a requirement of the Code that the Council should formally adopt the Code.
- 2.2. The Code seeks to satisfy nine main purposes:
1. To assist public service organisations in the development and maintenance of firm foundations and clear objectives for their treasury management activities and thereby to add to their credibility in the public eye.
 2. To emphasise the overriding importance of effective risk management as the foundation for treasury management in all public service bodies.
 3. To provide transparency for treasury management decisions including the use of counterparties and financial instruments that individual public service organisations intend to use for the prudent management of their financial affairs.
 4. To encourage the pursuit of value for money in treasury management, and to promote the reasoned use, development and appreciation of appropriate and practical measures of performance.
 5. To enable CIPFA members to fulfil their professional and contractual responsibilities to the organisations they serve and, in accordance with the members' charter, "to maintain and develop the professional competence of both themselves and those they supervise".
 6. To help facilitate a standardization and codification of treasury management policies and practices in the public services.

7. To assist those involved in the regulation and review of treasury management in the public services, particularly those charged with the audit of the same.
8. To foster a continuing debate on the relevance and currency of the statutory and regulatory regimes under which treasury management in the various parts of the public services operates.
9. To further the understanding and confidence of, and to act as a reference work for, financial and other institutions whose businesses bring them into contact with the treasury management activities of public service organisations.

2.3. The code also identifies three key principles:

1. That the Council puts in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of its treasury management activities.
2. To note that these policies and practices make clear that the effective management and control of risk are prime objectives of its treasury management activities and the responsibility for these lie clearly within the Council. The Council's appetite for risk should form part of its annual strategy including any use of financial instruments for the prudent management of those risks and should ensure that priority is given to security and liquidity when investing funds.
3. To acknowledge that the pursuit of value for money in treasury management and the use of suitable performance measures are valid and important tools to employ in support of the Council's business and service objectives; and that within the context of effective risk management, its treasury management policies and practices reflect this.

2.4. In order to achieve the above, the Council will adopt the following four clauses:

1. The Council will create and maintain, as the cornerstones for effective treasury management:
 - A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities;
 - Suitable treasury management practices (TMPs), setting out the manner in which the organization will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the code, subject only to amendment where necessary to reflect the particular circumstances of the Council. Such amendments will not result in the Council materially deviating from the Code's key principles.

2. Full Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in the TMPs.
 3. Full Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to the Cabinet (Resources) Panel, and for the execution and administration of treasury management decisions to the Assistant Director Finance, who will act in accordance with the Council's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management.
 4. The Council nominates the Confident Capable Council Scrutiny Panel to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.
- 2.5. The strategy statements appended to this report have been prepared in accordance with the revised Code. Accordingly, the Council's Treasury Management Strategy will be approved annually by full Council and there will also be a mid-year report to full Council. In addition there will be quarterly monitoring reports and regular review by Councillors in both executive and scrutiny functions. The aim of these reporting arrangements is to ensure that those with ultimate responsibility for the treasury management function appreciate fully the implications of treasury management policies and activities, and that those implementing policies and executing transactions have properly fulfilled their responsibilities with regard to delegation and reporting.
- 2.6. This Council will adopt the following reporting arrangements in accordance with the requirements of the revised Code.

Area of Responsibility	Council / Committee / Employee	Frequency of Update and Approval
Treasury Management Policy Statement and Treasury Management Practices	Assistant Director Finance	As required
Treasury Management Strategy / Annual Investment Strategy / MRP policy	Cabinet (Feb) & Full Council (March)	Annually before the start of the year
Treasury Management Strategy / Annual Investment Strategy / MRP policy – mid year report	Full Council	Mid year
Treasury Management Strategy / Annual Investment Strategy / MRP policy – updates or revisions at other times	Full Council	As required
Annual Treasury Outturn Report	Cabinet and Full Council	Annually by 30 September after the end of the year
Treasury Management Monitoring Reports	Cabinet (Resources) Panel	Quarterly
Scrutiny and review of treasury management strategy	Audit / Scrutiny Committee	Annually before the start of the year
Scrutiny and review of treasury management performance	Audit / Scrutiny Committee	Quarterly

2.7. The treasury management role of the Assistant Director Finance

The following are the key duties of the Assistant Director Finance under the Code:

- recommending clauses, treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance
- submitting regular treasury management policy reports
- submitting budgets and budget variations
- receiving and reviewing management information reports
- reviewing the performance of the treasury management function
- ensuring the adequacy of treasury management resources and skills and the effective division of responsibilities within the treasury management function
- ensuring the adequacy of internal audit, and liaising with external audit
- recommending the appointment of external service providers

2.8. Treasury Management Strategy (Appendix A)

Attached at Appendix A is the recommended Treasury Management Strategy for 2014/15. This has been prepared in accordance with the CIPFA treasury management code, and fully reflects the requirements of the Code. It summarises in strategic terms the approach the Council will take in performing its treasury management

activities during 2014/15. It also highlights some of the key current risks and issues relating to treasury management that will be monitored over the course of the year.

2.9. Annual Investment Strategy (Appendix B)

The recommended Annual Investment Strategy for 2014/15 is attached at Appendix B. This builds on the Treasury Management Strategy by focussing in greater detail on investment activities. It sets out in considerable detail the conditions under which the Council will place investments. This represents the Council's approach to managing a number of risks inherently associated with investment. These are discussed in greater detail in the Strategy itself.

2.10. Prudential and Treasury Management Indicators (Appendix C)

Attached at Appendix C are the recommended prudential indicators for the Council for 2014/15. The Prudential Code requires authorities to set and observe a range of prudential and treasury management indicators, and to keep these under review. The indicators set out in the appendix are the minimum required by the code and associated guidance.

2.11. MRP Statement (Appendix D)

The recommended MRP statement for 2014/15 is attached at Appendix D. The formula for calculating MRP has been amended to allow for MRP to be varied in exceptional circumstances to make provision for repayment over an extended period. In the opinion of the Assistant Director Finance (Section 151 Officer)_ the methodology set out in the statement will generate an amount of MRP that is prudent.

2.12. Certainty Rate (Appendix E)

As part of the Budget 2012 announced by Government, a new 'certainty rate' was introduced from 1 November 2012. The rate enables eligible councils to access cheaper borrowing rates of 20 basis points below the standard rate across all loan types and maturities from the Public Works Loan Board. In exchange for the reduced rate, councils must complete an annual return to the Department for Communities and Local Government detailing their budgeted plans for capital expenditure and borrowing requirements. Appendix E details the information that will be required to enable the Council to submit a return for 2014/15.

2.13. Treasury Management Policy Statement and Practices (Appendix F)

Attached at Appendix F is an updated version of the Council's treasury management policy statement and practices as required by the CIPFA Code of Practice on Treasury Management.

2.14. Allocation of net interest payable

As a result of the introduction of the Housing Revenue Account (HRA) self-financing regime in 2012/13, the council was required to determine a method of splitting its interest costs between the HRA and the General Fund. In so doing, it was required to determine a method that in its view was fair and reasonable. The method of splitting interest is unchanged from that used in 2013/14 (the inferred net cash balance of each fund).

3.0 Financial implications

3.1 These are detailed within the report.

[SH/13022014/V]

4.0 Legal implications

4.1 The Council's Treasury Management activity must be carried out in accordance with the requirements of the Local Government Act 2003. In addition the Local Government and Housing Act 1989 sets out requirements for local authorities in respect of capital controls, borrowing and credit arrangements. The Council is also required to comply with the Local Authority (Capital Finance and Accounting) (England) (Amendment) Regulations 2008.

[JH/11022014/P]

5.0 Equalities implications

5.1 This report has no equalities implications.

6.0 Environmental implications

6.1 This report has no environmental implications.

7.0 Schedule of background papers

5 Year Budget and Medium Term Financial Strategy 2014/15 to 2018/19, Report to Cabinet, 25 February 2014

Capital Programme 2013/14 to 2017/18 Quarter Three Review and 2014/15 to 2018/19 Budget Strategy, Report to Cabinet, 25 February 2014

Treasury Management Strategy Statement 2014/15

1. Introduction

- 1.1. The Local Government Act 2003 (the Act) and supporting regulations require the Council to 'have regard to' the CIPFA Prudential Code and the CIPFA Treasury Management Code of Practice, and to set Prudential and Treasury Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.
- 1.2. The Act therefore requires the Council to set out its treasury strategy for borrowing and to prepare an Annual Investment Strategy (as required by Investment Guidance issued subsequent to the Act) (included as Appendix B of this report), which sets out the Council's policies for managing its investments and in particular for giving priority to the security and liquidity of those investments.
- 1.3. The recommended strategy for 2014/15 in respect of the following aspects of the treasury management function is based upon the Assistant Director Finance's views on interest rates, supplemented with leading market forecasts provided by the Council's treasury adviser, Capita Asset Services, previously known as Sector Treasury Services.

The strategy covers:

- treasury limits in force which will limit the treasury risk and activities of the Council
- Prudential and Treasury Indicators
- the current treasury position
- the borrowing requirement
- prospects for interest rates
- the borrowing strategy
- policy on borrowing in advance of need
- debt rescheduling
- the investment strategy
- creditworthiness policy
- policy on use of external service providers
- the Minimum Revenue Provision (MRP) strategy

1.4. Balanced budget requirement

It is a statutory requirement under Section 33 of the Local Government Finance Act 1992, for the Council to produce a balanced budget. In particular, Section 32 requires a local authority, when calculating its budget requirement for the forthcoming financial year, to include the revenue costs that result from capital financing decisions. This means that increases in capital expenditure must be limited to a level whereby increases in interest charges, MRP and other costs associated with borrowing to finance capital expenditure, as well as any increases in running costs from new capital projects, are limited to a level which is affordable within the projected income of the Council for the foreseeable future.

1.5. Training

The CIPFA Code requires the Assistant Director Finance to ensure that councillors with responsibility for treasury management receive adequate training in treasury management. The training needs of councillors and treasury management employees are periodically reviewed to ensure that they have the appropriate level of knowledge for their roles in respect of treasury management.

1.6. Treasury management consultants

The Council uses Capita Asset Services, previously known as Sector Treasury Services Limited as its external treasury management advisors

The Council recognises that responsibility for treasury management decisions remains with the Council at all times and will ensure that undue reliance is not placed upon the external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

2. Treasury limits for 2014/15 to 2016/17

- 2.1. It is a statutory duty under Section 3 of the Act and supporting regulations, for the Council to determine and keep under review how much it can afford to borrow. The amount so determined is termed the “Affordable Borrowing Limit”. In England and Wales the Authorised Limit represents the legislative limit specified in the Act.
- 2.2. The Council must have regard to the Prudential Code when setting the Authorised Limit, which essentially requires it to ensure that total capital investment remains within sustainable limits and, in particular, that the impact upon its future Council tax and Council housing rent levels is ‘acceptable’.
- 2.3. Whilst termed an “Affordable Borrowing Limit”, the capital plans to be considered for inclusion incorporate financing by both external borrowing and other forms of financing such as credit arrangements. The Authorised Limit is to be set, on a rolling basis, for the forthcoming financial year and two successive financial years. Details of the Authorised Limit can be found in Appendix C of this report.

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3. Current portfolio position

3.1. The Council's treasury portfolio estimated position at 31 March 2014 will be made up as follows:

		PRINCIPAL £000	AVERAGE RATE %
Total Borrowing			
Fixed rate funding	PWLB	496,744	3.8713
Variable rate funding	Market	103,800	4.3832
Gross Borrowing		600,544	3.9664
Total Investments		35,000	0.4566

4. Borrowing requirement

4.1. The Council's borrowing requirement is as follows:

	2013/14 Forecast £000	2014/15 Estimate £000	2015/16 Estimate £000	2016/17 Estimate £000
New borrowing	81,410	103,742	30,735	14,658
Alternative financing arrangements	(22,292)	(25,450)	(31,563)	(35,825)
Replacement borrowing	135,777	90,000	76,605	86,605
Total Borrowing Requirement	194,895	168,292	75,777	65,438

5. Prospects for interest rates

5.1. The Council has appointed Capita Asset Services, previously known as Sector Treasury Services Limited as treasury advisor to the Council and part of their service is to assist the Council to formulate a view on interest rates. A more detailed interest rate view is shown on page 29. The following table gives Capita's central view.

Capita Bank Rate forecast for financial year ends (March)

- 2013/14 0.50%
- 2014/15 0.50%
- 2015/16 0.50%
- 2016/17 1.25%

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There are upside risks to these forecasts (i.e. increases in Bank Rate occurring sooner) if economic growth remains strong and unemployment falls faster than expected. However, should the pace of growth fall back, there could be downside risk, particularly if Bank of England inflation forecasts for the rate of fall of unemployment were to prove to be too optimistic.

6. Economic background

6.1. This section has been provided by Capita Asset Services.

6.2. The UK economy

6.2.1 **Economic growth.** Until 2013, the economic recovery in the UK since 2008 had been the worst and slowest recovery in recent history. However, growth strongly rebounded in 2013 - quarter 1 (+0.3%), 2 (+0.7%) and 3 (+0.8%), to surpass all expectations as all three main sectors, services, manufacturing and construction contributed to this strong upturn. The Bank of England has, therefore, upgraded growth forecasts in the August and November quarterly Inflation Reports for 2013 from 1.2% to 1.6% and for 2014 from 1.7% to 2.8%, (2015 unchanged at 2.3%). The November Report stated that: -

In the United Kingdom, recovery has finally taken hold. The economy is growing robustly as lifting uncertainty and thawing credit conditions start to unlock pent-up demand. But significant headwinds — both at home and abroad — remain, and there is a long way to go before the aftermath of the financial crisis has cleared and economic conditions normalise. That underpins the MPC's intention to maintain the exceptionally stimulative stance of monetary policy until there has been a substantial reduction in the degree of economic slack. The pace at which that slack is eroded, and the durability of the recovery, will depend on the extent to which productivity picks up alongside demand. Productivity growth has risen in recent quarters, although unemployment has fallen by slightly more than expected on the back of strong output growth.

6.2.2. Forward surveys are currently very positive in indicating that growth prospects are also strong for 2014, not only in the UK economy as a whole, but in all three main sectors, services, manufacturing and construction. This is very encouraging as there does need to be a significant rebalancing of the economy away from consumer spending to construction, manufacturing, business investment and exporting in order for this start to recovery to become more firmly established. One drag on the economy is that wage inflation continues to remain significantly below CPI inflation so disposable income and living standards are under pressure, although income tax cuts have ameliorated this to some extent. This therefore means that labour productivity must improve significantly for this situation to be corrected by the warranting of increases in pay rates.

6.2.3 **Forward guidance.** The Bank of England issued forward guidance in August which stated that the Bank will not start to consider raising interest rates until the jobless rate (Labour Force Survey / ILO i.e. not the claimant count measure) has fallen to 7% or

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below. This would require the creation of about 750,000 jobs and was forecast to take three years in August, but revised to possibly quarter 4 2014 in November. The UK unemployment rate has already fallen to 7.4% on the three month rate to October 2013 (although the rate in October alone was actually 7.0%). The Bank's guidance is subject to three provisos, mainly around inflation; breaching any of them would sever the link between interest rates and unemployment levels. This actually makes forecasting Bank Rate much more complex given the lack of available reliable forecasts by economists over a three year plus horizon. The recession since 2007 was notable for how unemployment did NOT rise to the levels that would normally be expected in a major recession and the August Inflation Report noted that productivity had sunk to 2005 levels. There has, therefore, been a significant level of retention of labour, which will mean that there is potential for a significant amount of GDP growth to be accommodated without a major reduction in unemployment. However, it has been particularly encouraging that the strong economic growth in 2013 has also been accompanied by a rapid increase in employment and forward hiring indicators are also currently very positive. It is therefore increasingly likely that early in 2014, the MPC will need to amend its forward guidance by reducing its 7.0% threshold rate and/or by adding further wording similar to the Fed's move in December (see below).

6.2.4. **Credit conditions.** While Bank Rate has remained unchanged at 0.5% and quantitative easing has remained unchanged at £375bn in 2013, the Funding for Lending Scheme (FLS) was extended to encourage banks to expand lending to small and medium size enterprises. The second phase of Help to Buy aimed at supporting the purchase of second hand properties, will also start in earnest in January 2014. These measures have been so successful in boosting the supply of credit for mortgages, and so of increasing house purchases, (though levels are still far below the pre-crisis level), that the Bank of England announced at the end of November that the FLS for mortgages would end in February 2014. While there have been concerns that these schemes are creating a bubble in the housing market, house price increases outside of London and the south-east have been much weaker. However, bank lending to small and medium enterprises continues to remain weak and inhibited by banks still repairing their balance sheets and anticipating tightening of regulatory requirements.

6.2.5. **Inflation.** Inflation has fallen from a peak of 3.1% in June 2013 to 2.1% in November. It is expected to remain near to the 2% target level over the MPC's two year time horizon.

6.2.6. **AAA rating.** The UK has lost its AAA rating from Fitch and Moody's but that caused little market reaction.

6.3. The global economy

6.3.1. **The Eurozone (EZ).** The sovereign debt crisis has eased considerably during 2013 which has been a year of comparative calm after the hiatus of the Cyprus bailout in the spring. In December, Ireland escaped from its three year EZ bailout programme as it had dynamically addressed the need to substantially cut the growth in government debt,

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reduce internal price and wage levels and promote economic growth. The EZ finally escaped from seven quarters of recession in quarter 2 of 2013 but growth is likely to remain weak and so will dampen UK growth. The ECB's pledge to buy unlimited amounts of bonds of countries which ask for a bail out has provided heavily indebted countries with a strong defence against market forces. This has bought them time to make progress with their economies to return to growth or to reduce the degree of recession. However, debt to GDP ratios (2012 figures) of Greece 176%, Italy 131%, Portugal 124%, Ireland 123% and Cyprus 110%, remain a cause of concern, especially as many of these countries are experiencing continuing rates of increase in debt in excess of their rate of economic growth i.e. these debt ratios are continuing to deteriorate. Any sharp downturn in economic growth would make these countries particularly vulnerable to a new bout of sovereign debt crisis. It should also be noted that Italy has the third biggest debt mountain in the world behind Japan and the US. Greece remains particularly vulnerable and continues to struggle to meet EZ targets for fiscal correction. Whilst a Greek exit from the Euro is now improbable in the short term, as Greece has made considerable progress in reducing its annual government deficit and a return towards some economic growth, some commentators still view an eventual exit as being likely. There are also concerns that austerity measures in Cyprus could also end up in forcing an exit. The question remains as to how much damage an exit by one country would do and whether contagion would spread to other countries. However, the longer a Greek exit is delayed, the less are likely to be the repercussions beyond Greece on other countries and on EU banks.

- 6.3.2. Sentiment in financial markets has improved considerably during 2013 as a result of firm Eurozone commitment to support struggling countries and to keep the Eurozone intact. However, the foundations to this current "solution" to the Eurozone debt crisis are still weak and events could easily conspire to put this into reverse. There are particular concerns as to whether democratically elected governments will lose the support of electorates suffering under EZ imposed austerity programmes, especially in countries like Greece and Spain which have unemployment rates of over 26% and unemployment among younger people of over 50%. The Italian political situation is also fraught with difficulties in maintaining a viable coalition which will implement an EZ imposed austerity programme and undertake overdue reforms to government and the economy. There are also concerns over the lack of political will in France to address issues of poor international competitiveness,
- 6.3.3. **USA.** The economy has managed to return to robust growth in Q2 2013 of 2.5% y/y and 4.1% y/y in Q3, in spite of the fiscal cliff induced sharp cuts in federal expenditure that kicked in on 1 March, and increases in taxation. The Federal Reserve therefore decided in December to reduce its \$85bn per month asset purchases programme of quantitative easing by \$10bn. It also amended its forward guidance on its pledge not to increase the central rate until unemployment falls to 6.5% by adding that there would be no increases in the central rate until 'well past the time that the unemployment rate declines below 6.5%, especially if projected inflation continues to run below the 2% longer run goal'. Consumer, investor and business confidence levels have all improved markedly in 2013.

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The housing market has turned a corner and house sales and increases in house prices have returned to healthy levels. Many house owners have, therefore, been helped to escape from negative equity and banks have also largely repaired their damaged balance sheets so that they can resume healthy levels of lending. All this portends well for a reasonable growth rate looking forward.

- 6.3.4. **China.** There are concerns that Chinese growth could be on an overall marginal downward annual trend. There are also concerns that the new Chinese leadership have only started to address an unbalanced economy which is heavily dependent on new investment expenditure, and for a potential bubble in the property sector to burst, as it did in Japan in the 1990s, with its consequent impact on the financial health of the banking sector. There are also concerns around the potential size, and dubious creditworthiness, of some bank lending to local government organisations and major corporates. This primarily occurred during the government promoted expansion of credit, which was aimed at protecting the overall rate of growth in the economy after the Lehmans crisis.
- 6.3.5. **Japan.** The initial euphoria generated by “Abenomics”, the huge QE operation instituted by the Japanese government to buy Japanese debt, has tempered as the follow through of measures to reform the financial system and the introduction of other economic reforms, appears to have stalled. However, at long last, Japan has seen a return to reasonable growth and positive inflation during 2013 which augurs well for the hopes that Japan can escape from the bog of stagnation and deflation and so help to support world growth. The fiscal challenges though are huge; the gross debt to GDP ratio is about 245% in 2013 while the government is currently running an annual fiscal deficit of around 50% of total government expenditure. Within two years, the central bank will end up purchasing about Y190 trillion (£1,200 billion) of government debt. In addition, the population is ageing due to a low birth rate and, on current trends, will fall from 128m to 100m by 2050.
- 6.4. **Capita Asset Services forward view**
- 6.4.1. Economic forecasting remains difficult with so many external influences weighing on the UK. Major volatility in bond yields is likely to endure as investor fears and confidence ebb and flow between favouring more risky assets i.e. equities, and safer bonds.
- 6.4.2. There could well be volatility in gilt yields over the next year as financial markets anticipate further tapering of asset purchases by the Fed. The timing and degree of tapering could have a significant effect on both Treasury and gilt yields. Equally, while the political deadlock and infighting between Democrats and Republicans over the budget has almost been resolved the raising of the debt limit, has only been kicked down the road. A final resolution of these issues could have a significant effect on gilt yields during 2014.
- 6.4.3. The longer run trend is for gilt yields and PWLB rates to rise, due to the high volume of gilt issuance in the UK, and of bond issuance in other major western countries.

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Increasing investor confidence in economic recovery is also likely to compound this effect as a continuation of recovery will further encourage investors to switch back from bonds to equities.

6.4.4. The overall balance of risks to economic recovery in the UK is currently evenly weighted. However, only time will tell just how long this period of strong economic growth will last; it also remains exposed to vulnerabilities in a number of key areas.

6.4.5. The interest rate forecasts in this report are based on an initial assumption that there will not be a major resurgence of the EZ debt crisis, or a break-up of the EZ, but rather that there will be a managed, albeit painful and tortuous, resolution of the debt crisis where EZ institutions and governments eventually do what is necessary - but only when all else has been tried and failed. Under this assumed scenario, growth within the EZ will be tepid for the next couple of years and some EZ countries experiencing low or negative growth, will, over that time period, see a significant increase in total government debt to GDP ratios. There is a significant danger that these ratios could rise to the point where markets lose confidence in the financial viability of one, or more, countries. However, it is impossible to forecast whether any individual country will lose such confidence, or when, and so precipitate a resurgence of the EZ debt crisis. While the ECB has adequate resources to manage a debt crisis in a small EZ country, if one, or more, of the large countries were to experience a major crisis of market confidence, this would present a serious challenge to the ECB and to EZ politicians.

6.4.6. Downside risks currently include:

- UK strong economic growth is currently very dependent on consumer spending and recovery in the housing market. This is unlikely to endure much beyond 2014 as most consumers are maxed out on borrowing and wage inflation is less than CPI inflation, so disposable income is being eroded.
- A weak rebalancing of UK growth to exporting and business investment causing a major weakening of overall economic growth beyond 2014
- Weak growth or recession in the UK's main trading partners - the EU and US, depressing economic recovery in the UK.
- Prolonged political disagreement over the raising of the US debt ceiling.
- A return to weak economic growth in the US, UK and China causing major disappointment in investor and market expectations.
- A resurgence of the Eurozone sovereign debt crisis caused by ongoing deterioration in government debt to GDP ratios to the point where financial markets lose confidence in the financial viability of one or more countries and in

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the ability of the ECB and Eurozone governments to deal with the potential size of the crisis.

- The potential for a significant increase in negative reactions of populaces in Eurozone countries against austerity programmes, especially in countries with very high unemployment rates e.g. Greece and Spain, which face huge challenges in engineering economic growth to correct their budget deficits on a sustainable basis.
- The Italian political situation is frail and unstable; this will cause major difficulties in implementing austerity measures and a programme of overdue reforms. Italy has the third highest government debt mountain in the world.
- Problems in other Eurozone heavily indebted countries (e.g. Cyprus and Portugal) which could also generate safe haven flows into UK gilts, especially if it looks likely that one, or more countries, will need to leave the Eurozone.
- A lack of political will in France, (the second largest economy in the EZ), to dynamically address fundamental issues of low growth, poor international uncompetitiveness and the need for overdue reforms of the economy.
- Monetary policy action failing to stimulate sustainable growth in western economies, especially the Eurozone and Japan.
- Geopolitical risks e.g. Syria, Iran, North Korea, which could trigger safe haven flows back into bonds.

6.4.7. The potential for upside risks to UK gilt yields and PWLB rates, especially for longer term PWLB rates include: -

- A sharp upturn in investor confidence that sustainable robust world economic growth is firmly expected, causing a surge in the flow of funds out of bonds into equities.
- A reversal of Sterling's safe-haven status on a sustainable improvement in financial stresses in the Eurozone.
- UK inflation being significantly higher than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.
- In the longer term – an earlier than currently expected reversal of QE in the UK; this could initially be implemented by allowing gilts held by the Bank to mature without reinvesting in new purchases, followed later by outright sale of gilts currently held.

7. Borrowing strategy

7.1. Borrowing rates

The Capita forecast for the PWLB new borrowing rate is as follows:-

Month	Bank Rate	PWLB Borrowing Rates (including certainty rate adjustment)		
		5 year	25 year	50 year
March 2014	0.50	2.50	4.40	4.40
June 2014	0.50	2.60	4.50	4.50
Sept 2014	0.50	2.70	4.50	4.50
Dec 2014	0.50	2.70	4.60	4.60
March 2015	0.50	2.80	4.60	4.70
June 2015	0.50	2.80	4.70	4.80
Sept 2015	0.50	2.90	4.80	4.90
Dec 2015	0.50	3.00	4.90	5.00
March 2016	0.50	3.10	5.00	5.10
June 2016	0.75	3.20	5.10	5.20
Sept 2016	1.00	3.30	5.10	5.20
Dec 2016	1.00	3.40	5.10	5.20
March 2017	1.25	3.40	5.10	5.20

More detailed forecasts are included on page 29.

When undertaking any new borrowing the Assistant Director Finance will give consideration to the following to ensure the best deal is obtained for the Council:

1. Internal / External Borrowing.
2. Temporary borrowing (less than 1 year).
3. Variable / Fixed rate.
4. Short / Long term borrowing.
5. PWLB / Market debt.

When considering the above, the balance and spread of debt in the Council's portfolio will be taken into account along with the financial implications for the medium term financial strategy.

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The Council is currently maintaining an under-borrowed position. This means that the capital borrowing need (the Capital Financing Requirement), has not been fully funded with loan debt as cash arising from the Council's reserves, balances and cash flow has been used as a temporary measure. This strategy is prudent as investment returns are low and counterparty risk is relatively high.

7.2. Sensitivity of the forecast – In normal circumstances the main sensitivities of the forecast are likely to be the two scenarios noted below. Council employees, in conjunction with the treasury advisers, will continually monitor both the prevailing interest rates and the market forecasts, adopting the following responses to a change of sentiment:

- *if it were felt that there was a significant risk of a sharp FALL in long and short term rates, e.g. due to a marked increase of risks around relapse into recession or of risks of deflation, then long term borrowings will be postponed, and potential rescheduling from fixed rate funding into short term borrowing will be considered.*
- *if it were felt that there was a significant risk of a much sharper RISE in long and short term rates than that currently forecast, perhaps arising from a greater than expected increase in the anticipated rate of US tapering of asset purchases, or in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised with the likely action that fixed rate funding will be drawn whilst interest rates are still lower than they will be in the next few years.*

7.3. External versus internal borrowing

- The general aim of this treasury management strategy is to maintain cash balances at a reduced level, therefore keeping to a minimum the credit risk incurred by holding investments. Measures taken over the last few years have already reduced substantially the level of credit risk and the difference between borrowing rates and investment rates has been carefully considered to ensure the Council obtains value for money once an appropriate level of risk management has been attained to ensure the security of its investments.
- The next financial year is expected to be another one of historically abnormally low Bank Rate. This provides a continuation of the current window of opportunity for local authorities to fundamentally review their strategy of undertaking new external borrowing.
- Over the next year, investment rates are expected to be below long term borrowing rates, in which case, the Council can minimise its overall net treasury costs in the short term by continuing to avoid new external borrowing and by using internal cash balances to finance new capital expenditure or to replace maturing external debt (this is referred to as internal borrowing).

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- However, short term savings by avoiding new long term external borrowing in 2014/15 will also be weighed against the potential for incurring additional long term extra costs by delaying unavoidable new external borrowing until later years when PWLB long term rates are forecast to be significantly higher.
- The Council continually examines the potential for undertaking early repayment of some external debt to the PWLB in order to reduce the difference between its gross and net debt positions. However, the introduction by the PWLB of significantly lower repayment rates than new borrowing rates in November 2007, which has now been compounded since 20 October 2010 by a considerable further widening of the difference between new and repayment rates, has meant that large premiums would be incurred by such action. This situation will continue to be monitored in case the differential is narrowed by the PWLB at some future date.

7.4. Policy on borrowing in advance of need

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within approved Capital Financing Requirement estimates, and will be considered carefully to ensure value for money can be demonstrated and that the Council can ensure the security of such funds.

In determining whether borrowing will be undertaken in advance of need the Council will:

- ensure that there is a clear link between the capital programme and maturity profile of the existing debt portfolio which supports the need to take funding in advance of need
- ensure the ongoing revenue costs created, and the implications for the future plans and budgets have been considered
- evaluate the economic and market factors that might influence the manner and timing of any decision to borrow
- consider the merits and demerits of alternative forms of funding
- consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use.
- consider the impact of borrowing in advance on temporarily (until required to finance capital expenditure) increasing investment cash balances and the

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consequent increase in exposure to counterparty risk, and other risks, having regard to the controls in place to minimise such risks.

8. Debt rescheduling

- 8.1. The introduction by the PWLB in 2007 of a spread between the rates applied to new borrowing and repayment of debt, which was compounded in 20 October 2010 by a considerable further widening of the difference between new borrowing and repayment rates, has meant that PWLB to PWLB debt restructuring is now much less attractive than it was before both of these events. In particular, consideration would have to be given to the large premiums which would be incurred by prematurely repaying existing PWLB loans and it is very unlikely that these could be justified on value for money grounds in using replacement PWLB refinancing. However, some interest savings might still be achievable through using LOBO (Lender Option Borrowers Option) loans, and other market loans, as the source of replacement financing.
- 8.2. As short term borrowing rates will be considerably cheaper than longer term rates, there may be some potential or residual opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the size of the premiums incurred, their short term nature and the likely cost of refinancing those short term loans, once they mature, compared to the current rates of longer term debt in the existing debt portfolio. Any such rescheduling and repayment of debt is likely to cause a flattening of the Council's maturity profile as in recent years there has been a trend towards longer dated PWLB loans.
- 8.3. Consideration will continue to be given to identifying any residual potential for making savings by running down investment balances to repay debt prematurely as short term rates on investments are likely to be lower than rates paid on current debt.

The reasons for any rescheduling to take place will include:

- the generation of cash savings and / or discounted cash flow savings,
 - helping to fulfil the strategy outlined in paragraph 7 above, and
 - enhancing the balance of the portfolio (amending the maturity profile and/or the balance of volatility).
- 8.4. All rescheduling will be reported to the Cabinet (Resources) Panel, at the earliest meeting following its action.

Annual Investment Strategy 2014/15

1. Annual Investment Strategy

1.1. Investment policy

The Council will have regard to the Department for Communities and Local Government's Guidance on Local Government Investments ("the Guidance") issued in March 2004, any revisions to that guidance, the Audit Commission's report on Icelandic investments and the 2011 revised CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes ("the CIPFA TM Code"). The Council's investment priorities are: -

- (a) the security of capital and
- (b) the liquidity of its investments.

The Council will also aim to achieve the optimum return on its investments commensurate with proper levels of security and liquidity. **The risk appetite of this Council is low in order to give priority to the security of its investments.**

The borrowing of monies purely to invest or on-lend and make a return is unlawful and the Council will not engage in such activity.

Investment instruments identified for use in the financial year are listed on pages 25 to 27 under the 'Specified' and 'Non-Specified' Investments categories. Counterparty limits will be as set through the Council's Treasury Management Practices – Schedules.

1.2. Creditworthiness policy

This Council applies the creditworthiness service provided by Capita Asset Services. This service employs a sophisticated modelling approach using credit ratings from the three main credit rating agencies - Fitch, Moodys and Standard and Poors. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- Credit Default Swap (CDS) spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the duration for investments. The table below details Capita's

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recommendations of bands and durations along with the more prudent parameters that the Council will apply:

	Capita	Wolverhampton
Purple	2 years	1 year
Orange	1 year	6 months
Blue (only applies to nationalised or semi nationalised UK Banks)	1 year	3 months
Red	6 months	3 months
Green*	100 days	50 days
No Colour	Not to be Used	Not to be Used

* The green limit was formerly for 3 months but the Financial Conduct Authority set (July 2013) a requirement for qualifying deposits for bank liquidity buffers of a minimum of 95 days so the green band has been slightly extended to accommodate this regulatory change.

This list will be reviewed on any changes to the methodology used by Capita and the Council may revert back to using Capita's recommended durations if or when investment balances are at higher levels and longer deposits are possible without significantly increased risk to liquidity.

Typically the minimum credit ratings criteria the Council use will be a short term rating (Fitch or equivalents) of Short Term rating F1+, Long Term rating AA-, Viability ratings of A-, and a Support rating of 3. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored each time the Council is alerted to changes to ratings of all three agencies through its use of the Capita creditworthiness service.

- If a downgrade results in the counterparty/investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately. A severe downgrade may prompt the Assistant Director Finance to instruct treasury management employees to take steps to withdraw any investment considered to be at risk. The potential penalties for such an action would need to be assessed.
- In addition to the use of Credit Ratings the Council will be advised of information in movements in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

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Sole reliance will not be placed on the use of this bought-in service. In addition the Council will also use market data and market information, information on government support for banks and the credit ratings of that government support.

1.3. Country limits

The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA+ from Fitch Ratings (or equivalent from other agencies if Fitch does not provide). The list of countries that qualify using this credit criteria as at the date of this report is shown below. This list will be amended by employees should ratings change in accordance with this policy.

Approved countries for investments

AAA

- Australia
- Canada
- Denmark
- Finland
- Germany
- Luxembourg
- Norway
- Singapore
- Sweden
- Switzerland
- U.S.A.

AA+

- France
- Hong Kong
- Netherlands
- U.K.

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1.4. **Specified investments:** All such investments will be sterling denominated, with **maturities up to a maximum of one year**, meeting the minimum 'high' rating criteria where applicable

	Minimum 'High' Credit Criteria
Debt Management Agency Deposit Facility	Government backed
Money Market Funds	AAAmf / Aaa-mf
Term deposits – UK government	Government backed
Term deposits – Local Authorities	High Security
Term deposits – Banks & Building Societies	Short-term F1+, Long-term AA-, Viability A-, Support 3

Since the 'credit crunch' crisis there have been a number of developments which have been given separate consideration and approval for use: -

Nationalised banks in the UK have credit ratings which do not conform to the credit criteria usually used by local authorities to identify banks which are of high creditworthiness. In particular, as they are no longer separate institutions in their own right, it is impossible for Fitch to assign them an individual rating for their stand alone financial strength. Accordingly, Fitch have assigned an F rating which means that at a historical point of time, this bank failed and is now owned by the Government. However, these institutions are now recipients of an F1+ short term rating as they effectively take on the creditworthiness of the Government itself i.e. deposits made with them are effectively being made to the Government. They also have a support rating of 1: in other words, on both counts, they have the highest ratings possible.

The Council applies individual limits on investments with banks within each group of nationalised banks and a limit on the group overall.

Blanket guarantees on all deposits. Some countries have supported their banking system by giving a blanket guarantee on ALL deposits e.g. Ireland and Singapore. Authorities may view that the sovereign rating of that country then takes precedence over the individual credit ratings for the banks covered by that guarantee. The Council will only invest in banks where their individual and sovereign rating meets with our minimum criteria.

UK banking system support package (implicit guarantee). The UK Government has not given a blanket guarantee on all deposits but has underlined its determination to ensure the security of the UK banking system by initially supporting eight named banks with a £500bn support package:

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- Santander (previously Abbey)
- Barclays
- HBOS
- Lloyds TSB
- HSBC
- Nationwide Building Society
- RBS
- Standard Chartered

Banks eligible for support under the UK bail-out package and which have issued debt guaranteed by the Government are eligible for a continuing Government guarantee when debt issues originally issued and guaranteed by the Government, mature and are refinanced. However, no other institutions can make use of this support as it closed to new issues and entrants on 28 February 2010. The banks which have used this explicit guarantee are as follows:-

- Bank of Scotland
- Barclays
- Clydesdale
- Coventry Building Society
- Investec Bank
- Nationwide Building Society
- Rothschild Continuation Finance plc
- Standard Life Bank
- Tesco Personal Finance plc
- Royal Bank of Scotland
- West Bromwich Building Society
- Yorkshire Building Society

The Council relies on the credit ratings of the individual banks and does not invest with these banks on the strength of the support package alone.

Accounting treatment of investments. The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by the Council. To ensure that the Council is protected from any adverse revenue implications, which may arise from these differences, the accounting implications of new transactions will be thoroughly reviewed before they are undertaken.

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- 1.5. **Non-specified investments:** A maximum of £35.0 million will be held in aggregate in non-specified investments.

	Minimum Credit Criteria	Max of Total Investments	Max Maturity Period
Term deposits – UK government (with maturities in excess of 1 year)	Government Backed	£10.0 million	5 years
Term deposits – other Local Authorities (with maturities in excess of 1 year)	High Security	£10.0 million per LA	5 years
Term deposits – banks (with maturities in excess of 1 year)	Short term F1+; Long term AA-; Viability A-; Support 3	£10.0 million per bank	5 years

1.6. Investment strategy

All of the Council's funds are managed in-house. Based on its cashflow forecasts, the Council anticipates its fund balances in 2014/15 to range between £1.0 million and £80.0 million. The Council will hold investments for up to a maximum of 12 months, but has determined that a maximum of £35.0 million could be prudently committed to longer term investments of up to 5 years should the Assistant Director Finance decide it is appropriate to.

Interest rate outlook: Bank Rate is forecast to remain unchanged at 0.5% before starting to rise from quarter 2 of 2016. Capita's Bank Rate forecasts for financial year ends (March) are:

- 2013/14 0.50%
- 2014/15 0.50%
- 2015/16 0.50%
- 2016/17 1.25%

There are upside risks to these forecasts (i.e. start of increases in Bank Rate occurs sooner) if economic growth remains strong and unemployment falls faster than expected. However, should the pace of growth fall back, there could be downside risk, particularly if Bank of England inflation forecasts for the rate of fall of unemployment were to prove to be too optimistic.

The Council will avoid locking into longer term deals while investment rates are down at historically low levels unless exceptionally attractive rates are available which make longer term deals worthwhile, within the risk parameters set by this Council.

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For 2014/15 the Council will budget for an investment return of 0.50% on investments placed during the financial year.

For its cash flow generated balances, the Council will seek to use its money market funds, business reserve accounts and short-dated deposits (overnight to 100 days) in order to benefit from the compounding of interest, whilst maintaining liquidity.

1.7. **End of year investment report**

At the end of the financial year, a report will be submitted to the Cabinet and full Council on the Council's investment activity as part of its Annual Treasury Report.

1.8. **Policy on the use of external service providers**

The Council uses Capita as its external treasury management advisors.

The Council recognises that responsibility for treasury management decisions remains with the organisation at all times and will ensure that undue reliance is not placed upon our external service providers.

It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council will ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review.

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2. Interest rate forecasts

2.1 The table below shows a variety of forecasts published by three institutions; Capita, UBS and Capital Economics (an independent forecasting consultancy).

2.2 The forecast within this strategy statement has been drawn from these diverse sources and employees' own views.

Capita Asset Services Interest Rate View													
	Mar-14	Jun-14	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17
Bank Rate View	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.00%	1.25%
3 Month LIBID	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.60%	0.70%	0.90%	1.30%
6 Month LIBID	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.60%	0.70%	0.80%	1.00%	1.20%	1.40%
12 Month LIBID	0.80%	0.80%	0.80%	0.80%	0.80%	0.80%	1.00%	1.20%	1.40%	1.60%	1.80%	2.00%	2.30%
5yr FW LB Rate	2.50%	2.60%	2.70%	2.70%	2.80%	2.80%	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%	3.40%
10yr FW LB Rate	3.60%	3.70%	3.80%	3.80%	3.90%	3.90%	4.00%	4.10%	4.20%	4.30%	4.30%	4.40%	4.50%
25yr FW LB Rate	4.40%	4.50%	4.50%	4.60%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.10%	5.10%	5.10%
50yr FW LB Rate	4.40%	4.50%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.20%	5.20%	5.20%	5.20%
Bank Rate													
Capita Asset Services	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	1.00%	1.25%
UBS	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	1.00%	-	-	-	-	-
Capital Economics	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.75%	-	-	-	-	-
5yr FW LB Rate													
Capita Asset Services	2.50%	2.60%	2.70%	2.70%	2.80%	2.80%	2.90%	3.00%	3.10%	3.20%	3.30%	3.40%	3.40%
UBS	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital Economics	2.60%	2.60%	2.60%	2.60%	2.70%	2.80%	3.00%	3.20%	-	-	-	-	-
10yr FW LB Rate													
Capita Asset Services	3.60%	3.70%	3.80%	3.80%	3.90%	3.90%	4.00%	4.10%	4.20%	4.30%	4.30%	4.40%	4.50%
UBS	3.70%	3.80%	3.90%	4.05%	4.05%	4.30%	4.55%	4.55%	-	-	-	-	-
Capital Economics	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	3.80%	4.05%	-	-	-	-	-
25yr FW LB Rate													
Capita Asset Services	4.40%	4.50%	4.50%	4.60%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.10%	5.10%	5.10%
UBS	4.55%	4.55%	4.80%	4.80%	5.05%	5.05%	5.30%	5.30%	-	-	-	-	-
Capital Economics	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.35%	4.45%	-	-	-	-	-
50yr FW LB Rate													
Capita Asset Services	4.40%	4.50%	4.50%	4.60%	4.70%	4.80%	4.90%	5.00%	5.10%	5.20%	5.20%	5.20%	5.20%
UBS	4.45%	4.45%	4.70%	4.70%	4.90%	4.90%	5.05%	5.05%	-	-	-	-	-
Capital Economics	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.60%	-	-	-	-	-

Please note – The current PWLB rates and forecast shown above have taken into account the 20 basis point certainty rate reduction effective as of the 1 November 2012.

**Wolverhampton City Council
Specified Investments Lending List**

Institution	Country (Sovereign Rating)	Limit £000	Term Limit
Australia & New Zealand Banking Group Ltd	Australia (AAA)	10,000	6 mths
Bank Nederlandse Gemeenten	Netherlands (AA+)	20,000	12 mths
Bank of Montreal	Canada (AAA)	10,000	6 mths
Bank of New York Mellon, The	USA (AAA)	10,000	6 mths
Bank of Nova Scotia	Canada (AAA)	10,000	6 mths
Canadian Imperial Bank of Commerce	Canada (AAA)	10,000	6 mths
Clearstream Banking	Luxembourg (AAA)	20,000	12 mths
Commonwealth Bank of Australia	Australia (AAA)	10,000	6 mths
Cooperatieve Centrale Raiffeisen - Boerenleenbank	Netherlands (AA+)	5,000	3 mths
DBS Bank Ltd	Singapore (AAA)	10,000	6 mths
Hong Kong and Shanghai Banking Corporation Ltd	Hong Kong (AA+)	10,000	6 mths
HSBC Bank plc	UK (AA+)	10,000	6 mths
HSBC Bank USA	USA (AAA)	5,000	3 mths
National Australia Bank Ltd	Australia (AAA)	10,000	6 mths
Nordea Bank AB	Sweden (AAA)	10,000	6 mths
Nordea Bank Finland plc	Finland (AAA)	10,000	6 mths
Oversea Chinese Banking Corporation Ltd	Singapore (AAA)	20,000	12 mths
Royal Bank of Canada	Canada (AAA)	10,000	6 mths
Standard Chartered Bank	UK (AA+)	10,000	6 mths
Svenska Handelsbanken AB (35 Day Notice a/c)	Sweden (AAA)	10,000	6 mths
Toronto Dominion Bank	Canada (AAA)	20,000	12 mths
United Overseas Bank Ltd	Singapore (AAA)	20,000	12 mths
Wells Fargo Bank NA	USA (AAA)	10,000	6 mths
Westpac Banking Corporation	Australia (AAA)	10,000	6 mths
Nationalised Banks			
Lloyds Banking Group plc			
Bank of Scotland plc (Corporate Instant Access a/c)	UK (AA+)	10,000	3 mths
Lloyds TSB Bank plc	UK (AA+)	10,000	3 mths
Royal Bank of Scotland Group plc			
National Westminster Bank plc (Call a/c)	UK (AA+)	10,000	3 mths
The Royal Bank of Scotland plc	UK (AA+)	10,000	3 mths
Ulster Bank Ltd	UK (AA+)	10,000	3 mths
Money Market Funds	Fund Rating		
Invesco Aim STIC Account	Fitch AAmmf	20,000	Instant Access
Ignis Sterling Liquidity Fund	Fitch AAmmf	20,000	Instant Access
Prime Rate Sterling Liquidity Fund	Fitch AAmmf	20,000	Instant Access
Black Rock Sterling Liquidity Fund	Moody's Aaa-mf	20,000	Instant Access
Scottish Widows Sterling Liquidity Fund	Moody's Aaa-mf	20,000	Instant Access

Non-rated Institutions

County Councils, London Boroughs, Metropolitan Districts and Unitary Authorities - limits £6m and 12 months.
Shire District Councils, Fire and Civil Defence Authorities, Passenger Transport Authorities and Police
Authorities - limits £3m and 12 months.

Debt and Treasury Management - Prudential and Treasury Management Indicators

Prudential Indicators (PI)

PI for Affordability - These indicators are used to ensure the total capital investment of the council is within a sustainable limit and the impact of these decisions are considered with regard to acceptable council tax and housing rent levels.

PI 1 - Estimates and Actual ratio of financing costs to net revenue stream.

This represents the cost of financing capital expenditure as a % of net revenue for both the General Fund and HRA.

	As at 25 February 2014			
	2013/14 Forecast	2014/15 Forecast	2015/16 Forecast	2016/17 Forecast
General Fund	8.8%	10.3%	14.0%	15.6%
HRA	13.4%	12.3%	12.1%	12.6%

PI 2 - Estimates of the incremental impact of capital investment decisions on the council tax and housing rents.

The council could consider different options for its capital investment programme in relation to their different impact on the council tax and housing rents. Negatives reflect a reduction in total capital expenditure.

	As at 25 February 2014			
	2013/14 Forecast £	2014/15 Forecast £	2015/16 Forecast £	2016/17 Forecast £
For Band D council tax				
Implications of the Capital Programme for Year	74.23	201.41	236.60	243.92
Financial Year Impact	74.23	201.41	236.60	243.92
For average weekly housing rents				
Implications of the Capital Programme for Year	2.75	4.65	5.34	6.13
Financial Year Impact	2.75	4.65	5.34	6.13
For Band D council tax				
Implications of the Capital Programme for Year	2.02	2.02	(7.64)	(15.44)
Marginal Impact to December 2013 (Quarter 3)	2.02	2.02	(7.64)	(15.44)
For average weekly housing rents				
Implications of the Capital Programme for Year	-	-	-	-
Marginal Impact to December 2013 (Quarter 3)	-	-	-	-

PI 3 - Estimates and actual capital expenditure.

Full details of capital expenditure plans and funding can be found in the Quarter Three Capital Budget Monitoring report.

	As at 25 February 2014			
	2013/14 Forecast £000	2014/15 Forecast £000	2015/16 Forecast £000	2016/17 Forecast £000
General Fund	141,965	111,799	36,889	18,290
HRA	75,255	57,928	30,477	33,228
	217,220	169,727	67,366	51,518

Debt and Treasury Management - Prudential and Treasury Management Indicators

PI 4 - Estimates and actual capital financing requirement General Fund and HRA.				
The capital financing requirement measures the authority's underlying need to borrow for a capital purpose.				
	As at 25 February 2014			
	2013/14	2014/15	2015/16	2016/17
	Forecast	Forecast	Forecast	Forecast
	£000	£000	£000	£000
General Fund	467,861	570,638	573,285	556,896
HRA	340,217	352,603	347,163	340,438
	808,078	923,241	920,448	897,334

PI 5 - Authorised limit for external debt.				
These limits apply to the total external debt gross of investments and separately identify borrowing from other long term liabilities such as finance leases including Private Finance Initiatives (PFI).				
	As at 25 February 2014			
	2013/14	2014/15	2015/16	2016/17
	Forecast	Limit	Limit	Limit
	£000	£000	£000	£000
Borrowing	600,544	896,862	909,345	919,984
Other Long Term Liabilities	63,186	109,740	98,092	96,145
Total	663,730	1,006,602	1,007,437	1,016,129

PI 6 - Operational boundary for external debt.				
This is based on the same estimates as the authorised limit but directly reflects the Assistant Director Finance's estimate of the most likely, prudent but not worst case scenario, without the additional headroom included.				
	As at 25 February 2014			
	2013/14	2014/15	2015/16	2016/17
	Forecast	Limit	Limit	Limit
	£000	£000	£000	£000
Borrowing	600,544	870,926	901,661	916,319
Other Long Term Liabilities	63,186	100,057	98,092	96,145
Total	663,730	970,983	999,753	1,012,464

PI 7 - HRA limit on indebtedness.				
This maximum debt limit has been set by Government as part of the self-financing regime and is compared to the HRA capital financing requirement.				
	As at 25 February 2014			
	2013/14	2014/15	2015/16	2016/17
	Forecast	Forecast	Forecast	Forecast
	£000	£000	£000	£000
HRA Debt Limit	356,770	356,770	356,770	356,770
HRA Capital Financing Requirement	340,217	352,603	347,163	340,438
Headroom	16,553	4,167	9,607	16,332

Debt and Treasury Management - Prudential and Treasury Management Indicators

PI for Prudence - Ensuring that external debt is sustainable and compliance with good professional practice are essential features of prudence.

PI 8a - Gross debt and the capital financing requirement.

"In order to ensure that over the medium term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years". This replaced PI 8 net debt and the capital financing requirement from 2013/14 onwards.

	As at 25 February 2014			
	2013/14	2014/15	2015/16	2016/17
	Forecast £000	Forecast £000	Forecast £000	Forecast £000
Forecast Capital Financing Requirement at end of Second Year	923,241	920,448	923,241	920,448
Gross Debt	663,729	804,343	833,112	845,824
Capital Financing Requirement Greater than Gross Debt	Yes	Yes	Yes	Yes

PI 9 - Has the local authority adopted the CIPFA Treasury Management in the Public Services: Code of Practice. Yes

Treasury Management Indicators (TMI)

TMI 2 - Upper limits on fixed interest and variable interest exposures.

These relate to the levels of net outstanding principal sums exposed to fixed and variable interest rates.

	As at 25 February 2014			
	2013/14	2014/15	2015/16	2016/17
	Forecast	Limit	Limit	Limit
Upper limit for fixed rate	83%	100%	100%	100%
Upper limit for variable rate	17%	20%	20%	20%

TMI 3 - Upper and lower limits to the maturity structure of its borrowing.

These limits relate to the % of fixed rate debt maturing.

	As at 25 February 2014		
	Upper Limit	Lower Limit	March 2014 Forecast
Under 12 months	10%	0%	8.20%
12 months and within 24 months	15%	0%	14.81%
24 months and within 5 years	20%	0%	18.30%
5 years and within 10 years	20%	0%	4.05%
10 years and above	90%	50%	54.64%

TMI 4 - Upper limits to the total of principal sums invested longer than 364 days.

This details the maximum amount which can be invested for up to 5 years (as per paragraph 1.5 of the Annual Investment Strategy).

	As at 25 February 2014			
	2013/14	2014/15	2015/16	2016/17
	Forecast £000	Limit £000	Limit £000	Limit £000
Upper limit for more than 364 days	35,000	35,000	35,000	35,000

Annual MRP Statement 2014/15

Minimum Revenue Provision – an introduction

1. What is Minimum Revenue Provision?

Capital expenditure is generally expenditure on assets which have a life expectancy of more than one year e.g. buildings, vehicles, machinery etc. In accordance with proper practice, the financing of such expenditure is spread over several years in order to try to match the years over which such assets benefit the local community through their useful life. The manner of spreading these costs is through an annual charge known as Minimum Revenue Provision (MRP), which is determined by the Council under guidance.

2. Statutory duty

The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended by Statutory Instrument 2008 no. 414 s4) lay down that:

“A local authority shall determine for the current financial year an amount of minimum revenue provision that it considers to be prudent.”

3. Government guidance

Along with the above duty, the Government issued guidance which came into force on 31 March 2008 which requires that a Statement on the Council's policy for its annual MRP should be submitted to the full Council for approval before the start of the financial year to which the provision will relate.

The Council is legally obliged to “have regard” to the guidance, which is intended to enable a more flexible approach to assessing the amount of annual provision than was required under the previous statutory requirements. Although it is up to each Council to determine for itself how to calculate its MRP, the guidance suggests four methodologies, with an overriding recommendation that the Council should make prudent provision to redeem its debt liability over a period which is reasonably commensurate with that over which the capital expenditure is estimated to provide benefits. The requirement to ‘have regard’ to the guidance therefore means that:

1. Although four main options are recommended in the guidance, there is no intention to be prescriptive by making these the only methods of charge under which a local authority may consider its MRP to be prudent.
2. It is the responsibility of each authority to decide upon the most appropriate method of making a prudent provision, after having had regard to the guidance.

4. Timing

This statement shall take effect from 1 April 2014 and shall take precedence over any statements previously approved.

5. Calculation

MRP shall be calculated by adding together the amounts calculated using the appropriate method applicable to the date of the expenditure (method 1 or method 2) as stated below and any amount calculated under adjustment 1 below.

Method 1

To be used for expenditure incurred prior to 2009/2010, taking into account only capital expenditure and financing decisions, and the classification of fixed assets, reflected in the Council's accounts for the preceding year.

MRP will be calculated, on an individual capital scheme basis, in accordance with the following formula:

$$\frac{A - B}{C}$$

Where:

- A is the total need to borrow for capital purposes (resulting from capital expenditure)
- B is the cumulative amount of MRP charged in previous years
- C is the remaining number of years, calculated in accordance with the below.

C shall relate to the estimated useful economic life of the fixed asset resulting from the capital expenditure in question, and its initial value for a scheme shall be defined as follows:

Assets with a long estimated life:	C = 50
Assets with a short estimated life:	C = 6
Expenditure capitalised under direction	C = 20

C shall decrease by one with each passing financial year, and shall not otherwise be reviewed or amended.

Method 2

To be used for expenditure incurred prior to 2009/2010, taking into account only capital expenditure and financing decisions, and the classification of fixed assets, reflected in the Council's accounts for the preceding year.

With the variations set out below, MRP will be calculated, on an individual fixed asset basis, in accordance with the following formula:

$$\frac{A - B - D + E}{C}$$

Where:

- A is the total need to borrow for capital purposes (resulting from capital expenditure)
- B is the cumulative amount of MRP charged in previous years
- C is the remaining number of years, calculated in accordance with the below.
- D is the aggregate value of any anticipated future capital receipts that are an integral part of the capital scheme in question.

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E is an amount determined by Cabinet (Resources) Panel.

C shall be equal to the estimated remaining useful life of the fixed asset in question, as estimated by the Council. For assets with a useful life of more than 99 years, C shall equal 99.

D shall be reviewed each year on performing the calculation, and amended if necessary.

The cumulative total of E, taken across all past and current years, shall never be less than zero.

Method 2 shall be varied in the following circumstances:

- (a) For non-operational assets, for which no charge will be made.
- (b) For expenditure on fixed assets that are not or would not be classed as fixed assets of the Council in accordance with proper accounting practice, for which C shall initially be equal to the estimated remaining useful life of the fixed asset in question, and thereafter shall decrease by one with each passing financial year and not otherwise be reviewed or amended.
- (c) For expenditure capitalised under direction, for which C shall initially equal 20, and shall decrease by one with each passing financial year, and shall not otherwise be reviewed or amended.

Adjustment 1

The total value of MRP calculated under method 1 and method 2 can be adjusted at year end only and only where the Section 151 Officer is satisfied that:

- There are exceptional short to medium term financial circumstances, including significant one off costs and in-year budget pressures that cannot be addressed, without the need to call on general balances;
- All efforts have been made to address the impact of the exceptional circumstances, during the financial year in question, to reduce any call on general balances, including ceasing all but essential expenditure, both revenue and capital;
- This is not being utilised as a solution to a medium term financial challenge, either of a revenue or capital nature;
- The adjusted amount can be recovered over a maximum of the following five years;
- The total of the planned MRP over the medium term remains prudent overall;
- The Council has clear and robust plans to deliver a sustainable budget.

The value of Adjustment 1 shall be determined annually by the Section 151 Officer, having consulted with the Monitoring Officer and the Head of Paid Service (or their recognised deputies in their absence), on an individual year basis in accordance with the following formula:

$$A - \frac{B - C}{D}$$

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Where:

A is the value of Adjustment 1 to MRP for the year

B is the value of Adjustment 1 for each previous year

C is the cumulative amount of the Adjustment 1 recovered in any previous years

D shall initially equal 5, and shall decrease by one with each passing financial year, and shall not otherwise be reviewed or amended.

The value of Adjustment 1 in the year in question shall not exceed the total of the value of the call that would have otherwise been made on general balances. Whilst the cumulative value of Adjustment 1 in any one year shall not exceed the lower of 10% of the council's net budget requirement for the following year and 10% of the capital financing requirement at the end of the year.

The value of Adjustment 1, along with a detailed explanation, will be reported to Cabinet within the Annual Revenue Budget Outturn report.

In the event that the Section 151 Officer is no longer satisfied that the Council has clear and robust plans to deliver a sustainable budget over the medium term, the cumulative value of Adjustment 1 will be reversed and charged in full against the general fund budget during the financial year in question. Such an action will be reported to the next scheduled meeting of Full Council making it clear that equivalent in-year savings will be necessary in order to deliver a balanced outturn against budget. The plans to achieve that balanced outturn must then be reported to Council at the earliest opportunity.

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Disclosure for Certainty Rate

Certainty Rate					
This table details the information that is required to enable the Council to submit a return for 2014/15.					
	As at 25 February 2014				
	2013/14	2014/15	2015/16	2016/17	2017/18
	Estimate	Estimate	Estimate	Estimate	Estimate
	£000	£000	£000	£000	£000
Net Borrowing Requirement:					
Borrowing to Finance approved Capital Expenditure	81,410	103,742	30,735	14,658	13,798
Existing Maturity Loans to be Replaced During the Year	135,777	90,000	76,605	86,605	100,000
Less:					
Minimum Revenue Provision for Debt Repayment	(12,235)	(13,646)	(17,394)	(19,020)	(19,482)
Voluntary Debt Repayment	(10,057)	(11,804)	(14,169)	(16,805)	(19,085)
	(22,292)	(25,450)	(31,563)	(35,825)	(38,567)
Loans Replaced Less Debt Repayment	113,485	64,550	45,042	50,780	61,433
Net Advance Requirement	194,895	168,292	75,777	65,438	75,231

Treasury Management Policy Statement Treasury Management Practices

February 2014

1. Introduction

- 1.1. The Council has previously adopted the 2002 and 2009 CIPFA Codes of Practice on Treasury Management and fully complied with their guidance. CIPFA issued a revised code in 2011 following developments resulting from the Localism Act 2011, including housing finance reform and the introduction of the General Power of Competence and the Council now complies with this revised code. The Code seeks to satisfy nine main purposes:
1. To assist public service organisations in the development and maintenance of firm foundations and clear objectives for their treasury management activities and thereby to add to their credibility in the public eye.
 2. To emphasise the overriding importance of effective risk management as the foundation for treasury management in all public service bodies.
 3. To provide transparency for treasury management decisions including the use of counterparties and financial instruments that individual public service organisations intend to use for the prudent management of their financial affairs.
 4. To encourage the pursuit of value for money in treasury management, and to promote the reasoned use, development and appreciation of appropriate and practical measures of performance.
 5. To enable CIPFA members to fulfil their professional and contractual responsibilities to the organisations they serve and, in accordance with the members' charter, "to maintain and develop the professional competence of both themselves and those they supervise".
 6. To help facilitate a standardisation and codification of treasury management policies and practices in the public services.
 7. To assist those involved in the regulation and review of treasury management in the public services, particularly those charged with the audit of the same.
 8. To foster a continuing debate on the relevance and currency of the statutory and regulatory regimes under which treasury management in the various parts of the public services operates.

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9. To further the understanding and confidence of, and to act as a reference work for, financial and other institutions whose businesses bring them into contact with the treasury management activities of public service organisations.
- 1.2. The approved activities cover borrowing arrangements for funding capital expenditure, debt repayment and rescheduling, managing cash flow and investment of surplus balances and monitoring the underlying risks associated with the Authority's activities.
- 1.3. Arrangements made for the control and operation of bank accounts operated by schools come within this definition but day-to-day management of funds is the responsibility of the Head Teachers and the Governors under arrangements for the local management of schools. Banking arrangements for schools with their own cheque accounts are closely monitored by the Assistant Director Finance.
- 1.4. Management of the West Midlands Pension Fund is not included as part of Wolverhampton Council's treasury management activities but similar arrangements have been adopted by the Pension Fund Investments Division.
- 1.5. Subject to the above, the Council's cash is aggregated for the purposes of treasury management and is under the control of the Assistant Director Finance in accordance with Section 151 of the Local Government Act 1972. The executive control and administration of financial policy is under the direction of the Cabinet (Resources) Panel.
- 1.6. All external investments of surplus internal balances are restricted to authorised investments in accordance with the Local Authorities (Capital Finance) (Approved Investments) Regulations 1990 as amended. The Assistant Director Finance is responsible for making any investments, subject to the guidelines agreed by the Council or subsequently amended by the Cabinet (Resources) Panel.

2. Adoption of the code

- 2.1. The revised 2011 CIPFA Code identifies three key principles:

Key Principle 1

The Council puts in place formal and comprehensive objectives, policies and practices, strategies and reporting arrangements for the effective management and control of its treasury management activities.

Key Principle 2

To note that these policies and practices make clear that the effective management and control of risk are prime objectives of its treasury management activities and the

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responsibility for these lie clearly within the Council. The Council's appetite for risk should form part of its annual strategy including any use of financial instruments for the prudent management of those risks and should ensure that priority is given to security and liquidity when investing funds.

Key Principle 3

To acknowledge that the pursuit of value for money in treasury management and the use of suitable performance measures are valid and important tools to employ in support of the Council's business and service objectives; and that within the context of effective risk management, its treasury management policies and practices reflect this.

2.2. In order to achieve the above, the Council will adopt the following four clauses:

- (1) The Council will create and maintain, as the cornerstones for effective treasury management:
 - a treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities;
 - suitable treasury management practices (TMPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.

The content of the policy statement and TMPs will follow the recommendations contained in Sections 6 and 7 of the code, subject only to amendment where necessary to reflect the particular circumstances of the Council. Such amendments will not result in the Council materially deviating from the Code's key principles.

- (2) Full Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, an annual strategy and plan in advance of the year, a mid-year review and an annual report after its close, in the form prescribed in the TMPs.
- (3) Full Council delegates responsibility for the implementation and monitoring of its treasury management policies and practices to the Cabinet (Resources) Panel, and for the execution and administration of treasury management decisions to the Assistant Director Finance, who will act in accordance with the Council's policy statement and TMPs and CIPFA's Standard of Professional Practice on Treasury Management.
- (4) The Council nominates Confident, Capable Council Scrutiny Panel to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

3. Treasury Management Policy Statement

3.1. The Council's treasury management policy statement defines the policies and objectives of its treasury management activities, as follows:

(1) Treasury management activities are defined as:

"The management of the Council's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks."

(2) The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the Council, and any financial instruments entered into to manage these risks.

(3) The Council acknowledges that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

4. Treasury Management Practices (TMPs) – Main principles

4.1. The Council's Treasury Management Practices (TMPs) set out the manner in which the Council will seek to achieve its treasury management policies and objectives and how it will manage and control those activities. The main principles are below with more detailed explanations in the attached schedules; these follow the CIPFA Code and have been suitably amended where necessary to reflect the Council's particular needs and circumstances.

4.2. TMP 1 – Risk management

The Assistant Director Finance will design, implement and monitor all arrangements for the identification, management and control of treasury management risk, will report at least annually on the adequacy/suitability thereof, and will report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the Council's objectives in this respect, all in accordance with the procedures set out in TMP6 Reporting requirements and management information arrangements.

In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out in Schedule 1 to this document.

[1] Credit and counterparty risk management

The Council regards a key objective of its treasury management activities to be the security of the principal sums it invests. Accordingly, it will ensure that its counterparty lists and limits reflect a prudent attitude towards organisations with whom funds may be deposited, and will limit its investment activities to the instruments, methods and techniques referred to in TMP4 Approved instruments, methods and techniques and listed in the schedule to this document. It also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing or derivative arrangements.

[2] Liquidity risk management

The Council will ensure it has adequate though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to which are necessary for the achievement of its business/service objectives.

The Council will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme or to finance future debt maturities.

[3] Interest rate risk management

The Council will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts providing in its budgetary arrangements as amended in accordance with TMP6 Reporting requirements and management information arrangements.

It will achieve this by the prudent use of its approved instruments, methods and techniques, primarily to create stability and certainty of costs and revenues, but at the

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same time retaining a sufficient degree of flexibility to take advantage of unexpected, potentially advantageous changes in the level or structure of interest rates. This should be the subject to the consideration and, if required, approval of any policy or budgetary implications.

It will ensure that any hedging tools such as derivatives are only used for the management of risk and the prudent management of financial affairs and that the policy for the use of derivatives is clearly detailed in the annual strategy.

[4] Exchange rate risk management

The Council will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.

[5] Refinancing risk management

The Council will ensure that its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the organisation as can reasonably be achieved in the light of market conditions prevailing at the time.

It will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective, and will avoid over-reliance on any one source of funding if this might jeopardise achievement of the above.

[6] Legal and regulatory risk management

The Council will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under TMP1[1] Credit and counterparty risk management, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with the organisation, particularly with regard to duty of care and fees charged.

The Council recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the organisation.

[7] Fraud, error and corruption, and contingency management

The Council will ensure that it has identified the circumstances which may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

[8] Market risk management

The Council will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

4.3. TMP 2 – Performance measurement

The Council is committed to the pursuit of value for money in its treasury management activities, and to the use of performance methodology in support of that aim, within the framework set out in its treasury management policy statement.

Accordingly, the treasury management function will be the subject of on-going analysis of the value it adds in support of the Council's stated business or service objectives. It will be the subject of regular examination of alternative methods of service delivery, of the availability of fiscal or other grant or subsidy incentives, and of the scope for other potential improvements. The performance of the treasury management function will be measured using the criteria set out in Schedule 2 to this document.

4.4. TMP 3 – Decision-making and analysis

The Council will maintain full records of its treasury management decisions, and of the processes and practices applied in reach those decisions, both for the purposes of learning from the past, and for demonstrating that reasonable steps were taken to ensure that all issues relevant to those decisions were taken into account at the time. The issues to be addressed and processes and practices to be pursued in reaching decisions are detailed in Schedule 3 to this document.

4.5. TMP 4 – Approved instruments, methods and techniques

The Council will undertake its treasury management activities by employing only those instruments, methods and techniques detailed in Schedule 4 to this document, and within the limits and parameters defined in TMP1 Risk management.

Where the Council intends to use derivative instruments for the management of risks, these will be limited to those set out in its annual treasury strategy. The Council will seek proper advice and will consider that advice when entering into arrangements to use such products to ensure that it fully understands those products.

4.6 TMP 5 – Organisation, clarity and segregation of responsibilities, and dealing arrangements

The Council considers it essential, for the purposes of the effective control and monitoring of its treasury management activities, the reduction of the risk of fraud or error, and the pursuit of optimum performance, that these activities are structured and managed in a fully integrated manner, and that there is at all times a clarity of treasury management responsibilities.

The principle on which this will be based is a clear distinction between those charged with setting treasury management policies and those charged with implementing and controlling these policies, particularly with regard to the execution and transmission of funds, the recording and administering of treasury management decisions, and the audit and review of the treasury management function.

If and when the Council intends, as a result of lack of resources or other circumstances, to depart from these principles, the responsible officer will ensure that the reasons are properly reported in accordance with TMP 6 Reporting requirements and management information arrangements, and the implications properly considered and evaluated.

The Assistant Director Finance will ensure that there are clear written statements of the responsibilities for each post engaged in treasury management, and the arrangement for absence cover. The Assistant Director Finance will also ensure that at all times those engaged in treasury management will follow the policies and procedures set out. The present arrangements are detailed in Schedule 5 to this document.

The Assistant Director Finance will ensure there is proper documentation for all deals and transactions, and that procedures exist for the effective transmission of funds. The present arrangements are detailed in Schedule 5 to this document.

The delegations to the Assistant Director Finance in respect of treasury management are set out in Schedule 5 to this document. The Assistant Director Finance will fulfil all such

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responsibilities in accordance with the organisation's policy statement and TMPs and CIPFA's the Standard of Professional Practice on Treasury Management.

4.7. **TMP 6 – Reporting requirements and management information arrangements**

The Council will ensure that regular reports are prepared and considered on the implementation of its treasury management policies; on the effects of decisions taken and transactions executed in pursuit of those policies; on the implications of changes, particularly budgetary, resulting from regulatory, economic, market or other factors affecting its treasury management activities; and on the performance of the treasury management function.

As a minimum, Council will receive:

- an annual report on the strategy and plan to be pursued in the coming year
- a mid-year review
- an annual report on the performance of the treasury management function, on the effects of the decisions taken and the transactions executed in the past year, and on any circumstances of non-compliance with the organisation's treasury management policy statement and TMPs.

Cabinet (Resources) Panel will receive regular monitoring reports on treasury management activities and risks.

Confident, Capable Council Scrutiny Panel will have responsibility for the scrutiny of treasury management policies and practices.

Local authorities should report the treasury management indicators as detailed in their sector-specific guidance notes.

The present arrangements and the form of these reports are detailed in Schedule 6 to this document.

4.8. **TMP 7 – Budgeting, accounting and audit arrangements**

The Assistant Director Finance will prepare, and Council will approve and, if necessary, from time to time amend, an annual budget for treasury management, which will bring together all of the costs involved in running the treasury management function, together with associated income. The matters to be included in the budget will at minimum be those required by statute or regulation, together with such information as will demonstrate compliance with TMP 1 Risk management, TMP 2 Performance measurement, and TMP 4 Approved instruments, methods and techniques. The

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Assistant Director Finance will exercise effective controls over this budget, and will report upon and recommend any changes required in accordance with TMP 6 Reporting requirements and management information arrangements.

The Council will account for its treasury management activities, for decisions made and transactions executed, in accordance with appropriate accounting practices and standards, and with statutory and regulatory requirements in force for the time being.

4.9. **TMP 8 – Cash and cash flow management**

Unless statutory or regulatory requirements demand otherwise, all monies in the hands of the Council will be under the control of the Assistant Director Finance, and will be aggregated for cash flow and investment management purposes. Cash flow projections will be prepared on a regular and timely basis, and the Assistant Director Finance will

ensure that these are adequate for the purposes of monitoring compliance with TMP1[1] Liquidity risk management. The present arrangements for preparing cash flow projections, and their form, are set out in Schedule 8 of this document.

4.10. **TMP 9 – Money laundering**

The Council is alert to the possibility that it may become the subject of an attempt to involve it in a transaction involving the laundering of money. Accordingly, it will maintain procedures for verifying and recording the identity of counterparties and reporting suspicions, and will ensure that staff involved in this are properly trained. The present arrangements, including the name of the officer to whom reports should be made, are detailed in Schedule 9 to this document.

4.11. **TMP 10 – Training and qualifications**

The Council recognises the importance of ensuring that all staff involved in the treasury management function are fully equipped to undertake the duties and responsibilities allocated to them. It will therefore seek to appoint individuals who are both capable and experienced and will provide training for staff to enable them to acquire and maintain an appropriate level of expertise, knowledge and skills. The Assistant Director Finance will recommend and implement the necessary arrangements.

The Assistant Director Finance will ensure that councillors tasked with treasury management responsibilities, including those responsible for scrutiny, have access to training relevant to their needs and those responsibilities.

Those charged with governance recognise their individual responsibility to ensure that they have the necessary skills to complete their role effectively.

The present arrangements are detailed in Schedule 10 to this document.

4.12. TMP 11 – Use of external service providers

The Council recognises that responsibility for treasury management decisions remains with the Council at all times. It recognises that there may be potential value in employing external providers of treasury management services, in order to acquire access to specialist skills and resources. When it employs such service providers, it will ensure it does so for reasons which will have been submitted to full evaluation of the costs and benefits. It will also ensure that the terms of their appointment and the methods by which their value will be assessed are properly agreed and documented, and subjected to regular review. And it will ensure, where feasible and necessary, that a spread of service providers is used, to avoid over-reliance on one or a small number of companies. Where services are subject to formal tender or re-tender arrangements, legislative requirements

will always be observed. The monitoring of such arrangements rests with the Assistant Director Finance, and details of the current arrangements are set out in Schedule 11 to this document.

4.13. TMP 12 – Corporate governance

The Council is committed to the pursuit of proper corporate governance throughout its businesses and services, and to establishing the principles and practices by which this can be achieved. Accordingly, the treasury management function and its activities will be undertaken with openness and transparency, honesty, integrity and accountability.

The Council has adopted and has implemented the key principles of the Code. This, together with the other arrangements detailed in Schedule 12 to this document, are considered vital to the achievement of proper corporate governance in treasury management, and the Assistant Director Finance will monitor and, if and when necessary, report upon the effectiveness of these arrangements.

Schedule 1 : TMP 1 – Risk management

1.1 Creditworthiness policy

The Council will use credit criteria in order to select creditworthy counterparties for placing investments with.

This Council applies the creditworthiness service provided by Capita Asset Services. This service employs a sophisticated modelling approach using credit ratings from the three main credit rating agencies - Fitch, Moodys and Standard and Poors. The credit ratings of counterparties are supplemented with the following overlays:

- credit watches and credit outlooks from credit rating agencies;
- Credit Default Swap (CDS) spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit watches and credit outlooks in a weighted scoring system which is then combined with an overlay of CDS spreads for which the end product is a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the duration for investments. The table below details Sector's recommendations of bands and durations along with the more prudent parameters that the Council will apply.

	Capita	Wolverhampton
Purple	2 years	1 year
Orange	1 year	6 months
Blue (only applies to nationalised or semi nationalised UK Banks)	1 year	3 months
Red	6 months	3 months
Green*	100 days	50 days
No Colour	Not to be Used	Not to be Used

* The green limit was formerly for 3 months but the Financial Conduct Authority set (July 2013) a requirement for qualifying deposits for bank liquidity buffers of a minimum of 95 days so the green band has been slightly extended to accommodate this regulatory change.

This list will be reviewed on any changes to the methodology used by Capita and the Council may revert back to using Capita's recommended durations if or when investment balances are at higher levels and longer deposits are possible without significantly increased risk to liquidity.

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Typically the minimum credit ratings criteria the Council use will be a short term rating (Fitch or equivalents) of Short Term rating F1+, Long Term rating AA-, Viability ratings of A-, and a Support rating of 3. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored each time the Council is alerted to changes to ratings of all three agencies through its use of the Sector creditworthiness service.

- If a downgrade results in the counterparty/investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately. A severe downgrade may prompt the Assistant Director Finance to instruct treasury management officers to take steps to withdraw any investment considered to be at risk. The potential penalties for such an action would need to be assessed.
- In addition to the use of Credit Ratings the Council will be advised of information in movements in Credit Default Swap against the iTraxx benchmark and other market data on a weekly basis. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this bought-in service. In addition the Council will also use market data and market information, information on government support for banks and the credit ratings of that government support.

Investment Strategy

The Council will have regard to the CLG's Guidance on Local Government Investments, the Audit Commission's report on Icelandic investments and the 2011 revised CIPFA Treasury Management in Public Services: Code of Practice and Cross Sectoral Guidance Notes ("CIPFA TM Code").

This Investment Strategy states which investments the Council may use for the prudent management of its treasury balances during the financial year under the heading **Specified investments** and **Non-specified investments**. These are listed below:

Local Government Investments (England)

Specified investments

All investments listed below must be sterling-denominated.

Investment	Share/ Loan Capital?	Repayable/ Redeemable within 12 months?	Security / Minimum Credit Rating	Capital Expenditure?	Circumstance of use	Maximum period
Term deposits with credit-rated deposit takers (banks and building societies), including callable deposits, with maturities up to 1 year	No	Yes	Yes. Long term AA-, Short term F1+, Viability A-, Support 3	No	In-house	1 year
Money Market Funds These funds do not have any maturity date	No	Yes	Yes. AAAmmf / Aaa-mf	No	In-house	period of investment may not be determined at outset but will be subject to cash flow and liquidity requirements

Monitoring of credit ratings:

All credit ratings will be monitored on an ongoing basis. If a counterparty or investment scheme is downgraded with the result that it no longer meets the Council's minimum credit criteria, the use of that counterparty / investment scheme will be withdrawn and consideration given to withdrawing any funds already deposited with that counterparty.

Non-specified investments

Investment	Share/ Loan Capital?	Repayable/ Redeemable within 12 months?	Security / Minimum Credit Rating	Capital Expenditure?	Circumstance of use	Maximum period
Term deposits - UK Government	No	Yes	Govt-backed	No	In-house	5 years
Term deposits - other Local Authorities	No	Yes	High security although Local Authorities not credit rated	No	In-house	5 years
Term deposits - banks	No	Yes	Yes. Long term AA- Short term F1+ Viability A- Support 3	No	In-house	5 years

This Strategy also sets out:

- The procedures for determining the use of each asset class (advantages and associated risk).
- The maximum periods for which funds may be prudently committed in each asset class.
- The £ or % limit to be invested in each asset class.
- Whether the investment instrument is to be used by the Council's in-house officers.
- The minimum amount to be held in short-term investments

Country limits

The Council has determined that it will only use approved counterparties from countries with a minimum sovereign credit rating of AA+ from Fitch Ratings (or equivalent from other agencies if Fitch does not provide).

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Specified investments: All such investments will be sterling denominated, with **maturities up to a maximum of one year**, meeting the minimum 'high' rating criteria where applicable

Minimum 'High' Credit Criteria	
Debt Management Agency Deposit Facility	Government backed
Money Market Funds	AAAmmf / Aaa-mf
Term deposits – UK government	Government backed
Term deposits – Local Authorities	High Security
Term deposits – Banks & Building Societies	Short-term F1+, Long-term AA-, Viability A-, Support 3

Since the 'credit crunch' crisis there have been a number of developments which have been given separate consideration and approval for use:

Nationalised banks in the UK have credit ratings which do not conform to the credit criteria usually used by local authorities to identify banks which are of high creditworthiness. In particular, as they are no longer separate institutions in their own right, it is impossible for Fitch to assign them an individual rating for their stand alone financial strength. Accordingly, Fitch have assigned an F rating which means that at a historical point of time, this bank failed and is now owned by the Government. However, these institutions are now recipients of an F1+ short term rating as they effectively take on the creditworthiness of the Government itself i.e. deposits made with them are effectively being made to the Government. They also have a support rating of 1: in other words, on both counts, they have the highest ratings possible.

The Council applies individual limits on investments with banks within each group of nationalised banks and a limit on the group overall.

Blanket guarantees on all deposits. Some countries have supported their banking system by giving a blanket guarantee on ALL deposits e.g. Ireland and Singapore. Authorities may view that the sovereign rating of that country then takes precedence over the individual credit ratings for the banks covered by that guarantee. The Council will only invest in banks where their individual **and** sovereign rating meets with our minimum criteria.

UK banking system support package (implicit guarantee). The UK Government has not given a blanket guarantee on all deposits but has underlined its determination to ensure the security of the UK banking system by initially supporting eight named banks with a £500bn support package:

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- Santander (previously Abbey)
- Barclays
- HBOS
- Lloyds TSB
- HSBC
- Nationwide Building Society
- RBS
- Standard Chartered

Banks eligible for support under the UK bail-out package and which have issued debt guaranteed by the Government are eligible for a continuing Government guarantee when debt issues originally issued and guaranteed by the Government, mature and are refinanced. However, no other institutions can make use of this support as it closed to new issues and entrants on 28 February 2010. The banks which have used this explicit guarantee are as follows:

- Bank of Scotland
- Barclays
- Clydesdale
- Coventry Building Society
- Investec Bank
- Nationwide Building Society
- Rothschild Continuation Finance plc
- Standard Life Bank
- Tesco Personal Finance plc
- Royal Bank of Scotland
- West Bromwich Building Society
- Yorkshire Building Society

The Council relies on the credit ratings of the individual banks and does not invest with these banks on the strength of the support package alone.

Accounting treatment of investments. The accounting treatment may differ from the underlying cash transactions arising from investment decisions made by the Council. To ensure that the Council is protected from any adverse revenue implications, which may arise from these differences, the accounting implications of new transactions will be thoroughly reviewed before they are undertaken.

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Non-specified investments: A maximum of £35.0 million will be held in aggregate in non-specified investments.

	Minimum Credit Criteria	Max of Total Investments	Max Maturity Period
Term deposits – UK government (with maturities in excess of 1 year)	Government Backed	£10.0 million	5 years
Term deposits – other Local Authorities (with maturities in excess of 1 year)	High Security	£10.0 million per LA	5 years
Term deposits – banks (with maturities in excess of 1 year)	Short term F1+; Long term AA-; Viability A-; Support 3	£10.0 million per bank	5 years

The complete list of approved counterparties is included in the Treasury Management Strategy and in each quarterly monitoring report. The Finance Manager (Treasury Management) will add or delete counterparties to/from the approved counterparty list in line with the policy on criteria for selection of counterparties.

The Council will not rely solely on credit ratings in order to select and monitor the creditworthiness of counterparties. An addition to credit ratings it will therefore use other sources of information including:

- Quality financial press
- Market data
- Information on government support for banks
- The credit ratings of that government support

1.2 Liquidity

Cash Balances

Cash balances are derived from reserves, surpluses, provisions and any capital receipts held pending future use. These are invested externally with approved institutions.

Investment of surplus funds

After the aggregation of all internal balances, surplus funds will be invested externally to earn interest and returned to the Council in order to meet projected future shortfalls in cash flow.

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The Council's aggregate daily internal balances can vary quite markedly from day-to-day. Active cash flow management is essential to ensure that sufficient cash balances are available to meet commitments on pay days and creditor and other payment days.

Temporary loans (maximum of 364 days)

Temporary Loans can be obtained within the borrowing limits to provide short term finance or to match any cash flow shortfall pending receipt of other revenues or longer term loans. These loans are generally unlikely to be necessary since a positive cash flow is generated by the Council's bank account subject to other financing transactions, however, in the current low interest rate climate, they may be used to obtain short term borrowing at exceptionally low interest rates.

Banking facilities and limits

The Council's banking arrangements with the bank are conducted in accordance with all the statutory requirements including, in particular, the Local Government Finance Acts 1988 and 1992, the Education Reform Act 1988, the Local Government and Housing Act 1989 and all regulations made under those Acts.

An overdraft facility is provided on the basis that the Council operates its accounts in accordance with statutory requirements and regulations.

Net Limit:	£500,000
Gross debit limit:	£500,000

These limits apply respectively to the net balance and the aggregate of debit balances of all the accounts that are included with '*Schedule A Accounts - Group Number 68*' - which are maintained for the Council's convenience and are operated on a combined basis as follows:

- Current
- Payments
- Traders' Creditors
- Returned Cheques
- Council Tax Holding
- Automated Council Tax
- Housing Mortgage
- Automated Community Charge
- Domiciliary Care for Social Services
- Local Election

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Some of the accounts may be in debit, whilst others may be in credit. The overdraft facility is provided on the basis that, after combination of the balances on all the *Schedule A Accounts*:

- the net balance will be maintained within the net limit;
- the aggregate of debit balances will be maintained within the gross debit limit.

There are additional, separate accounts maintained for the Council's convenience referred to as *Schedule B Accounts - Group Number 417* - these accounts being for school imprests. The Council has requested, and the bank have agreed, that the balances on all of the accounts listed on Schedule A and Schedule B Accounts can be pooled for the purpose of calculating interest. However, the Schedule B Accounts fall outside the pool of accounts covered by the overdraft facility and will not be taken into account for such purposes.

Credit and debit balances on all the *Schedule A Accounts and the Schedule B Accounts* are combined to leave a net amount for the purpose of calculating debit interest which is charged at the rate of 2% above the Bank of England's base lending rate for the agreed overdraft limit (5% above base rate outside the limit). Credit interest was paid at 2% below the Bank of England's base lending rate but, due to the current low base rate this has ceased as it would be a negative rate.

Bankers' Automated Clearing Services (BACS)

The following user credit limits will operate:-

993695	£23,875,000 weekly	Salaries/Wages
972860	£10,000,000 daily	Creditors

with effect from 1 June 2000, a charge of £50 will be made in respect of each BACS over limit.

Clearing House Automated Payments System (CHAPS) Settlement Limit

On occasions, insufficient cleared funds may be available on the Council's Schedule A Accounts to enable the Bank to make payments via the CHAPS payment system when instructions are received by the Bank from the Council. Usually the Bank makes such payments in anticipation of receiving covering funds later the same day. In doing so, the Bank bears the risk that the incoming monies will not be received, and that an unauthorised overdraft will occur on the Council's accounts at the end of the work day - this risk is referred to as the '*Settlement Risk*'. The Bank has recently agreed an increase (from £30,000,000) in the maximum *Settlement Risk* exposure of £40,000,000. If a payment instruction would cause the *Settlement Risk* to exceed the above figure, the Bank reserves the right to refuse the transaction. This general proviso is subject to the

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terms agreed with the Council in relation to any particular transactions. The terms and conditions of the Financial Director facilities used by the Council to make CHAPS payments also continue to apply. The Bank may review, at its discretion, the *Settlement Risk* it is willing to undertake on the Council's behalf from time to time.

Policy in terms of borrowing in advance of need

The Council will not borrow more than or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be considered carefully to ensure value for money can be demonstrated and that the Council can ensure the security of such funds.

In determining whether borrowing will be undertaken in advance of need the Council will:

- ensure that there is a clear link between the capital programme and maturity profile of the existing debt portfolio which supports the need to take funding in advance of need
- ensure the ongoing revenue costs created, and the implications for the future plans and budgets have been considered
- evaluate the economic and market factors that might influence the manner and timing of any decision to borrow
- consider the merits and demerits of alternative forms of funding
- consider the alternative interest rate bases available, the most appropriate periods to fund and repayment profiles to use.
- consider the impact of borrowing in advance on temporarily (until required to finance capital expenditure) increasing investment cash balances and the consequent increase in exposure to counterparty risk, and other risks, having regard to the controls in place to minimise such risks.

1.3 Interest rate

Maximum proportions of variable rate debt/interest

Each financial year Council approves upper limits on variable interest exposures. These can be found in the Treasury Management Indicator TMI 2 of the annual Treasury Management Strategy document and the quarterly monitoring activity reports.

Maximum proportions of fixed rate debt/interest

Each financial year Council approves upper limits on fixed interest exposures. These can be found in the Treasury Management Indicator TMI 2 of the annual Treasury Management Strategy document and the quarterly monitoring activity reports.

Policies concerning the use of financial derivatives for interest rate risk management

Financial derivatives are not an approved instrument and will therefore not be used.

1.4 Exchange rate

Details of approved exchange rate exposure limits for cash investments/debt

It is council policy to undertake transactions in pounds sterling only and therefore, the exposure to fluctuations in exchange rates is limited to grants or payments from a third party that may be received in a foreign currency. Accordingly, there are no approved exchange rate exposure limits.

Approved criteria for managing changes in exchange rate levels

In respect of any sums received in a foreign currency, steps will be taken to convert to sterling as soon as practicable to minimise the risk. In respect of third party payments, the third party carries this risk.

Policies concerning the use of financial derivatives for exchange rate risk management

Financial derivatives are not an approved instrument and will therefore not be used.

1.5 Refinancing

The Council will establish through its Prudential and Treasury Indicators the amount of debt maturing in any year/period.

Any debt rescheduling will be considered when the difference between the refinancing rate and the redemption rate is most advantageous and the situation will be continually monitored in order to take advantage of any perceived anomalies in the yield curve. The reasons for any rescheduling to take place will include:

- the generation of cash savings at minimum risk
- to reduce the average interest rate
- to amend the maturity profile and/or the balance of volatility of the debt portfolio

Rescheduling will be reported to the Cabinet (Resources) Panel at the meeting immediately following its action.

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In considering the affordability of its capital plans, the Council will consider all the resources currently available estimated for the future together with the totality of its capital plans, revenue income and revenue expenditure forecasts for the forthcoming year and the two following years and the impact these will have on council tax and housing rent levels. It will also take into account affordability in the longer term beyond this three year period.

The Council will always keep revenue implications of capital financing under review to ensure they continue to be affordable and sustainable in the context of the Medium Term Financial Strategy.

The Council will use the definition provided in the Prudential Code for borrowing, capital expenditure, capital financing requirement, debt, financing costs, investments, net borrowing, net revenue stream and other long term liabilities.

1.6 Fraud, error and corruption, and contingency management

Details of systems and procedures to be followed including internet services

In all the services the Council undertakes, it is committed to acting at all times with integrity and in an open and honest manner.

The Council will not accept any level of fraud or corruption and will vigorously investigate all allegations of fraud or corruption.

The Council is committed to having in place procedures and systems so as to limit as far as possible the opportunities for fraudulent acts or enable their early detection, together with procedures to ensure such acts are promptly and thoroughly investigated. The Council will:

- Seek to ensure an adequate division of responsibilities and maintenance at all times of an adequate level of internal check which minimises such risks.
- Fully document all its treasury management activities so that there can be no possible confusion as to what proper procedures are.
- Staff will not be allowed to take up treasury management activities until they have had proper training in procedures and are then subject to an adequate and appropriate level of supervision.
- Records will be maintained of all treasury management transactions so that there is a full audit trail and evidence of the appropriate checks being carried out.

The practices and procedures outlined in the Treasury Management Practices are designed to fully document all transactions and to clearly demonstrate that the highest standards have been adhered to.

Emergency and contingency planning arrangements

In the event of an emergency or other events which prevent the Assistant Director Finance and his staff from carrying out treasury management activities, the Assistant Director Finance, or his Deputy in his absence, will authorise the Council's bankers in writing (the Co-operative Bank plc) to roll-over surplus cash balances on a daily basis to accrue interest.

Insurance cover details

It is normal practice in the private and public sector for employing bodies to indemnify their employees. Employees are currently covered by a Finance and General Purposes Committee Resolution of 13.4.87:

"That the Council shall indemnify in perpetuity all employees and former employees of the Council against all liability, professional or otherwise for negligence or negligent omission or breach of contractual or statutory duty arising out of the employee's employment with the Council and that such indemnity shall extend to any such liability arising out of the employee's engagement of duties undertaken by the Council on behalf of any other authority or body.

Provided that such indemnity shall not extend to any liability arising as a result of fraud, dishonesty or other criminal activity or of wilful misconduct, gross negligence or gross dereliction of duty on the part of the employee".

The indemnity will not apply if any employee, without the written authority of the Authority, admits liability or negotiates or attempts to negotiate a settlement of any claim falling within the scope of this Resolution.

The indemnity does not extend to loss or damage directly or indirectly caused by or arising from:

- (a) Fraud, dishonesty or any other criminal act on the part of the employee;
- (b) Actions outside his/her normal duties;
- (c) Wilful misconduct, gross negligence or gross dereliction of duty, including liability in respect of surcharges made by the External Auditor.

Insurance cover for employees is as follows:

- Public and employers' liability
- Officers' indemnity (financial loss to third parties)
- Libel and slander
- Fidelity guarantee and special contingency for cheques
- Cash in transit
- Personal accident (assault)
- Travel cover on request for official journeys outside the U.K.

1.7 Market value of investments

Details of approved procedures and limits for controlling exposure to investments whose capital value may fluctuate (gilts, CDS, etc.)

In the event that opportunities for making such investments appear to the Assistant Director Finance to be in the Council's financial interests, a report will be submitted to the Cabinet (Resources) Panel setting out the costs, benefits and potential risks.

No such investments will proceed without prior approval of such a report by the Cabinet (Resources) Panel.

Schedule 2 : TMP 2 – Performance measurement

2.1. Evaluation and review of treasury management decisions

The Council has a number of approaches to evaluating treasury management decisions:

- (a) the treasury management team will carry out ongoing reviews of its activities
- (b) reviews will be undertaken with its treasury management consultants
- (c) annual review after the end of the year is reported to full council
- (d) quarterly reports to Cabinet (Resources) Panel
- (e) comparative reviews with other local authorities
- (f) strategic, scrutiny and efficiency value for money reviews

Ongoing periodic reviews during the financial year

The Assistant Director Finance regularly reviews the actual activity against the Treasury Management Strategy Statement and cash flow forecasts. This includes monitoring debt including average rate, maturity profile and the Council's borrowing strategy; and investments including average rate, maturity profile and changes to the above from the previous review and against the Treasury Management Strategy (Annual Investment Strategy). The Council's credit rating methodology and current counterparty list is also reviewed regularly.

Reviews with the Council's treasury management consultants

The treasury management team holds reviews with the Council's treasury management consultants to review the performance of its investments and debt portfolios. The Council's borrowing strategy and counterparty risk strategy are also reviewed at these meetings, which are held periodically, usually to coincide with a specific need (e.g. the imminent need to borrow, or following a significant change in the market/economy). At least one review meeting is held during each financial year.

Annual review after the end of the financial year

An Annual Treasury Report is submitted to the Council each year after the end of the financial year which reviews the performance of the debt/investment portfolios. This report covers the following:

- (a) total debt and investments at the beginning and close of the financial year and average interest rates
- (b) borrowing strategy for the year compared to actual strategy
- (c) investment strategy for the year compared to actual strategy
- (d) explanations for variance between original strategies and actual
- (e) debt rescheduling done in the year
- (f) actual borrowing and investment rates available through the year
- (g) comparison of return on investments to the investment benchmark

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(h) compliance with Prudential and Treasury Indicators any other relevant information

Comparative reviews

When data becomes available, comparative reviews are undertaken to see how the performance of the authority on debt and investments compares to other authorities with similar size portfolios, (but allowing for the fact that Prudential and Treasury Indicators are locally set). Data used will be sourced from:

- CIPFA Treasury Management statistics published each year for the last complete financial year
- CIPFA Benchmarking Club
- WM Treasurers Support Group Benchmarking Club

2.2. Benchmarks and calculation methodology

Debt management

- Average rate on all external debt
- Average rate on external debt borrowed in previous financial year
- Average rate on internal borrowing
- Average period to maturity of external debt
- Average period to maturity of new loans in previous year

Investment

The performance of investment earnings will be measured against the following benchmarks:-

Bank of England Base Lending Rate; 7 day LIBID; 1 month LIBID; 3 month LIBID

2.3. Policy concerning methods for testing value for money in treasury management

Frequency and processes of tendering

These will be determined in accordance with the Council's Constitution.

Banking services

Banking services will be re-tendered every five years to ensure that the level of prices reflect efficiency savings achieved by the supplier and current pricing trends.

Money-broking services

Money market brokers are used for placing surplus internal funds with approved financial institutions on a short term basis as part of the Council's cash flow management. Surplus internal funds are invested in the money markets in accordance with the guidelines set out in Section 1.1. Money market brokers are also used to assist the Council in meeting any temporary borrowing requirements. The current panel of brokers used by the Council are as follows:

- Tullett Prebon (Europe) Limited
- Martin Brokers (UK) plc
- ICAP Europe Limited
- Tradition (UK) Limited trading as City Deposit Brokers

Consultants'/advisers' services

The Council has appointed Capita Asset Services, previously known as Sector Treasury Services Ltd as its professional treasury management advisers.

Policy on external managers (other than relating to pension funds)

The Council's current policy is not to appoint external investment fund managers. The reasons for this are:

- the estimated level of surplus funds likely to be available over the medium term can be adequately managed by the Assistant Director Finance;
- In light of this appointment of external fund managers would not be cost effective.

Schedule 3 : TMP 3 – Decision-making and analysis

3.1. Funding, borrowing, lending and new instruments/techniques

Records to be kept

The Assistant Director Finance shall be the Council's registrar of stocks, bonds and mortgages and shall maintain records of all borrowings and investments of money by the Council. All records and documents shall be available for inspection by internal audit and the Council's external auditors. All borrowings and investments of money under the Council's control shall be made in the name of the Council.

Processes to be pursued

The Chief Accountant shall document for the approval of the Assistant Director Finance the systems, procedures and processes which deliver the approved Treasury Management Policies and Practices. The documentation will be kept up-to-date. The aim will be to provide a treasury management systems document which has day to day relevance and within which all treasury management staff are aware of their duties and responsibilities.

Issues to be addressed

In respect of every decision made, the Council will:

- (a) above all be clear about the nature and extent of the risks to which the organisation may become exposed;
- (b) be certain about the legality of the decision reached and the nature of the transaction, and that all authorities to proceed have been obtained;
- (c) be content that the documentation is adequate both to deliver the organisation's objectives and protect the organisation's interests, and to deliver good housekeeping;
- (d) ensure that third parties are judged satisfactory in the context of the organisation's creditworthiness policies, and that limits have not been exceeded;
- (e) be content that the terms of any transactions have been fully checked against the market, and have been found to be competitive.

In respect of borrowing and other funding decisions, the Council will:

- (a) evaluate the economic and market factors that might influence the manner and timing of any decision to fund;

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- (b) consider the merits and demerits of alternative forms of funding, including funding from revenue, leasing and private partnerships;
- (c) consider the alternative interest rate options available, the most appropriate periods to fund and repayment profiles to use, consider the on-going revenue costs, and the implications for the Council's future plans and budgets.

In respect of investment decisions, the Council will:

- (a) consider the optimum period, in the light of cash flow availability and prevailing market conditions;
- (b) consider the alternative investment products and techniques available, especially the implications of using any which may expose the organisation to changes in the value of its capital.

Schedule 4 : TMP 4 – Approved instruments, methods and techniques

4.1. Approved activities of the treasury management operation

- borrowing
- lending
- debt repayment and rescheduling
- consideration, approval and use of new financial instruments and treasury management techniques
- managing cash flow
- banking activities
- leasing
- the use of external fund managers (other than in respect of the Pension Fund)
- managing the underlying risk associated with the Council's capital finance and investment activities

4.2. Approved instruments for investments

In accordance with The Local Organisations (Capital Finance) (Approved Investments) Regulations 1990 and subsequent amendments, the instruments approved for investment and commonly used by local councils are:

- Gilts
- Treasury Bills
- Deposits with banks, building societies or local organisations (and certain other bodies) for up to 364 days
- Certificates of deposits with banks or building societies for up to 364 days
- Euro-Sterling issues by certain Supra-national bodies listed on the London and Dublin Stock Exchanges
- Triple A rated money market funds
- Debt Management Account (run by DMO/PWLB)

4.3. Approved techniques

The following are approved techniques:

- Forward dealing up to 5 years
- There was a limit of £20.0 million for deposits over 1 year and up to 5 years; this was increased to £35.0 million in 2008/09 to take advantage of exceptionally high interest rates available on longer term deals. This decision was approved by Cabinet (Resources) Panel 15 July 2008.

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The following may be used by organisations which are **not** local authorities:

- Swaps
- Caps
- Collars
- Options

The Council will **not** use any of the above techniques.

4.4. Approved methods and sources of raising capital finance

Finance will only be raised in accordance with statute, and within this limit the Council has a number of approved methods and sources of raising capital finance. These are:

On balance sheet

- PWLB
- EIB
- Finance Leases
- Market (long term)
- Market (temporary)
- Market (LOBOs)
- Stock issues
- Local Temporary
- Local Bonds
- Overdraft
- Negotiable Bonds
- Internal (capital receipts and revenue balances)
- Commercial Paper
- Medium Term Notes
- Deferred Purchase

Other methods of financing

- Government and EC Capital Grants
- Lottery monies
- PFI / PPP
- Operating Leases

All forms of funding will be considered by the Assistant Director Finance taking into consideration the prevailing economic climate, regulations and local considerations. The Assistant Director Finance has delegated powers through this Policy and the Strategy to take the most appropriate form of borrowing from the approved sources.

All borrowing transactions entered into by the Assistant Director Finance will be reported to the Cabinet (Resources) Panel.

Schedule 5 : TMP 5 – Organisation, clarity and segregation of responsibilities, and dealing arrangements

5.1. Limits to responsibilities/discretion at Council and Cabinet (Resources) Panel

Council

- (a) Approving the annual report on treasury management policies, practices and activities.
- (b) Approving the Treasury Management Strategy Statement/Annual Investment Strategy/MRP Policy, including a mid-year review and any other revisions/updates.
- (c) Approving the Annual Treasury Report
- (d) Approval of Treasury Management budgets

Cabinet

- (a) Recommending the Annual Treasury Report to Council.

Cabinet (Resources) Panel

- (a) Receiving and reviewing the quarterly Treasury Management Monitoring reports.
- (b) Monitoring performance against budgets.
- (c) Approval of the division of responsibilities.
- (d) Receiving and reviewing external audit reports and acting on recommendations.
- (e) Approving the selection of external service providers and agreeing terms of appointment.

5.2. Principles and practices concerning segregation of duties

The varied aspects of treasury management and the large volume of funds involved require a clear segregation of duties. The Council's Treasury Management Practices reflect the separation of duties, namely:

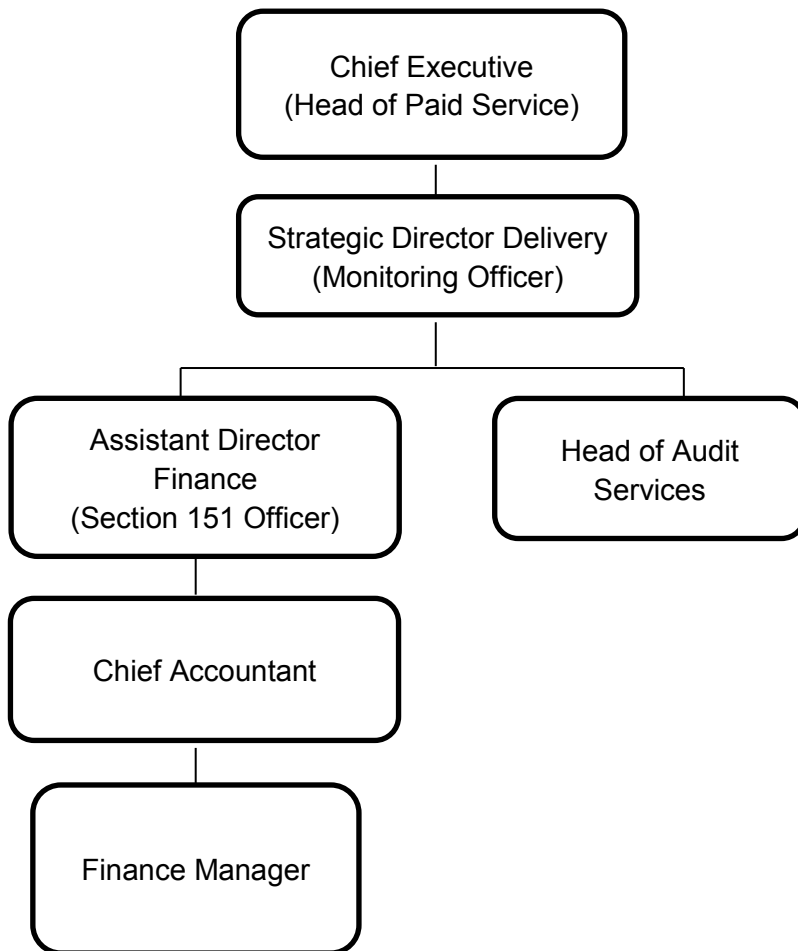
- (a) Policy formulation - approved by Council and monitored/amended by Cabinet (Resources) Panel.
- (b) Treasury advice - the Assistant Director Finance is the responsible officer for advising Council and Cabinet (Resources) Panel. The recommendations made to Councillors will also reflect the advice provided to the Assistant Director Finance by specialist external advisors.
- (c) Dealing in the Market - undertaken by rotating use of one of four approved brokers.
- (d) Recording and administration is carried out by the Finance Manager (Treasury Management).
- (e) All transactions are subject to both internal and external audit.

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- (f) The Chief Executive has responsibility for ensuring that a specified system is implemented.
- (g) The Monitoring Officer has responsibility for ensuring compliance with the law.

5.3. Treasury management organisation chart

The treasury management organisation chart as at February 2014 is as follows:



5.4. Statement of duties/responsibilities of each treasury post

5.4.1. Assistant Director Finance (Section 151 Officer)

1. The Assistant Director Finance will:
 - (a) Recommend treasury management policy/practices for approval, reviewing the same regularly, and monitoring compliance.
 - (b) Submit regular treasury management policy reports to Cabinet (Resources) Panel.
 - (c) Submit reports on performance against budgets to Cabinet (Resources) Panel.
 - (d) Receive and review management information reports.
 - (e) Review the performance of the treasury management function and promote best value reviews.
 - (f) Ensure the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function.
 - (g) Ensure the adequacy of internal audit.
 - (h) Liaising with external audit.
 - (i) Recommend the appointment of external service providers.
2. The Assistant Director Finance has delegated powers to take the most appropriate form of borrowing from the approved sources, and to take the most appropriate form of investments in approved instruments.
3. The Assistant Director Finance may delegate his power to borrow and invest to members of his staff. The Assistant Director Finance, Chief Accountant or the Finance Manager (Treasury Management) must conduct all dealing transactions, or staff authorised by the Assistant Director Finance to act as temporary cover for leave/sickness. All transactions must be authorised by at least one of the named officers above.
4. The Assistant Director Finance and the Monitoring Officer will ensure that the treasury management policy is adhered to, and if not, will bring the matter to the attention of elected councillors as soon as possible.
5. Prior to entering into any capital financing, lending or investment transaction, it is the responsibility of the Assistant Director Finance to be satisfied, by reference if appropriate to the Monitoring Officer, and external advisors as appropriate, that the proposed transaction does not breach any statute, external regulation or the Council's Financial Regulations.

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6. It is also the responsibility of the Assistant Director Finance to ensure that the Council complies with the requirements of The Non Investment Products Code (formerly known as The London Code of Conduct) for principals and broking firms in the wholesale markets.

5.4.2. Finance Manager

Under the direction and supervision of either the Assistant Director Finance or, in their absence, the Chief Accountant, the Finance Manager will be responsible for:

- (a) Execution of transactions
- (b) Adherence to agreed policies and practices on a day-to-day basis
- (c) Ensuring that adequate records are maintained and procedures are fully documented
- (d) Maintaining cash flow projections
- (e) Maintaining relationships with third parties and external service providers
- (f) Supervising treasury management staff
- (g) Monitoring performance on a day-to-day basis
- (h) Submitting regular management information reports to the Assistant Director Finance
- (i) Identifying and recommending opportunities for improved practices
- (j) Reporting any actual or potential variations to agreed policies and procedures as they arise.

5.4.3. Head of the Paid Service

The responsibilities of this post will be:

- (a) Ensuring that the treasury management system is specified and implemented
- (b) Ensuring that the Assistant Director Finance reports regularly to the Council and Cabinet (Resources) Panel on treasury policy, activity and performance.

5.4.4. Monitoring Officer

The responsibilities of this post will be:

- (a) Ensuring compliance by the Assistant Director Finance with the treasury management policy statement and treasury management practices and that they comply with the law.
- (b) Being satisfied that any proposal to vary treasury policy or practice complies with law or any code of practice.

- (c) Giving advice to the Assistant Director Finance when advice is sought.

5.4.5. Internal Audit

The responsibilities of Internal Audit will be:

- (a) Reviewing compliance with approved policy and procedures.
- (b) Reviewing division of duties and operational practice.
- (c) Assessing value for money from treasury activities.
- (d) Undertaking probity audit of treasury function.

5.5. Absence cover arrangements

The Chief Accountant will ensure that other staff within Corporate Accountancy who do not deal with treasury management activities on a daily basis are sufficiently trained so that they can provide absence cover. Such cover will be limited to dealing with the production of daily up-dates of the Council's cash flow statements and, in exceptional circumstances, telephoning through deals to the Council's brokers and bank (the Co-operative Bank plc) once instructions have been received from either the Assistant Director Finance or the Chief Accountant.

5.6. List of approved brokers

ICap Europe Ltd
Martin Brokers (UK) plc
Tullett Prebon (Europe) Ltd
Tradition UK Limited

5.7. Policy on brokers' services

To avoid an over-reliance on a single broker and thereby enhance objective dealings, deals will be spread amongst brokers on a rotation basis.

5.8. Policy on taping of conversations

Taping of conversations with the Council's brokers and bank is not normally carried out by the Assistant Director Finance or his staff.

5.9. Direct dealing practices

Direct dealing with counterparties by the Assistant Director Finance or his staff is undertaken with the following, in order to achieve higher rates than dealing with them via our brokers and to maintain adequate levels of liquidity:

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The Council's bankers (Co-operative Bank plc) - overnight deposits only
Aim Global Ltd (STIC) - Money Market Fund
Black Rock Institutional Sterling Liquidity Fund – Money Market Fund
Ignis Sterling Liquidity Fund – Money Market Fund
Prime Rate Sterling Liquidity Fund - Money Market Fund
Santander - Business Reserve Account
BOS – Corporate Instant Access Account
Natwest - Call Account
Allied Irish Bank (GB) – Fixed Term Account
Bank of Ireland – Time Deposit Account
Scottish Widows Institutional Sterling Liquidity Fund - Money Market Fund

In the event that any of these counterparties fall below the Council's minimum lending criteria, activity in that account will temporarily cease and any balance withdrawn immediately. However, the accounts will remain open for future dealings if or when their credit ratings recover.

5.10. Settlement transmission procedures

Deals will normally be made by telephone and confirmed by fax, with payments being made and sums being received by telephonic transfer.

5.11. Documentation requirements

Every deal will be fully documented showing the name of the broker used, amount, period, counterparty, interest rate, date, commission and transmission arrangements. All documentation will be available for inspection by internal and external audit. All documentation will be retained for six years.

5.12. Arrangements concerning the management of third party funds

The Council holds a number of trust funds. The cash in respect of these funds is held in the Council's bank account but transactions are separately coded. Interest is given on credit balances at the average rate for internal balances for the year.

Schedule 6 : TMP 6 – Reporting requirements and management information arrangements

6.1. Annual Treasury Management Strategy Statement

The Treasury Management Strategy sets out the specific expected treasury activities for the forthcoming financial year. This strategy will be submitted to the Council for approval as part of the overall budget and council tax determination process prior to the commencement of each financial year.

The formulation of the annual Treasury Management Statement involves determining the appropriate borrowing and investment decisions in light of the anticipated movement in both fixed and shorter-term variable interest rates. For instance, the Assistant Director Finance may decide to postpone borrowing if fixed interest rates are expected to fall, or borrow early (subject to borrowing in advance of need) if fixed interest rates are expected to rise.

The Treasury Management Strategy is concerned with the following elements:

- Prudential and Treasury Indicators
- current treasury portfolio positions
- borrowing requirement
- prospects for interest rates
- borrowing strategy
- policy on borrowing in advance of need
- debt rescheduling
- investment strategy
- creditworthiness policy
- policy on the use of external service providers
- any extraordinary treasury issues
- the Council's MRP policy

The Treasury Management Strategy will establish the expected move in interest rates against alternatives (using all available information such as published interest rate forecasts where applicable), and highlight sensitivities to different scenarios.

6.2. Annual Investment Strategy

At the same time that the Council receives the Treasury Management Strategy Statement it will also receive a report the Annual Investment Strategy which will set out the following:

- the Council's risk appetite in respect of security, liquidity and optimum performance
- the definition of high credit quality

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- the investment instruments that the Council will use
- whether they will be used by the in-house team, external managers or both
- the Council's policy on the use of credit ratings and other credit risk analysis techniques to determine creditworthy counterparties for its approved lending list
- which credit ratings the council will use
- how the Council will deal with changes in rating, rating watches and rating outlooks
- limits for individual counterparties and group limits
- country limits
- levels of cash balances
- interest rate outlook
- budget for investment earnings
- policy on the use of external fund providers

6.3. Annual Minimum Revenue Provisions Statement

This will set out how the Council will make revenue provision for repayment of its borrowing and will be submitted at the same time as the Annual Treasury Management Strategy Statement and Annual Investment Strategy Statement.

6.4. Policy on Prudential and Treasury Indicators

The Council will approve before the beginning of each financial year a number of treasury limits which are set through Prudential and Treasury Indicators.

The Assistant Director Finance is responsible for incorporating these limits into the Annual Treasury Management Strategy Statement and for ensuring compliance with the limits. Should it prove necessary to amend these limits, the Assistant Director Finance shall submit the changes for approval to full Council.

6.5. Mid year review

In addition to the annual review, the council will review its treasury management activities and strategy on at least one occasion during the financial year in question. This review will consider the following:

- activities undertaken
- variations, if any, from agreed policy/practices
- interim performance report
- regular monitoring
- monitoring of treasury management indicators for local authorities

6.6. Annual report on treasury management activity

An annual report will be presented to the Cabinet and to Council, at the earliest practicable meeting after the end of the financial year, but in any case by the end of September. This report will include the following:

- transactions executed and their revenue effects
- report on risk implications of decisions taken and transactions executed
- compliance report on agreed policies and practices, and on statutory/regulatory requirements
- performance report
- report on compliance with CIPFA Code recommendations
- monitoring of treasury management indicators

6.7. Management information reports

Management information reports will be prepared regularly by the Finance Manager (Treasury Management) and will be presented to the Assistant Director Finance.

These reports will contain the following information:

- a summary of transactions executed and their revenue effects
- measurements of performance including effect on loan charges/investment income
- degree of compliance with original strategy and explanation of variances
- any non-compliance with Prudential limits or other treasury management limits

6.8. Quarterly monitoring reports

A quarterly monitoring report will be submitted by the Assistant Director Finance to meetings of the Cabinet (Resources) Panel or Cabinet as appropriate to compare actual performance, practices and activity with the current approved Treasury Management Policy Statement/Practices.

Schedule 7 : TMP 7 – Budgeting, accounting and audit arrangements

7.1. Statutory/regulatory requirements

The accounts are drawn up in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom which is recognised by statute as representing proper accounting practices. The Council has also adopted in full the principles set out in CIPFA's Treasury Management in the Public Services – Code of Practice (the CIPFA Code), together with those of its specific recommendations that are relevant to this Council's treasury management activities.

7.2 Accounting practices and standards

Due regard is given to the Code of Practice on Local Authority Accounting in the United Kingdom.

7.3. Sample budgets / accounts / prudential and treasury indicators

The Assistant Director Finance will prepare a medium term financial plan with Prudential and Treasury Indicators for treasury management which will incorporate the budget for the forthcoming year and provisional estimates for the following two years. This will bring together all the costs involved in running the function, together with associated income. The Assistant Director Finance will exercise effective controls over this budget and monitoring of performance against Prudential and Treasury Indicators, and will report upon and recommend any changes required in accordance with TMP6.

7.4. List of information requirements of external auditors

- Reconciliation of loans outstanding in the financial ledger to treasury management records
- Maturity analysis of loans outstanding
- Certificates for new long term loans taken out in the year
- Reconciliation of loan interest, discounts received and premiums paid to financial ledger by loan type
- Calculation of loans fund interest and debt management expenses
- Details of interest rates applied to internal investments
- Calculation of interest on working balances
- Interest accrual calculation
- Principal and interest charges reports
- Analysis of any deferred charges
- Calculation of loans fund creditors and debtors
- Annual Treasury Report
- Treasury Management Strategy Statement and Prudential and Treasury Indicators
- Review of observance of limits set by Prudential and Treasury Indicators

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- Calculation of the Minimum Revenue Provision

The Council will ensure that its auditors, and those charged with regulatory review, have access to all information and papers supporting the activities of the treasury management function as are necessary for the proper fulfilment of their roles, and that such information and papers demonstrate compliance with external and internal policies and approved practices.

Schedule 8 : TMP 8 – Cash and cash flow management

8.1. Arrangements for preparing/submitting cash flow statements

The Finance Manager (Treasury Management) prior to the start of a new financial year will prepare a cash flow statement showing the Council's expected payments and income over that forthcoming financial year. This will be updated daily by no later than 11.00 a.m. to form rolling cash flow forecasts. The cash flow forecast will be monitored on a regular basis by the Assistant Director Finance or, in his absence, the Chief Accountant.

The cash flow forecast will identify the following factors:

(a) Payments

- Repayment of maturity and instalment loans
- Profile of salary payments
- Profile of payments to HMRC for income tax and national insurance
- Profile of payments to precepting authorities
- Profile of creditor payments
- CHAPS and Telephone Transfer payments to be identified in advance

(b) Income

- Profile of Government Grants for RSG purposes
- Profile of Dedicated Schools Grant
- Profile of other Government Grants
- Profile of daily cash income
- Profile of VAT reimbursements
- Profile of weekly Collection Fund income
- Large capital receipts to be identified

The cash flow forecast for the financial year will be updated on a daily basis. In addition, a forecast for the following financial year will be created 3 months prior to the start of that year. Forecasts will be monitored against daily bankings and clearings.

The estimated daily bank overdraft is not to exceed £500,000.

8.2. Bank statement procedures

Daily bank statements for all Council accounts are received by Operational Finance and reconciled to all income and expenditure. This is further supported by online banking where available.

8.3. Payment scheduling and agreed terms of trade with creditors

All contracts for the supply of goods or services must be subject to the Council's standard payment terms – monthly in arrears. Any contracts which require special financing arrangements these must be agreed by the Assistant Director Finance.

Where a contract provides for payments to be made by instalments following the delivery of services or completion of work, a cost plan must be prepared for such contracts and payments monitored against that plan.

Work carried out by 'statutory undertakings' is excluded from the Competition Requirements of the Contracts Procedure Rules and payment in advance of the works being carried out is considered to be acceptable.

The standard method of payment of creditors is by BACS, 30 days from date of invoice unless the invoice is in dispute.

8.4. Arrangements for monitoring debtor/creditor levels

Operational Finance carry out monthly analysis (which is audited) of debtor and creditor levels against performance targets.

8.5. Procedures for banking of funds

The Assistant Director Finance shall approve the arrangements for the collection and banking of all money due to the Council.

Each Chief Officer shall ensure the prompt rendering of debtor accounts for the recovery of income due in accordance with arrangements approved by the Assistant Director Finance.

All receipts, tickets, debtor accounts and other such items of stationery used in connection with the collection and recording of income shall be ordered and supplied to Service Groups only by the Assistant Director Finance, or under approved arrangements. The Assistant Director Finance will determine the arrangements for their control.

Every sum received by a cashier or other authorised employee shall immediately be acknowledged by the issue of an official receipt, voucher or register entry. Cheques will be immediately crossed 'Wolverhampton City Council – Account Payee Only' and the name of the receiving service group establishment recorded on the reverse.

All money received on behalf of the Council shall without delay be paid to the Assistant Director Finance or, directly into the relevant Council bank account. No deduction may

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be made from such money without the written approval of the Assistant Director Finance. In accordance with the Accounts and Audit Regulations 2003 the amount of each cheque shall be recorded on bank paying in slips together with sufficient information to identify the debt e.g. receipt number or name of debtor.

Personal cheques shall not be encashed through the Council's bank accounts unless under a scheme approved by the Assistant Director Finance.

Every transfer of official money from one employee to another will be evidenced in the records of the responsible Service Group(s) by the signature of the receiving employee.

The Council has established an Anti-Money Laundering Policy to ensure it is compliant with the requirements of the current Money Laundering Regulations.

Therefore, all employees receiving cash on behalf of the Council should ensure that they comply with this policy.

To monitor compliance with current Money Laundering Regulations all individual cash payments received by the Council, in excess of £10,000, shall be reported to the Monitoring Officer and the Assistant Director Finance.

All income streams in excess of £25,000 that were not included in the approved budget shall be reported to the Assistant Director Finance at the earliest opportunity.

Schedule 9 : TMP 9 – Money laundering

The Council refreshed its money laundering policy in September 2012, below is a copy of this policy as at January 2013.

9.1 Introduction

The Proceeds of Crime Act 2002 (POCA) and the Money Laundering Regulations 2003 broadened the definition of money laundering and increased the range of activities caught by the statutory framework. As a result, the new obligations impacted upon certain areas of local authority business and required local authorities to establish internal procedures to prevent the use of their services for money laundering.

The Money Laundering Regulations 2003 have now been revoked and have been replaced by the Money Laundering Regulations 2007 (the 2007 Regulations). Public authorities are not legally obliged to apply the provisions of the 2007 Regulations but, as responsible public bodies, they should employ procedures which reflect the essence of the UK's anti-terrorist financing and anti-money laundering regimes. Authorities and their staff are, therefore, subject to the full provisions of the Terrorism Act 2000 (the TA) and POCA.

9.2 Scope of policy

The Policy sets out the procedures which must be followed to enable the Council to comply with its legal obligations. This Policy applies to all officers and members of the Council and aims to maintain the high standards of conduct which currently exist within the Council by preventing criminal activity through money laundering.

Further information is set out in the Guidance Note. Both the Policy and the Guidance Note sit alongside the Council's policies covering Anti-Fraud and Corruption and Whistleblowing.

Failure by a member of staff to comply with the procedures set out in this Policy may lead to disciplinary action being taken against them. Any disciplinary action will be dealt with in accordance with the City Council's Disciplinary Policy and Procedure.

9.3 What is money laundering?

Money laundering is any process which is intended to use, control, hide or disguise monies which are the proceeds of 'crime'. 'Crime' means any action which could be deemed a crime committed within the UK and includes tax fraud and evasion.

Money Laundering relates to all property and means:

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- concealing, disguising, converting, transferring or removing criminal property from the UK (section 327 of POCA); or
- entering into or becoming concerned in an arrangement which you know or suspect facilitates the acquisition, retention, use or control of criminal property by or on behalf of another person (section 328); or

acquiring, using or possessing criminal property (section 329); or

- becoming concerned in an arrangement facilitating concealment, removal from the jurisdiction, transfer to nominees or any other retention or control of terrorist property (section 18 of the Terrorist Act 2000).

These are the primary money laundering offences and thus prohibited acts under the legislation. There are also two secondary offences: failure to disclose any of the three primary offences and tipping off. Tipping off is where someone informs a person or people who are, or who are suspected of being involved in money laundering, in such a way as to reduce the likelihood of their being investigated or prejudicing an investigation.

Potentially any member of staff could be caught by the money laundering provisions if they suspect money laundering and either become involved with it in some way and/or do nothing about it. This Policy sets out how any concerns should be raised.

Whilst the risk to the Council of contravening the legislation is low, ***it is extremely important that all employees are familiar with their legal responsibilities: serious criminal sanctions may be imposed for breaches of the legislation. The key requirement on employees is to promptly report any suspected money laundering activity to the Money Laundering Reporting Officer.***

9.4 What are the obligations on the Council?

Organisations conducting “relevant business” must:

- appoint a Money Laundering Reporting Officer (“MLRO”) to receive disclosures from employees of money laundering activity (their own or anyone else’s);
- implement a procedure to enable the reporting of suspicions of money laundering;
- maintain client identification procedures in certain circumstances; and
- maintain record keeping procedures.

Not all of the Council’s business is “relevant” for the purposes of the legislation. Relevant services as defined by the legislation include investments, accountancy and audit services carried out by Corporate Services staff and the financial, company and property

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transactions undertaken by Property Delivery Services and Legal Services. However, the safest way to ensure compliance with the law is to apply them to all areas of work undertaken by the Council; therefore, all staff are required to comply with the reporting procedure set out in section 9.6 below.

The following sections of this Policy provide further detail about the requirements listed in paragraph 9.4.

9.5 The Money Laundering Reporting Officer (MLRO)

The officers nominated to receive disclosures about money laundering activity within the Council are the Assistant Director Finance, Monitoring Officer and Head of Audit Services. The main point of contact is Peter Farrow, Head of Audit Services, who may be contacted in writing at Wolverhampton City Council, Civic Centre, St Peter's Square, Wolverhampton, WV1 1RL. Additional contact details are as below:

Peter Farrow

Head of Audit Services

Tel: (01902) 554460

Fax: (01902) 554040

E-mail: Peter.Farrow@wolverhampton.gov.uk

Mark Taylor

Assistant Director Finance

Tel: (01902) 556609

Fax: (01902) 554406

E-mail: Mark.Taylor@wolverhampton.gov.uk

Keith Ireland

Strategic Director for Delivery / Monitoring Officer

Tel: (01902) 554500

Fax: (01902) 554406

E-mail: Keith.Ireland@wolverhampton.gov.uk

In the absence of the MLROs listed above, the Chief Accountant, or Richard Morgan, Senior Audit Manager, are authorised to deputise for the Assistant Director Finance and Head of Audit Services respectively and can be contacted at the above address or as follows:

Richard Morgan 01902 554466 (Richard.Morgan@wolverhampton.gov.uk)

9.6 Disclosure procedure

Cash payments

To help prevent money laundering, cash payments (including notes, coin or travellers cheques in any currency) above £5,000 will not be accepted for any Council service.

This is not designed to prevent customers making payments for Council services but to minimise the risk to the Council of high value cash transactions.

Reporting to the Money Laundering Reporting Officer (MLRO)

Where an employee knows or suspects that money laundering activity is taking/has taken place, or becomes concerned that their involvement in a matter may amount to a prohibited act under the legislation, they must disclose this as soon as practicable to the MLRO. The disclosure should be within “hours” of the information coming to their attention, not weeks or months later. **Failure to report the matter to the MLRO as described here may render the employee subject to prosecution.**

Disclosure should be made to the MLRO using the proforma report. The report must include as much detail as possible, for example:

- Full details of the people involved (including the employee, if relevant), e.g. name, date of birth, address, company names, directorships, phone numbers, etc;
- Full details of the nature of involvement;
 - If the employee is concerned that their involvement in the transaction would amount to a prohibited act under sections 327 – 329 of the 2002 Act, then the report must include all relevant details, as the employee will need consent from the Serious Organised Crime Agency (SOCA), via the MLRO, to take any further part in the transaction - this is the case even if the client gives instructions for the matter to proceed before such consent is given.
 - The employee should therefore make it clear in the report if such consent is required and clarify whether there are any deadlines for giving such consent e.g. a completion date or court deadline;
 - The types of money laundering activity involved:
 - if possible, cite the section number(s) under which the report is being made e.g. a principal money laundering offence under the 2002 Act (or 2000 Act), or general reporting requirement under section 330 of the 2002 Act (or section 21A of the 2000 Act), or both;

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- The dates of such activities, including:
 - whether the transactions have happened, are ongoing or are imminent;
 - Where they took place
 - How they were undertaken
 - The (likely) amount of money/assets involved
 - Why, exactly, you are suspicious – SOCA will require full reasons

along with any other available information to enable the MLRO to make a sound judgment as to whether there are reasonable grounds for knowledge or suspicion of money laundering and to enable him to prepare his report to SOCA, where appropriate. Copies of any relevant supporting documentation should be enclosed.

Once the matter is reported to the MLRO, employees must follow any directions he may give. The employee **must NOT make any further enquiries into the matter themselves**: any necessary investigation will be undertaken by SOCA. All members of staff will be required to co-operate with the MLRO and the authorities during any subsequent money laundering investigation.

Similarly, **at no time and under no circumstances should the employee voice any suspicions** to the person(s) suspected of money laundering, even if SOCA has given consent to a particular transaction proceeding, without the specific consent of the MLRO; otherwise a criminal offence of “tipping off” may be committed.

No reference should be made on a client file to a report having been made to the MLRO – should the client exercise their right to see the file, then such a note will obviously tip them off to the report having been made and may render an employee liable to prosecution. The MLRO will keep the appropriate records in a confidential manner.

Consideration of the disclosure by the Money Laundering Reporting Officer

Upon receipt of a disclosure report, the MLRO must note the date of receipt on his section of the report and acknowledge receipt of it. He should also advise the employee of the timescale within which he expects to respond.

The MLRO will consider the report and any other available internal information he thinks relevant e.g.

- reviewing other transaction patterns and volumes
- the length of any business relationship involved
- the number of any one-off transactions and linked one-off transactions
- any identification evidence held;

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and undertake such other reasonable inquiries he thinks appropriate in order to ensure that all available information is taken into account in deciding whether a report to SOCA is required (such enquiries being made in such a way as to avoid any appearance of tipping off those involved). The MLRO may also need to discuss the report with the employee.

Once the MLRO has evaluated the disclosure report and any other relevant information, he must make a timely determination as to whether:

- there is actual or suspected money laundering taking place; or
- there are reasonable grounds to know or suspect that is the case, and
- whether he needs to seek consent from SOCA for a particular transaction to proceed.

Where the MLRO does so conclude, then he must disclose the matter as soon as practicable to SOCA on their standard report form and in the prescribed manner, unless he has a reasonable excuse for non-disclosure to SOCA (for example, a lawyer can claim legal professional privilege for not disclosing the information).

Where the MLRO suspects money laundering but has a reasonable excuse for non-disclosure, then he must note the report accordingly; he can then immediately give his consent for any ongoing or imminent transactions to proceed.

In cases where legal professional privilege may apply, the MLRO must liaise with the legal adviser to decide whether there is a reasonable excuse for not reporting the matter to SOCA.

Where consent is required from SOCA for a transaction to proceed, then the transaction(s) in question must not be undertaken or completed until SOCA has specifically given consent, or there is deemed consent through the expiration of the relevant time limits without objection from SOCA.

Where the MLRO concludes that there are no reasonable grounds to suspect money laundering then he shall mark the report accordingly and give his consent for any ongoing or imminent transaction(s) to proceed.

All disclosure reports referred to the MLRO and reports made by him to SOCA must be retained by the MLRO in a confidential file kept for that purpose, for a minimum of five years.

The MLRO commits a criminal offence if he knows or suspects, or has reasonable grounds to do so, through a disclosure being made to him, that another person is engaged in money laundering and he does not disclose this as soon as practicable to SOCA.

9.7 Client identification procedure (due diligence)

Where the Council is carrying out certain 'regulated activities' then extra care needs to be taken to check the identity of the customer or client – this is known as carrying out Customer Due Diligence.

Customer due diligence means:

- (a) identifying the customer and verifying the customer's identity on the basis of documents, data or information obtained from a reliable and independent source
- (b) identifying, where there is a beneficial owner who is not the customer, the beneficial owner and taking adequate measures, on a risk-sensitive basis, to verify his identity so that the relevant person is satisfied that he knows who the beneficial owner is, including, in the case of a legal person, trust or similar legal arrangement, measures to understand the ownership and control structure of the person, trust or arrangement; and
- (c) obtaining information for the purpose and intended nature of the business relationship.

The Regulations regarding customer due diligence are detailed and complex, but there are some simple questions that will help decide if it is necessary:

- Is the service a regulated activity (see below)?
- Is the Council charging for the service i.e. is it 'by way of business'?
- Is the service being provided to a customer other than a UK public authority?

If the answer to any of these questions is **no** then there is no need to carry out customer due diligence

If the answer to all these questions is **yes** then customer due diligence must be carried out **before** any business is undertaken for that client. If there is uncertainty whether customer due diligence is required then the MLRO should be contacted for advice.

Regulated activity is defined as the provision 'by way of business' of: advice about tax affairs; accounting services; treasury management, investment or other financial services; audit services; legal services; estate agency; services involving the formation,

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operation or arrangement of a company or trust or; dealing in goods wherever a transaction involves a cash payment of €15,000 or more.”

Where customer due diligence is required then evidence of identity must be sought, for example:

- checking with the customer’s website to confirm their business address
- conducting an on-line search via Companies House to confirm the nature and business of the customer and confirm the identities of any directors
- seeking evidence from the key contact of their personal identity, for example their passport, and position within the organisation.

The requirement for customer due diligence applies immediately for new customers and should be applied on a risk sensitive basis for existing customers. Ongoing customer due diligence must also be carried out during the life of a business relationship but should be proportionate to the risk of money laundering and terrorist funding, based on the officer’s knowledge of the customer and a regular scrutiny of the transactions involved.

If, at any time, it is suspected that a client or customer for whom the Council is currently, or is planning to carry out, a regulated activity is carrying out money laundering or terrorist financing, or has lied about their identity then this must be reported to the MLRO.

In certain circumstances enhanced customer due diligence must be carried out for example where:

- The customer has not been physically present for identification
- The customer is a politically exposed person
- There is a beneficial owner who is not the customer – a beneficial owner is any individual who holds more than 25% of the shares, voting rights or interest in a company, partnership or trust.

Enhanced customer due diligence could include any additional documentation, data or information that will confirm the customer’s identity and / or the source of the funds to be used in the business relationship / transaction. If it is believed that enhanced customer due diligence is required then the MLRO should be consulted prior to carrying it out.

9.8 Record Keeping Procedures

Each unit of the Council conducting relevant business must maintain records of:

- client identification evidence obtained; and
- details of all relevant business transactions carried out for clients for at least five years.

This is so that they may be used as evidence in any subsequent investigation by the authorities into money laundering.

The precise nature of the records is not prescribed by law. However they must be capable of providing an audit trail during any subsequent investigation, for example distinguishing the client and the relevant transaction and recording in what form any funds were received or paid. In practice, the business units of the Council will be routinely making records of work carried out for clients in the course of normal business and these should suffice in this regard.

An electronic copy of every customer due diligence record must be sent to the MLRO to meet the requirements of the Regulations and in case of inspection by the relevant supervising body.

9.9 Conclusion

The legislative requirements concerning anti-money laundering procedures are lengthy and complex. This Policy has been written so as to enable the Council to meet the legal requirements in a way which is proportionate to the very low risk to the Council of contravening the legislation.

Any concerns whatsoever regarding any transactions should be reported to the MLRO.

9.10 Further Information

Further information can be obtained from the MLRO and the following sources:

www.soca.gov.uk – website of the Serious and Organised Crime Agency

“Proceeds of Crime (Anti-Money Laundering) – Practical Guidance for Public Service Organisations” – CIPFA

“Anti-Money Laundering (Proceeds of Crime and Terrorism) – Second Interim Guidance for Accountants” – CCAB (**www.ccab.org.uk**)

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Money Laundering Guidance at www.lawsociety.org.uk

SI 2007 No. 2157 The Money Laundering Regulations 2007 at:
http://www.hm-treasury.gov.uk/consultations_and_legislation/money_laundering_directive/consult_moneylaundering_2007.cfm

9.11. Procedures for establishing identity/authenticity of lenders

The Council does not accept loans from individuals. All loans are obtained from the PWLB, other local authorities or from authorised institutions under the Financial Services and Markets Act 2000. This register can be accessed through the FSA website on www.fsa.gov.uk.

9.12. Methodology for identifying sources of deposit

The Council will only deal with the counterparties included in its approved lending list.

Schedule 10 : TMP 10 – Training and qualifications

10.1. Details of approved training courses, etc.

Principally using seminars and training, where appropriate, provided by Capita Asset Services:

- bi-annual seminars, including workshops
- regional training
- specific training or individual briefing sessions

A record will be maintained of all training courses and seminars attended by staff and councillors engaged in treasury management activities.

All staff engaged on treasury management activities will undergo regular management development reviews to assist in career development, etc.

The Chief Accountant and Finance Manager (Treasury Management) will be professionally qualified accountants, preferably CIPFA.

Councillors charged with diligence also have a personal responsibility to ensure that they have the appropriate skills and training for their role.

10.2. Standards of professional practice (SOPP)

The Council's Assistant Director Finance is a member of CIPFA. The postholder is committed to professional responsibilities through both personal compliance and by ensuring that relevant staff are appropriately trained. Other senior staff involved in treasury management activities who are members of CIPFA will also comply with the SOPP.

Schedule 11 : TMP 11 – Use of external service providers

11.1. Details of contracts with service providers, including bankers, brokers, consultants, advisers and details of services provided

11.1.1. Banking Services

- (a) Name of supplier of service - Co-operative Bank plc
- (b) Contract commenced 1 April 2007 and runs for 7 years until 31 March 2014.
- (c) The above contract was awarded by the Cabinet (Resources) Panel on 9 January 2007.
- (d) Estimated cost of service - £70,000 per annum
- (e) A variation to the contract was approved by Cabinet (Resources) Panel on 17 December 2013 extending the contract for a further 1 year.

The Council may terminate the agreement at any time by 12 months' written notice to the Manager and the Manager may terminate the agreement on 12 months' written notice to the organisation.

11.1.2. Money-broking services

ICAP plc (formerly Intercapital plc)
Martin Brokers (UK) plc
Tullett Prebon (formerly Prebon Yamane)
Tradition UK Limited

11.1.3. Cash/fund management services

No external suppliers are used to provide these services.

11.1.4. Consultants'/advisers' services

- (a) Name of supplier of service – Capita Asset Services, previously known as Sector Treasury Services Limited
- (b) Contract commenced 1 January 2010 and ran initially for 3 years until 31 December 2012. The option to extend for a further 2 years to 31 December 2014 was agreed by both parties on 5 November 2012.
- (c) Cost of service - £15,000 in first twelve months, rising by CPI each year thereafter.
- (d) Service provided - Treasury Management specialist advice

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The organisation may terminate the agreement at any time by 12 months' written notice to the Manager and the Manager may terminate the agreement on 12 months' written notice to the organisation.

11.2. Procedures and frequency for tendering services

See Schedule 2 : TMP 2 Performance measurement.

Schedule 12 : TMP 12 – Corporate governance

12.1. List of documents to be made available for public inspection

The Council is committed to the principle of openness and transparency in its treasury management function and in all of its functions.

The Council will make available to any interested party:

- Treasury Management Policy and Practices Statement
- Treasury Management Strategy Statement
- Annual Investment Strategy
- Minimum Revenue Provision policy statement
- Annual Treasury Report
- Treasury Management monitoring reports (quarterly)
- Annual Statement of Accounts and financial instruments disclosure note
- Annual budget and Medium Term Financial Strategy
- HRA Business Plan
- Approved Capital Programme
- Minutes of Council/Cabinet meetings

12.2. Procedures for consultation with stakeholders

Stakeholders have an opportunity to comment on the Council's Treasury Management activities as part of the overall annual budget consultation process and to inspect any transactions when the Council's accounts are placed on deposit for inspection each year.

12.3. List of external funds managed on behalf of others and the basis of attributing interest earned and costs to these investments

The Council does not manage funds on behalf of other organisations.