



Cabinet Meeting

23 July 2014

Time 6.00 pm **Public Meeting?** YES **Type of meeting** Executive
Venue Committee Room 3 - Civic Centre, St Peter's Square, Wolverhampton WV1 1SH

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

Quorum for this meeting is five Councillors.

Information for the Public

If you have any queries about this meeting, please contact the democratic support team:

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Some items are discussed in private because of their confidential or commercial nature. These reports are not available to the public.

Agenda

Part 1 – items open to the press and public

Item No. *Title*

MEETING BUSINESS ITEMS

- 1 **Apologies for absence**
- 2 **Declaration of Interests**
- 3 **Minutes of the previous meeting (25 June 2014)** (Pages 1 - 8)
[For approval]
- 4 **Matters arising**
[To consider any matters arising from the minutes of the previous meeting]

DECISION ITEMS (RED - FOR DECISION BY THE COUNCIL)

- 5 **Treasury Management - Annual Report 2013/14 and Activity Monitoring Quarter One 2014/15** (Pages 9 - 36)
[To recommend to Council that it delegates authority to amend the Treasury Management Strategy to enable the Council to take advantage of opportunities to increase investment returns and that it notes the treasury management activities and performance report]
- 6 **Housing Revenue Account (HRA) Business Plan Update Quarter One 2014/15** (Pages 37 - 60)
[To receive the updated HRA business plan and to recommend its approval by Full Council]
- 7 **Black Country Growth Hub: Grants to Third Parties** (Pages 61 - 64)
[To seek approval to increase a grant to the University of Wolverhampton and the Black Country Consortium to manage the Regional Growth Fund funded Black Country Growth Hub]

DECISION ITEMS (AMBER - DELEGATED TO THE CABINET)

- 8 **Reserves, Provisions and Balances 2013/14** (Pages 65 - 86)
[To consider details of the resources currently held in reserves, provisions and balances by the Authority as at 31 March 2014]
- 9 **Revenue Budget Outturn 2013/14** (Pages 87 - 128)
[To report on the Council's revenue outturn position for 2013/14 compared with approved budgets and targets]

- 10 **Local Council Tax Reduction Scheme 2015/16 Onwards** (Pages 129 - 138)
[To approve for the purposes of consultation changes to the Council's local scheme for council tax support]
- 11 **2014 Housing Allocations Policy Review Part 1** (Pages 139 - 146)
[To approve proposed changes to the allocations policy]
- 12 **Scrutiny Review of Private Rented Sector Housing** (Pages 147 - 200)
[To consider the recommendations of the scrutiny review group and the Cabinet's response thereto]
[NOTE: The Chair of the scrutiny review group has been invited]
- 13 **Refreshed Joint Dementia Strategy and Implementation Plan 2014-2016** (Pages 201 - 230)
[To approve the strategy and implementation plan]
- 14 **Residential Short Breaks Service for Disabled Children and Young People** (Pages 231 - 240)
[To approve a revised short breaks service for disabled children and young people]
- 15 **West Midlands Employers Organisation** (Pages 241 - 242)
[To approve a revision to the Council's representation on the organisation]
- 16 **Exclusion of public and press**
[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>
17	Southside Delivery Strategy [To approve the proposed strategy and the associated timeline for taking forward the regeneration of Southside][report to follow]	Information relating to the financial or business affairs of any particular person (including the authority holding that information) Para (3)

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Meeting of the Cabinet

Minutes - 25 June 2014

Attendance

Members of the Cabinet

Cllr Roger Lawrence (Chair)
Cllr Steve Evans
Cllr Val Gibson
Cllr Andrew Johnson
Cllr Elias Mattu
Cllr Phil Page
Cllr Sandra Samuels
Cllr Paul Sweet

Employees

Keith Ireland	Strategic Director, Delivery
Tim Johnson	Strategic Director, Education and Enterprise
Sarah Norman	Strategic Director, Community
Kevin O'Keefe	Chief Legal Officer
Mark Taylor	Assistant Director, Finance
Dereck Francis	Democratic Support Officer

Part 1 – items open to the press and public

Item No. *Title*

MEETINGS BUSINESS ITEMS

- 1 Apologies for absence**
Apologies for absence were submitted on behalf of Cllrs Peter Bilson and John Reynolds.
- 2 Declaration of Interests**
Cllr Andrew Johnson declared a disclosable non pecuniary interest in agenda item 8 (Primary School Organisation) in so far as it related to Bilston Church of England Primary School.
- 3 Minutes of the previous meeting (14 May 2014)**
Resolved:
That the minutes of the previous meeting held on 14 May 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 ITEMS (RED - for decision by the Council)

5 Managing the Budget Cuts - The Next Phase

Cllr Andrew Johnson presented the report that identified additional savings for both 2014/15 and 2015/16 in accordance with the strategy set out in the five year budget and medium term financial strategy 2014/15 to 2018/19, as approved by Cabinet on 25 February 2014 and Full Council on 4 March 2014. The proposals demonstrated that the Council had a plan to balance its budget going forward. Subject to approval by Full Council, the implementation of the savings proposals would be subject to full consultation with Council employees and the public.

Cllr Johnson also reported that the savings proposals would affect all services to the public and were as a result of successive cuts in Central Government grant support to the Council between 2010/11 and 2016/17. Failure to make the savings would mean that the Council would not balance its budget. He added that it was with deep regret that further savings proposals were being put forward.

Cllr Roger Lawrence referred to a press release issued by the Conservative Group on neighbourhood wardens. He reported that the wardens had provided a valuable service to the communities across the city over the years. However, any savings proposals that are withdrawn would mean that compensatory savings would need to be identified. The Cabinet would always consider other options presented and would be happy to discuss this as part of the consultations.

Resolved:

1. That Council be recommended to approve:
 - a. The revised budget requirement for 2014/15 of £235.9 million for General Fund services, which is a reduction of £1.7 million as a result of the additional savings that have been identified to date.
 - b. The implementation of the additional savings proposals, amounting to £1.7 million in 2014/15, subject to the outcome of appropriate and satisfactory scrutiny, consultation and equality analyses.
2. That the overarching strategy to deliver the £25 million for 2015/16 be approved.
3. That the savings proposals amounting to £16.4 million in 2015/16, be further developed for inclusion in the draft 2015/16 budget to be reported to Cabinet in October 2014.
4. That Council be recommended to note:
 - a. In addition to the 2014/15 savings proposals that are being approved it is anticipated that there would be further savings from other, as yet unquantified, proposals as well as from the acceleration of some of the existing savings proposals.
 - b. All additional savings identified and delivered during 2014/15 would further reduce the call on the General Fund balances during 2014/15 and therefore contribute directly towards the aim of holding at least £10 million in the General Fund balance.

5. That it be noted that while progress is being made against the Council's agreed budget strategy, additional work is underway in order to deliver the agreed strategy to address the projected budget deficit; namely to identify a further £7 million of savings for 2015/16.
6. That it be noted that whilst the savings proposals identified are not sufficient to rebuild general reserves to the minimum £10 million level in 2015/16, it is projected that there would still be an uncommitted sum in hand. Whilst this represents progress against the Council's agreed budget strategy, work must continue in order to achieve the minimum recommended level of £10 million in 2015/16 and to avoid exhausting general fund balances by early 2016/17.
7. That it be noted that the projected general fund balance is subject to change as the 2013/14 accounts are still being closed, any resulting variance to the projections within this report would be reflected in the October budget report to Cabinet.
8. That it be noted 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 significant levels of challenging savings, the projected additional savings requirement in each of the next four financial years could still change significantly as more information becomes available.

6 **Capital Budget Outturn 2013/14 including Quarter One Monitoring 2014/15**

Cllr Andrew Johnson outlined the salient points of the report on the General Fund capital programme outturn position at the end of 2013/14, and on an update on the revised forecast for 2014/15 to 2018/19 as at quarter one of 2014/15. The report covered General Fund schemes which included private sector housing and excluded the Housing Revenue Account.

Cllr Johnson reported that the review of the capital programme had identified a reduction of £3.2 million over the programme's period. This had had a welcomed knock on effect on the revenue budget.

Resolved:

1. That the Council be recommended to:
 - i. Approve the revised medium term General Fund (excluding housing revenue account) capital programme of £312.4 million, a reduction of £3.2 million from the previously approved programme.
 - ii Approve additional resources for existing schemes totalling £12.7 million:
 - a. £4.493 million for i54 Access and Infrastructure
 - b. £2.766 million for Building Schools for the Future
 - c. £2.003 million for Bilston Urban Village
 - d. £1.098 million for Integrated Transport
 - e. £918,000 for Sports Investment Strategy
 - f. £479,000 for Wilkinson Primary
 - g. £246,000 for Schools Devolved Formula
 - h. £226,000 for West Midlands Urban Traffic Control

- i. £190,000 for Capitalised Salaries
 - j. £74,000 for Empty Property Strategy
 - k. £74,000 for Capital Maintenance & Basic Need – Boiler/Pipework Replacements
 - l. £52,000 for KIC Loan
 - m. £29,000 for Neighbourhood Employment & Skills
 - n. £19,000 for Structural Maintenance
 - o. £18,000 for Wolverhampton City Centre Interchange
2. That the various virements totalling £14.5 million detailed at Appendix D to the report be approved.
 3. That the 2014/15 updated schedules of works for the following schemes be approved:
 - a. Delivery ICTS Capital Programme (Appendix F1)
 - b. Delivery Market Services Capital Programme (Appendix F2)
 - c. Community Co-Location Capital Programme (Appendix F3)
 - d. Community Sports Investment Strategy Capital Programme (Appendix F4)
 - e. Community Urban Parks Capital Programme (Appendix F5)
 - f. Education and Enterprise BSF Capital Programme (Appendix F6)
 4. That the outturn position for 2013/14 which stands at 83% of the approved General Fund budget and the resulting reduction in the borrowing requirement for 2103/14 of £21.3 million be noted.
 5. That the reduction in budget no longer required on existing schemes of £15.8 million be noted.
 6. That it be noted that the revised budgets for Housing Revenue Account which are subject to a separate report to Cabinet on the 23 July 2014.

DECISION ITEMS (AMBER - delegated to the Cabinet)

- 7 **Joint Reablement and Intermediate Care Strategy for Wolverhampton 2014/16**
Cllr Steve Evans presented the strategy for approval. It built upon Wolverhampton's first Reablement Forward Plan, and articulated the reablement intermediate care intentions of Wolverhampton's health and social care economy.

Cllr Evans drew attention to the nine principles that had been jointly agreed in order to deliver the reablement/intermediate care strategy. He indicated that he was particularly pleased to see principle one (people with dementia will have full access entitlement to all reablement/intermediate care services and opportunities) had been agreed.

Resolved:

That the Joint Reablement and Intermediate Care Strategy for Wolverhampton 2014- 2016 be approved.

8 **Primary School Organisation**

Cllr Phil Page outlined the salient points of the report on the primary school organisation strategy 2014 - 2017 and details the proposed 2015 primary school expansion programme. He also informed Cabinet that a report on the proposals had been considered by the Children and Young People Scrutiny Panel on 19 June 2014 and in the main, the Panel had supported all of the principles in the strategy.

Resolved:

1. That the Primary School Organisation Strategy 2014 – 2017 be approved.
2. That the undertaking of required statutory processes in relation to the proposed schemes in the 2015 Primary School Expansion Programme be approved.
3. That authority be delegated to the Cabinet Member for Schools, Skills and Learning in consultation with the Strategic Director for Education and Enterprise, to consider the outcomes of initial consultation and to determine whether or not to proceed to Formal Consultation, in relation to qualifying schemes in the 2015 Primary School Expansion Programme.

9 **Exclusion of public and press**

Resolved:

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 item(s) of business as they involve the likely disclosure of exempt information falling within the paragraphs of Schedule 12A of the Act set out below:

<i>Item No.</i>	<i>Title</i>	<i>Applicable paragraph</i>
10	City Investment Fund	3
11	Wolverhampton Youth Zone: Revised Funding and Delivery Strategy	3

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

DECISION ITEMS (RED - for decision by the Council)

10 **City Investment Fund**

Cllr Roger Lawrence presented the report on a proposal to create a discretionary fund to offer grants to exceptional inward investment opportunities as part of an enhanced package of business support to potential investors or to retain existing strategic employers. The fund, would ensure:

1. An appropriate incentive is available for significant inward investors to create jobs in the city or to retain strategic businesses that are considering relocation.
2. Wolverhampton could compete with other locations offering similar incentives to inward investors
3. Quick internal decisions could be made in line with the commercial market to ensure opportunities are not lost to the city.

4. That the potential investor was obliged to create jobs and procurement opportunities for local residents and businesses

Cllr Lawrence recommended that in view of the potential implications of the proposal for business rates income, that the Cabinet Member for Resources be included in the recommended delegations to the Cabinet Member for Economic Regeneration and Prosperity as referred to in the report.

Resolved:

That Council be recommended to:

1. Approve the creation of a fund of up to £350,000, from the Economic Development Reserve, that offers discretionary grants to help secure exceptional inward investment opportunities or provide incentives to retain existing major employers considering relocation.
2. Delegate authority for the Cabinet Members for Economic Regeneration and Prosperity and Resources in consultation with the Strategic Director Education and Enterprise, to agree a robust policy for utilising the fund.
3. Delegate authority to the Cabinet Members for Economic Regeneration and Prosperity and Resources in consultation with the Strategic Director Education and Enterprise to agree any subsequent awards.

DECISION ITEMS (AMBER - delegated to the Cabinet)

11 Wolverhampton Youth Zone: Revised Funding and Delivery Strategy

Cllr Val Gibson presented the report on a revised funding and delivery strategy for the Wolverhampton Youth Zone.

Cllr Andrew Johnson drew Cabinet's attention to the financial implications, risk management update and equalities implications of the proposal.

Cabinet also placed on record its thanks to Simon Warren, Chief Executive and his term who renegotiated the reduction in the Council's capital and revenue contribution towards the WYZ.

Resolved:

1. That the re-negotiated funding strategy, specifically the £2 million capital funding contribution towards the construction of the Wolverhampton Youth Zone building and a revenue contribution equivalent to £200,000 per annum for a period of three years towards the operation of the facility be approved.
2. That the recommended revenue funding contribution for the scheme of £200,000 per annum from 2015/16 for a minimum three year period, be reviewed during the third year with a view to continuing to provide ongoing revenue support for the Youth Zone.
3. That the utilisation of up to £112,000 towards the pre-opening "Year Zero" costs; from the £315,000 which has been approved from a specific Council reserve set aside to develop the Youth Zone be approved and it be agreed to

waive the £35,000 of potential income from car parking and highway permit fees to be met from the budget contingency reserve.

4. That the revised scheme design principles and delivery strategy be endorsed
5. The revised opening target date of January 2016 be noted.
6. That it be noted that the Cabinet Member lead responsibility for liaising with Wolverhampton Youth Zone Board (WYZB) in respect of build and regeneration assets is Cllr Peter Bilson and the service provision and specification post opening lead responsibility is with Cllr Val Gibson. The responsibility for the construction and operation of the youth zone facility rests with WYZB.

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Cabinet Meeting

23 July 2014

Report title	Treasury Management – Annual Report 2013/14 and Activity Monitoring Quarter One 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	Assistant Director Finance
	Tel	01902 556609
	Email	Mark.Taylor@wolverhampton.gov.uk
Report to be/has been considered by	Strategic Executive Board	10 July 2014

Recommendations for approval:

That Cabinet recommend to Full Council:

1. That authority is delegated to the Cabinet Member for Resources in consultation with the Assistant Director Finance to amend the Treasury Management Strategy to take advantage of opportunities to increase investment returns.
2. That it notes the contents of the report, and particularly that:
 1. The Council operated within the approved Prudential and Treasury Management Indicators, and also within the requirements set out in the Council's approved Treasury Management Policy Statement during 2013/14.

2. The Council is forecast to marginally exceed the self-determined upper limit on debt maturing within one year for part of 2014/15. This is as a result of taking advantage of the low interest rates available for short term borrowing. This position will be rectified by the end of the year.
3. Revenue savings of £10.7 million for the General Fund and £2.4 million for the Housing Revenue Account were generated from treasury management activities in 2013/14.
4. Revenue savings of £214,000 for the General Fund and £5.9 million for the Housing Revenue Account are forecast from treasury management activities in 2014/15.

1.0 Purpose

1.1 This report sets out the results of treasury management activities carried out in 2013/14, together with performance against the prudential indicators previously approved by Council. It also provides a monitoring and progress report on Treasury Management Activity for the first quarter of 2014/15, in line with the Prudential Indicators approved by Council in March 2014.

2.0 Background

2.1 The treasury management activities of the Council are underpinned by The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management 2011. The primary requirements of the Code are the:

- Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the council's treasury management activities.
- Creation and maintenance of Treasury Management Practices which set out the manner in which the Council will seek to achieve those policies and objectives.
- Receipt by the Cabinet / Council of an annual strategy report for the year ahead, a mid-year review report and an annual review report of the previous year.
- Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
- Nomination of the Confident, Capable Council Scrutiny Panel to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.

2.2 Treasury management in this context is defined as:

"The management of the local authority's 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."

2.3 The system of controls on local authority capital investment has been in place since 1 April 2004. This replaced the previous complex regulatory framework governing local authority capital expenditure. The current system is one based largely on self-regulation by local authorities themselves. At its heart is CIPFA's Prudential Code for Capital Finance.

2.4 Cabinet (Resources) Panel received quarterly reports during 2013/14 to monitor performance against the strategy and Prudential Indicators previously approved by Council.

2.5 The Council continued to use Capita Asset Services, previously known as Sector Treasury Services Limited, as treasury management advisors throughout 2013/14 and 2014/15 to date. Capita provides market data and intelligence on which the Council can make decisions regarding all aspects of treasury management activities and in particular, managing the risks associated with investing surplus cash.

3.0 The Strategy and Outturn for 2013/14

- 3.1 The strategy for 2013/14 was to maintain cash balances at a reduced level, therefore keeping to a minimum the credit risk incurred by holding investments and to avoid the higher costs of external borrowing compared to interest foregone on cash balances, thereby generating revenue savings.
- 3.2 During the course of 2013/14, the Council followed the recommendations as set out in the Treasury Management Strategy 2013/14. This included the authorised borrowing limit set at £905.797 million, the Treasury Management Strategy, the Annual Investment Strategy, the Prudential Indicators and the Annual Minimum Revenue Provision (MRP) Statement.
- 3.3 The Treasury Management outturn for 2013/14 compared to budgets is shown in Table 1.

Table 1 – Treasury Management Budgets and Outturn 2013/14

	Approved Budget £000	Outturn £000	Variance £000
General Fund	22,767	12,069	(10,698)
Housing Revenue Account	15,774	13,354	(2,420)
Total	38,541	25,423	(13,118)

- 3.4 Overall there was a saving of £10.7 million for the General Fund for 2013/14 and a saving of £2.4 million for the HRA. Included within the General Fund figure is the one-off benefit of £10.0 million arising from the adjustment to the value of variable E calculation in respect of redemption of debt. This was approved by Councillors on the 23 October 2013 as part of the Five Year Budget and Medium Term Financial Strategy 2014/15 to 2018/19 report.
- 3.5 No institutions in which investments were made had any difficulty in repaying investments or interest in full during the year and no arrangements had to be made to prematurely withdraw funds from any investments as a result of a downgrade in their respective credit rating.
- 3.6 No debt was rescheduled in 2013/14. Opportunities for rescheduling are now minimal since the Public Works Loans Board (PWL B) amended their discount calculation basis, and no opportunity to reschedule arose during the year.

- 3.7 Table 2 shows the average rate of interest payable and receivable in 2012/13 and 2013/14.

Table 2 - Average Interest Rate Payable and Receivable in 2012/13 and 2013/14

	2012/13 Actual	2013/14 Actual
Average Interest Rate Payable	4.42%	3.97%
Average Interest Rate Receivable	0.71%	0.45%

Borrowing Outturn for 2013/14

- 3.8 The average debt interest rate fell from 4.42% in 2012/13 to 3.97% in 2013/14. This reduction was achieved by borrowing only when necessary to maintain sufficient cash flow balances and after monitoring the market to take advantage of the best available rates. A summary of the borrowing and repayment activities is shown below with the average interest rates; this activity has resulted in a lower overall average rate for the year.

Table 3 – Summary of Borrowing and Repayment Activities

	Short Term £000	Average Rate %	Long Term £000	Average Rate %
New Loans Raised	146,800	0.51%	23,000	4.17%
Repayment of Loans	(86,800)	0.41%	(38,976)	5.83%

- 3.9 The Council's need to borrow and the rates available continue to be monitored in order to achieve optimum results. The Council's medium term forecast is regularly updated to reflect actual borrowing that takes place along with any revisions to future anticipated borrowing.
- 3.10 The Council's Capital Financing Requirement (CFR) increased from £750.5 million to £768.4 million throughout 2013/14. This reflects a net increase in the Council's underlying need to borrow for capital purposes. This was split between the General Fund and Housing Revenue Account at a rate of 59.4% and 40.6% respectively (2012/13: 58.0% and 42.0%).

3.11 Table 4 shows how the increase in actual external borrowing arose during the year.

Table 4 – Increase in Actual External Borrowing 2013/14

	£000
Opening Balance at 1 April 2013	519,134
Less: Repayments	
- Maturity Loans from PWLB	(38,976)
- Temporary Loans	(86,800)
Subtotal	(125,776)
Add: New Borrowing	
-PWLB Loan	23,000
-Temporary Loans	146,800
Subtotal	169,800
Net borrowing 2013/14	44,024
Closing Balance at 31 March 2014	563,158

3.12 Appendix A shows a detailed breakdown of new loans and repayments made throughout the year.

3.13 Appendix B shows a graphical summary of current borrowing by type; fixed and variable as at March 2014 and as at June 2014.

Investment Outturn for 2013/14

3.14 The actual interest rate earned from investments fell from 0.71% in 2012/13 to 0.45% in 2013/14.

3.15 The approach during the year was to continue to use cash balances to finance capital expenditure so as to keep cash balances low. This minimised counterparty risk on investments and also maximised treasury management budget savings as investment rates were much lower than most new borrowing rates.

3.16 The Council manages its investments in-house and invests only in the institutions listed in the Council's approved lending list, which is reviewed each time a counterparty is subject to a credit rating amendment. The Council's strategy allows for investments for a range of periods from overnight to five years, depending on the Council's cash flows, its interest rate view and the interest rates on offer. However, in order to maintain sufficient liquidity whilst total investment levels are relatively low, most investments have been placed for shorter durations.

4.0 2014/15 Forecast

4.1 The forecast outturn for treasury management activities in 2014/15 compared to budgets is shown in Table 5.

Table 5 – Treasury Management Budgets and Forecast Outturn 2014/15

	Approved Budget	Forecast Outturn	Variance
	£000	£000	£000
General Fund	24,480	24,266	(214)
Housing Revenue Account	16,975	11,089	(5,886)
Total	41,455	35,355	(6,100)

- 4.2 Overall a saving of £214,000 for the General Fund and a saving of £5.9 million for the HRA are projected for the year 2014/15, arising mainly as a result of the Council's strategy to use cash balances to finance capital expenditure rather than external borrowing. Borrowings are actively managed to achieve savings wherever possible.

Borrowing Forecast for 2014/15

- 4.3 Each year it is necessary to raise new loans to finance capital expenditure and to replace existing maturing debt. The Council's policy is to prioritise the use of capital receipts to finance capital expenditure. Balances which are set aside to meet credit liabilities (i.e. to repay debt) are used to reduce the external borrowing requirement. Council in March 2014 approved a net borrowing requirement for 2014/15 of £168.3 million. No borrowing has been taken out during quarter one, and £5.0 million of temporary borrowing was repaid. £40.0 million of existing borrowing is due to be repaid between quarter's two to four. Decisions to take borrowing will be made by the Assistant Director Finance when it is judged that rates are likely to be at their lowest levels, and probably about to rise according to market indications, and only when an inflow of funds is required to meet imminent cash flow commitments. This will keep overall surplus cash balances to a minimum, in line with current strategy. The forecast net borrowing requirement for 2014/15 is £157.3 million.
- 4.4 Table 6 shows the average rate of interest payable and receivable in 2013/14 and forecast for 2014/15.

Table 6 - Average Interest Rate Payable and Receivable in 2013/14 and 2014/15

	2013/14 Actual	2014/15 Forecast
Average Interest Rate Payable	3.97%	3.82%
Average Interest Rate Receivable	0.45%	0.45%

- 4.5 The average rate of interest payable by the Council is estimated to fall from 3.97% to 3.82% for 2014/15. Appendix C shows the maturity profile of external borrowing.

4.6 Any short term savings made by avoiding new long term external borrowing in 2014/15 and thereafter will also need to 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. Appendix D includes Capita commentary for quarter one 2014/15 and shows that they have forecast that interest rates for both short and long term borrowing will increase up to March 2015. The Assistant Director Finance will continue to keep actual and forecast rates under close review.

Investment Forecast for 2014/15

- 4.7 The average rate of interest receivable by the Council is estimated to be at the same level of 0.45% for 2014/15. The Council had originally budgeted for a return of 0.50%. This reduction is due to the significantly reduced interest rates currently available and anticipated throughout the year.
- 4.8 The Council and its treasury management advisers have identified that there are opportunities to increase investment returns by marginally increasing the risk appetite of the Council. It is therefore recommended that Authority is delegated to the Cabinet Member for Resources in consultation with the Assistant Director Finance to amend the Treasury Management Strategy to take advantage of opportunities to increase investment returns.
- 4.9 Table 7 shows the total amount of surplus funds invested for 2013/14 and the year to date 2014/15.

Table 7 - Total Amounts Invested 2014/15

	31 March 2014 £000	30 June 2014 £000
Business Reserve Accounts	4	19,994
Money Market Funds	12,480	34,820
	12,484	54,814
Average cash balance for the year to date	29,372	59,979

- 4.10 Money Market Funds and Business Reserve Accounts are the main investments used as these have high credit ratings and instant access. This is based on the Council's low appetite for risk.
- 4.11 The Council's cash flow has been buoyant during the first quarter of the current financial year. The Council's cash balances have moved between a low of £31.8 million up to a maximum of £77.2 million and have averaged £60.0 million for the quarter. This is due to front-loaded grant payments being received in the year.
- 4.12 The Council will avoid locking into longer term deals while investment rates are at historically low levels. Investment rates are expected to continue 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).

- 4.13 The approved Treasury Management Code of Practice sets out the criteria to be used for creating/managing approved counter-party lists/limits. As a result of changes to credit criteria, the Assistant Director Finance is authorised to make changes to the list of approved counterparties. 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. Appendix E shows the council's current specified investments lending list.
- 4.14 In quarter one 2013/14 the Assistant Director Finance has not been required to use his discretion to temporarily exceed any upper limits with approved counter-parties.
- 4.15 Appendix F shows a comparison of the latest estimates of Prudential and Treasury Management Indicators over the medium term period with the equivalent figures previously approved by Council. Based on the latest forecasts the Council is expected to exceed its self-determined authorised upper limit for maturity structure of borrowing (TMI 2) less than one year. This will be temporary, covering June 2014 to January 2015, due to repayment of short term loans which were taken to benefit from low interest rates. The amount by which the debt maturity under one year is forecast to exceed the 10% limit ranges between 0.74% and 1.90%. This will be kept under review and if necessary revisited in the mid-year update.
- 4.16 Appendix G shows details for the disclosure for certainty rate, which will enable the council to submit a return for 2014/15 and thereby secure access to discounted borrowing at 0.20% below normal PWLB rates.

5.0 Financial implications

- 5.1 These are discussed in the body of the report.
[SH/10072014/V]

6.0 Legal implications

- 6.1 Treasury Management relates to the management of the Council's cash flow, borrowing and cash investments. This involves seeking the best rates of interest for borrowing, earning interest on investments, whilst managing risk in making financial decisions and adopting proper accounting practice.
- 6.2 The area is heavily regulated. The Local Government and Housing Act 1989 regulates the operation of the Housing Revenue Account. The 'CIPFA Code of Practice for Treasury Management in the Public Services', contains Treasury Management indicators and advice on Treasury Management Strategy. Investment strategy is regulated by

'DCLG Guidance on Local Government Investments', issued initially in 2004 and re-issued in 2010. Part 2 of this Guidance is statutory guidance.
[TS/11072014/T]

7.0 Equalities implications

7.1 This report has no equality implications.

8.0 Environmental implications

8.1 This report has no environmental implications.

9.0 Human resources implications

9.1 This report has no human resources implications.

10.0 Corporate landlord implications

10.1 This report has no corporate landlord implications.

11.0 Schedule of background papers

Treasury Management Strategy 2013/14, Report to Cabinet, 26 February 2013

Annual Treasury Report 2012/13 & Treasury Management Activity Monitoring – Quarter One 2013/14, Report to Cabinet, 24 July 2013

Treasury Management Activity Monitoring – Mid Year Review 2013/14, Report to Cabinet (Resources Panel), 26 November 2013

Treasury Management Activity Monitoring Quarter Three 2013/14, Report to Cabinet (Resources Panel), 11 February 2014

Treasury Management Strategy 2014/15, Report to Cabinet, 25 February 2014

12.0 Schedule of Appendices

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Borrowing in 2013/14

	Maturity Date	Amount £000	Length	Interest Rate	Full Year Interest
2013/14 Borrowing					
PWLB Fixed Maturity			years		
502933	26/03/2064	£1,700	50	4.07%	£69,190
502934	26/03/2064	£21,300	50	4.27%	£909,510
		£23,000		4.17%	£978,700
Temporary Loans			days		
Greater Manchester Pension	03/01/2014	£14,600	95	0.40%	£15,200
Shropshire Council	29/01/2014	£5,000	92	0.40%	£5,041
Greater Manchester Pension	31/01/2014	£12,000	92	0.43%	£13,006
Dacorum BC	03/02/2014	£3,000	94	0.37%	£2,859
Caerphilly BC	05/02/2014	£5,000	92	0.29%	£3,655
Hertfordshire Police & Crime	28/02/2014	£5,000	91	0.50%	£6,233
Derbyshire Superannuation	28/02/2014	£5,000	91	0.50%	£6,233
East Renfrewshire Council	28/02/2014	£1,500	91	0.50%	£1,870
Higland Council	17/02/2014	£5,000	45	0.42%	£2,589
Middlesbrough CC	21/02/2014	£5,000	49	0.43%	£2,886
Shropshire & Wrekin Fire	21/02/2014	£2,000	49	0.40%	£1,074
Leicester City Council	27/02/2014	£3,500	55	0.42%	£2,215
Ceredigion CC	21/02/2014	£1,500	28	0.35%	£403
Suffolk CC	31/03/2014	£1,000	66	0.41%	£741
Suffolk Police & Crime	31/03/2014	£2,000	66	0.41%	£1,483
Vale of Glamorgan Council	24/03/2014	£1,700	59	0.45%	£1,237
Greater Manchester Waste	28/02/2014	£3,000	31	0.41%	£1,045
Tendring DC	28/02/2014	£1,000	31	0.41%	£348
Portsmouth CC	31/03/2014	£5,000	61	0.45%	£3,760
Dacorum BC	11/03/2014	£3,000	36	0.38%	£1,124
Dacorum BC	25/03/2014	£2,000	50	0.38%	£1,041
LB of Croydon	30/01/2015	£5,000	364	0.67%	£33,408
Wandsworth BC	30/01/2015	£5,000	364	0.67%	£33,408
Northampton BC	30/01/2015	£5,000	364	0.65%	£32,411
Portsmouth CC	30/01/2015	£5,000	364	0.65%	£32,411
LB of Havering	30/01/2015	£5,000	364	0.65%	£32,411
Derbyshire CC	30/01/2015	£5,000	364	0.65%	£32,411
Caerphilly BC	02/05/2014	£5,000	86	0.35%	£4,123
Portsmouth CC	29/08/2014	£6,000	182	0.43%	£12,865
LB of Brent	28/08/2015	£5,000	546	1.00%	£74,795
Derbyshire Superannuation	29/08/2014	£4,000	182	0.45%	£8,975
Cambridge CC	29/08/2015	£3,000	546	1.00%	£44,877
LB of Hillingdon	28/09/2015	£7,000	550	0.95%	£100,205
		£146,800		0.51%	£516,343

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Repayments in 2013/14

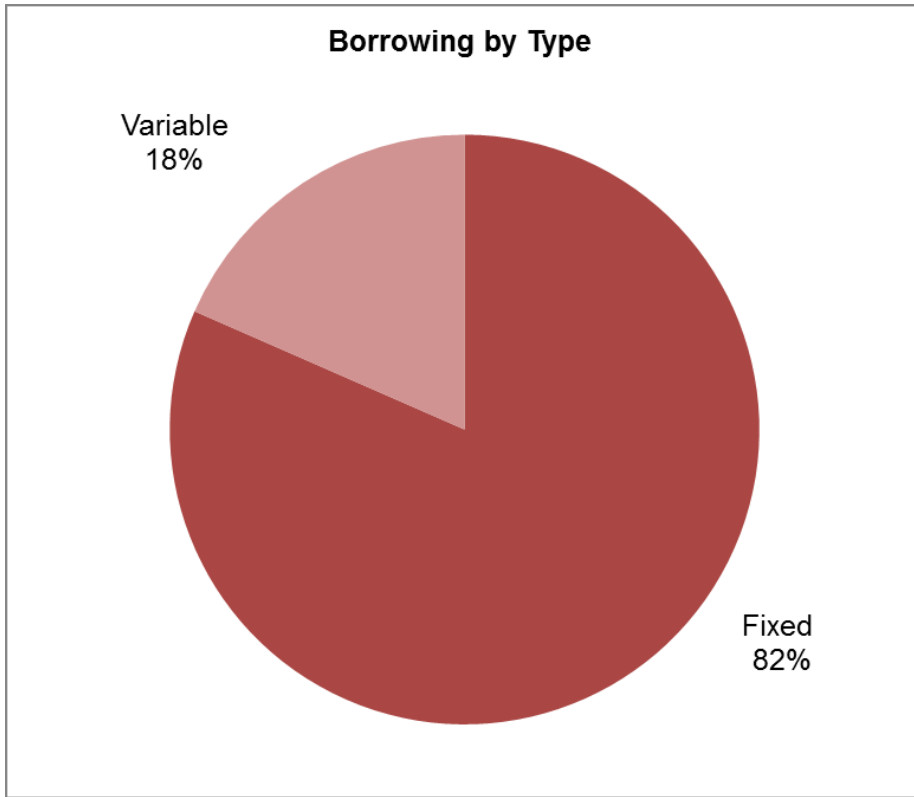
	Maturity Date	Amount £000	Length	Interest Rate	Full Year Interest
2013/14 Repayments					
PWLB Fixed Maturity			years		
465073	15/12/2013	£4,434	25.5	9.38%	£415,706
465088	03/02/2014	£4,434	25.5	9.38%	£415,706
465183	11/09/2013	£4,434	25	9.50%	£421,249
465754	15/02/2014	£3,503	25	9.25%	£324,029
495230	19/01/2014	£4,434	5	2.99%	£132,583
495231	19/01/2014	£4,434	5	2.99%	£132,583
495232	19/01/2014	£4,434	5	2.99%	£132,583
495233	19/01/2014	£4,434	5	2.99%	£132,583
495234	19/01/2014	£4,434	5	2.99%	£132,583
		£38,975		5.83%	£2,239,605
Temporary Loans			days		
Greater Manchester Pension	03/01/2014	£14,600	95	0.40%	£15,200
Shropshire Council	29/01/2014	£5,000	92	0.40%	£5,041
Greater Manchester Pension	31/01/2014	£12,000	92	0.43%	£13,006
Dacorum BC	03/02/2014	£3,000	94	0.37%	£2,859
Caerphilly BC	05/02/2014	£5,000	92	0.29%	£3,655
Hertfordshire Police & Crime	28/02/2014	£5,000	91	0.50%	£6,233
Derbyshire Superannuation	28/02/2014	£5,000	91	0.50%	£6,233
East Renfrewshire Council	28/02/2014	£1,500	91	0.50%	£1,870
Higland Council	17/02/2014	£5,000	45	0.42%	£2,589
Middlesbrough CC	21/02/2014	£5,000	49	0.43%	£2,886
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Ceredigion CC	21/02/2014	£1,500	28	0.35%	£403
Suffolk CC	31/03/2014	£1,000	66	0.41%	£741
Suffolk Police & Crime	31/03/2014	£2,000	66	0.41%	£1,483
Vale of Glamorgan Council	24/03/2014	£1,700	59	0.45%	£1,237
Greater Manchester Waste	28/02/2014	£3,000	31	0.41%	£1,045
Tendring DC	28/02/2014	£1,000	31	0.41%	£348
Portsmouth CC	31/03/2014	£5,000	61	0.45%	£3,760
Dacorum BC	11/03/2014	£3,000	36	0.38%	£1,124
Dacorum BC	25/03/2014	£2,000	50	0.38%	£1,041
		£86,800		0.41%	£74,043

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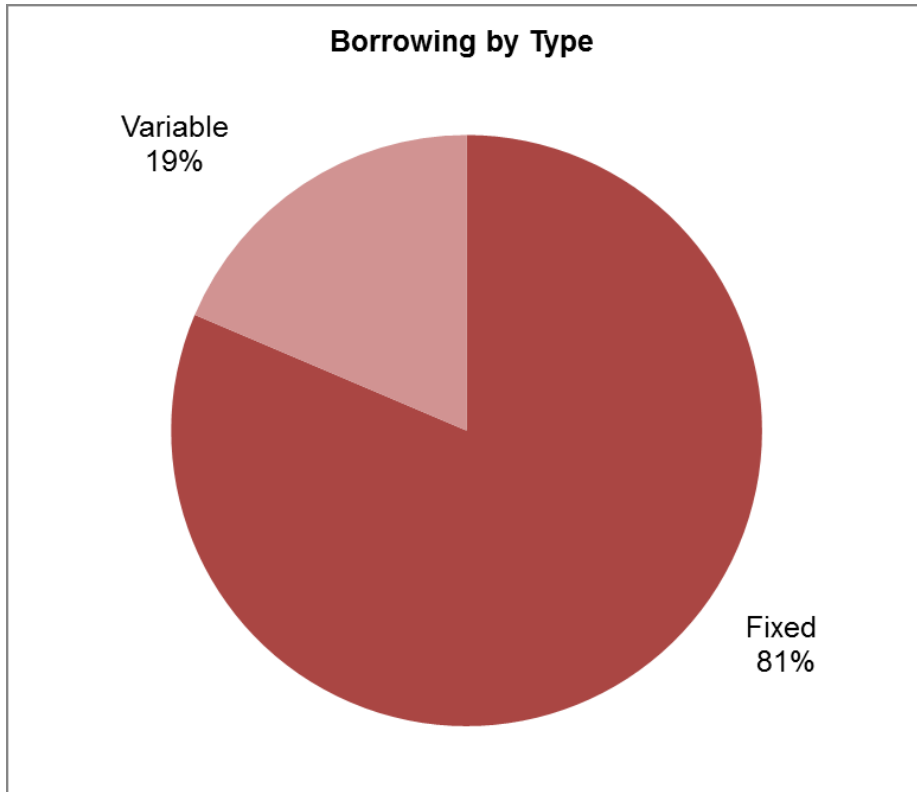
Borrowing and Repayments in 2014/15

	Maturity Date	Amount £000	Length	Interest Rate	Full Year Interest
2014/15 Borrowing					
No activity for quarter 1					
2014/15 Repayments					
Temporary Loans			days		
Caerphilly BC	02/05/2014	<u>£5,000</u>	86	0.35%	£4,123
		<u>£5,000</u>		<u>0.35%</u>	<u>£4,123</u>

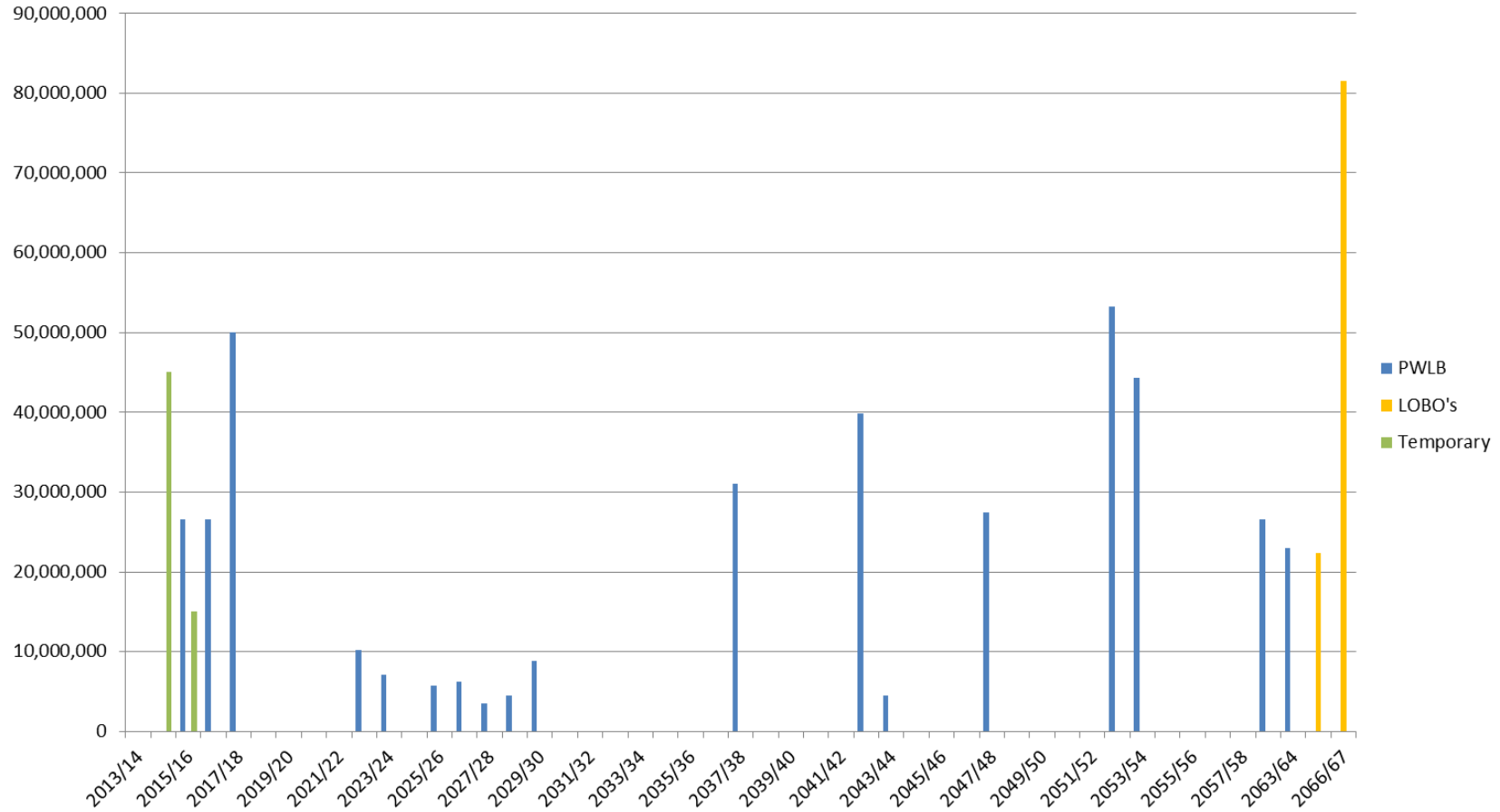
**Borrowing: Graphical Summary
As at 31 March 2014**



As at 30 June 2014



Borrowing Maturity at 30 June 2014



Economic Background

The following economic background has been provided by the Council's Treasury Advisors, Capita

During the quarter ended 30th June 2014:-

- Indicators suggested that the economic recovery accelerated;
- Household spending rose again;
- Inflation fell to its lowest level since September 2009;
- The ILO measure of unemployment fell further to 6.6%;
- The MPC suggested that the economy might warrant higher interest rates before the end of the year;
- Low tax receipts put the fiscal tightening slightly off track;
- The European Central Bank (ECB) made announcements designed to boost bank lending and counter the risk of deflation.

After a healthy quarterly expansion in UK GDP of 0.8% in Q1, some of the early indicators point to growth accelerating in the second quarter. On the basis of past form, the CIPS/Markit business activity surveys point to quarterly GDP growth of around 1.5% in Q2. Admittedly, the composite PMI has tended to overstate the pace of the recovery over the past year. However, survey data was also encouraging on the strength of the recovery in Q2. All of the headline figures in April's industrial production release were encouraging. Indeed, even if production only manages to hold steady in the remaining two months of the quarter, it would still be 0.7% higher in Q2 overall than in Q1. That said, the £2.5bn trade deficit in April, compared to £1.7bn last year, highlights that the recovery is still struggling to rebalance towards exports.

Meanwhile, household spending looks to have supported further GDP growth in Q2. While retail sales volumes fell by 0.5% on the previous month in May, following strong growth in April, the underlying trend remains strong as a combination of rapid jobs growth and falling prices continues to fuel a recovery in consumer spending. In addition, the more forward-looking survey balances of expected sales also point to solid growth in consumer spending in the near-term. Furthermore, non-high street spending remained robust too. Annual growth in new car registrations averaged around 5% in April and May and the Bank of England's Agents' Survey recorded the measure of consumer services turnover at its joint highest level in May since 1998. So it still seems likely that overall household spending strengthened in the second quarter.

The labour market has continued its strong recovery. Employment rose by a huge 345,000 in the three months to April, by far the biggest increase since records began in 1971. Despite an increase in the workforce, employment growth was enough to bring the headline (three-month average) unemployment rate down to 6.6% in April. In addition, the timelier claimant count measure of unemployment fell by 27,400 in May, potentially pointing to further falls in the broader ILO measure of unemployment. Nonetheless, pay growth has remained subdued, with headline annual growth (three month average) in average earnings (including bonuses) falling to 0.7% in April, well below inflation of 1.8%. Since real earnings have yet to rise, some consumers may be overstressing their finances in order to spend more.

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Meanwhile, after sending dovish messages through the May Inflation Report, the MPC's communications have now gone full circle, from trying to prevent interest rate expectations from rising too quickly via the introduction of forward guidance last summer, to trying to raise them now. A number of Committee members, including Governor Mark Carney, have warned of not-too-distant policy tightening.

Indeed, the main factor that could dissuade the MPC from starting on an earlier path for increasing Bank Rate is inflation. CPI inflation fell to 1.5% in May, the lowest rate since late 2009. Recent developments, including sterling's further appreciation, falls in producer price inflation and very weak wages growth, suggest that CPI inflation could fall to as low as 1% later this year.

Meanwhile, May's public borrowing figures contained tentative signs that the coalition is struggling to bring down the deficit in line with fiscal plans this year. The underlying measure of borrowing (PSNB ex. excluding APF and Royal Mail pension fund transfers) was £13.3bn in May, exceeding the consensus forecast of £12.2bn. The increase was largely driven by a drop in tax receipts, rather than strong increases in spending. Spending in April and May is around 9% higher than it was in the same period last year. However, it is still too early in the fiscal year to draw conclusions from these figures.

One risk which continues to linger is an overheating housing market. Fears that a nationwide bubble is building will not have been assuaged by the Financial Policy Committee's (FPC) relatively timid action announced alongside June's Financial Stability Report. Indeed, the 15% limit on the proportion of the volume of new mortgages that can be advanced at a multiple of 4.5 times income or more is unlikely to prevent a further rise in high loan-to-income ratio lending, given that the limit is a fair way above the actual current proportion of 10%. Furthermore, the tweaks to the existing stress tests used to assess mortgage applicants seem unlikely to make a material difference either. Admittedly, the housing market has already shown some signs of slowing of its own accord. Indeed, approvals for new mortgages fell to an eleven-month low in May, and the new buyer enquiries balance of the RICS Housing Market Survey has continued to moderate. However, with supply remaining tight, further strong increases in house prices in the near-term look likely. Although the FPC could announce further measures at a later date, the timidity of its actions so far may have slightly increased the chances that the MPC could raise Bank Rate in the not too distant future.

Internationally, the robust 217,000 increase in US non-farm payrolls in May is another encouraging sign that the economy is getting back on the right track after the weather-related weakness during the winter. The 0.6% m/m rise in US industrial production in May also suggests that activity is bouncing back. Meanwhile, the US Federal Reserve continued tapering its asset purchases by a further \$10bn in June's policy meeting and highlighted that the benign outlook for inflation means monetary policy will remain loose for some time. The Fed lowered its forecasts for GDP growth and unemployment, but the FOMC's policy statement made no reference to the recent build up of price pressures.

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Activity indicators for the Eurozone suggest that the recovery only gained a little momentum in Q2. Moreover, the spectre of deflation continues to hang over the region. HICP inflation fell from 0.7% to 0.5% in May, the joint weakest rate since 2009 and far beneath the ECB's 2% price stability ceiling. Furthermore, unit labour costs have risen by just 0.1% in the past year. As developments in wages tend to affect wider measures of inflation after a short lag, the latest data suggests that consumer price inflation could fall even further. Accordingly, the ECB made a number of announcements in June designed to boost bank lending and counter deflationary risks, including rate cuts and potential asset purchases. However, the policies involved are not as bold as they might seem. The interest rate cuts were very small and the decision not to sterilise bond purchases made under the Securities Markets Programme amounts to just 1.7% of GDP.

In the UK, equities continued to underperform, despite improving expectations for the strength and sustainability of the UK's recovery. Indeed, they have continued to underperform US equities, even though the consensus expects the UK to grow faster than the US in 2014. Meanwhile, gilt yields edged up – particularly at the short-end of the curve – following the MPC's communications in June, which were more hawkish than May's Inflation Report. In contrast, forward rates at the long end of the curve fell further, although it is not clear whether this is a result of pessimism about the UK's growth prospects in the long run, or a decline in the term premium which reflects uncertainty about the future path of interest rates.

Interest rate forecast

The Council's treasury advisor, Capita, provides the following forecast:

	Sep-14	Dec-14	Mar-15	Jun-15	Sep-15	Dec-15	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17
Bank rate	0.50%	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.25%	1.50%	1.75%	2.00%	2.00%
5yr PWLB rate	2.70%	2.80%	2.90%	3.00%	3.00%	3.10%	3.20%	3.30%	3.30%	3.40%	3.50%	3.60%
10yr PWLB rate	3.70%	3.70%	3.80%	3.90%	4.00%	4.00%	4.10%	4.20%	4.20%	4.30%	4.40%	4.40%
25yr PWLB rate	4.40%	4.40%	4.50%	4.60%	4.70%	4.70%	4.80%	4.80%	4.90%	4.90%	4.90%	5.00%
50yr PWLB rate	4.40%	4.40%	4.50%	4.60%	4.70%	4.70%	4.80%	4.80%	4.90%	4.90%	4.90%	5.00%

Capita Asset Services undertook a review of its interest rate forecasts in May, after the Bank of England's Inflation Report. However, more recent developments to the Bank of England's forward guidance have necessitated a second updating in this quarter carried out on 30 June. This latest forecast now includes a first increase in Bank Rate in quarter 1 of 2015 (previously quarter 4 of 2015).

Summary Outlook

UK economy

Over the last four quarters, we have had a continuing run of strong economic news which has consolidated confidence that the UK economy is recovering strongly. However, please note that the Governor said the economy “has only just begun to head back towards normal” after the slowest ever recovery from a recession. Widespread disbelief that unemployment would take nearly three years to fall to 7%, as the Bank forecast at the time of the August Inflation Report, has indeed proved to be well founded as the rate fell to 6.8% in Q1 2014 and then to 6.6% in quarter 2. Accordingly, this latest Inflation Report has seen the Bank provide a view of the economy as moving from a recovery supported by household spending to a more broadly based expansion sustained by:-

- Growth in business investment;
- A change from falling to rising real wages (average wage increases started to exceed the rate of CPI inflation over the last quarter but more recently, this situation has reversed back again);
- Increasing employment;
- Productivity growth to support those real wage increases and improve export competitiveness – expected to reach 2.5% by the end of 2014.

Key economic statistics in the Inflation Report were as follows: -

- GDP has grown at an annual rate of 3.1% over the last four quarters;
- Bank of England GDP forecasts: 2014 unchanged at 3.4%, 2015 upped from 2.7% to 2.9%, and for 2016 unchanged at 2.8%;
- Inflation to be well behaved over the next two years: rising to 2.0% in two years’ time from 1.7% in Q2 2015;
- Growth of productivity has only started to marginally improve, although it is expected to gradually rise back to its average historical rate.

We have reservations that the Bank’s current forecasts for GDP growth may be over optimistic and that strong economic growth could weaken as the main impetus has come from consumer spending and an uplift in borrowing to buy property. Whilst the release of this burst of pent up demand to buy property is having a very welcome effect on the economy, this surge is likely to fade in time and will then leave a question mark over where growth is going to come from.

Basically, there are four main areas of demand in the UK economy: -

- Consumers – but most consumers are maxed out on borrowing and trying to pay down debt. In addition, although average wage inflation is now higher than CPI inflation, many consumers are still experiencing declining disposable income as their wage increases are continuing to be less than inflation. This will not reverse until productivity and business investment improve, so as to warrant paying higher wages than are being paid currently. It is mainly higher wages that could provide a solid stimulus to an increase in

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consumer expenditure which would then underpin strong growth. There are also concerns that a significant number of mortgage holders are going to find it very difficult to manage increases in Bank Rate, and so in mortgage rates, when they do start.

- Government – again, maxed out on borrowing and committed to austerity programmes to reduce its expenditure. Further austerity measures are still to come.
- Foreigners buying our exports – but the EU, our major export market, is likely to experience tepid growth, at best, for the next few years. Also the rise in the value of Sterling means that imports are becoming cheaper which will cause UK consumers to increase purchases of cheaper imported goods in preference to UK produced competing products, so depressing UK GDP growth.
- Business investment in fixed capital formation; but this has fallen from 13.5% to 10.4% of GDP over 2008 - 2013. However, there are encouraging signs that businesses are catching the upturn in optimism and are beginning to increase investment and exports into new markets in emerging countries. However, it will take a significant length of time for this start to make a material impact on total UK GDP growth rates and to take over the baton from consumers.

Global economy

We can only repeat our previous warnings that we are in times when events can precipitate major volatility in markets. During this year we have seen a flight to safe havens resulting from investment flows out of emerging countries back to western economies as the prospects for higher growth in these economies has improved. This has been triggered by the Fed's start to tapering and successive months of reducing QE purchases by \$10bn per month.

As for the EZ, while Ireland and Portugal have made very good progress and have been able to exit from their bail out programmes, there remains the prospect that Greece could require a third bailout package, though not one on the same scale as the first two.

A further concern over the EZ is the potential “Japanification” of the economy as some countries are now experiencing, or are very near to, deflation. Deflation causes a real increase in the value of debt. This is dangerous in itself for already heavily indebted countries but even more so where countries are still running up annual deficits of 3% or more. We are, therefore, concerned that some EZ countries experiencing low growth, will, over the next few years, see a significant increase in total government debt to GDP ratios. There is a potential danger for these ratios to 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 larger countries were to experience a major crisis of market confidence, this would present a serious challenge to the ECB and to EZ politicians. All eyes are currently on the ECB in terms of whether they will provide further policy support, having resorted to negative interest rates in June in an effort to encourage financial institutions to lend into the “real economy”.

Capita's forward view

We would remind clients of the view that we expressed in our previous interest rate revision newsflashes of just how unpredictable PWLB rates and bond yields are as we are experiencing volatility which is highly correlated to geo-political developments.

As there remain the threat of potential risks from a number of sources caution must be exercised in respect of all interest rate forecasts at the current time. The general expectation for an eventual trend of gently rising gilt yields and PWLB rates is predicted to remain unchanged, as market fundamentals will focus on the improved UK economic performance as well as issues such as the sheer volume of UK gilt issuance (and also US Treasury issuance) and the price of those new debt issues. Negative (or positive) developments on the geo-political front as well as any fresh issues regarding an EZ-related sovereign debt crisis could significantly impact safe-haven flows of investor money into UK, US and German bonds and produce shorter term movements away from our central forecasts.

Our interest rate forecast is based on an initial assumption that we will not be heading into 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, therefore, has the potential to dampen UK growth, as the EU is our biggest export market.

Our PWLB forecasts are based around a balance of risks. However, we would flag up the potential for upside risks, especially for longer term PWLB rates, as follows:-

- A further surge in investor confidence that robust world economic growth is firmly expected, causing a greater flow of funds out of bonds and into equities.
- UK inflation being significantly higher than in the wider EU and US, causing an increase in the inflation premium inherent to gilt yields.

Downside risks currently include:-

- The situation over Ukraine poses a major threat to EZ and world growth if it was to deteriorate into "economic warfare" between the West and Russia, where Russia resorted to using its control over gas supplies to Europe. Heightened political risks in the Middle East and East Asia could also trigger safe haven flows back into bonds.
- A failure to rebalance UK growth towards exporting and business investment causing a weakening of overall economic growth beyond 2014.
- A resurgence of the EZ sovereign debt crisis caused by ongoing deterioration in government debt to GDP ratios.
- Recapitalising of European banks requiring more government financial support.

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- Lack of support by populaces in Eurozone countries for austerity programmes, especially in countries with very high unemployment rates e.g. Greece and Spain, which still face huge challenges in engineering economic growth to correct their budget deficits on a sustainable basis.
- Monetary policy action failing to stimulate sustainable growth in western economies, especially the Eurozone and Japan.
- There are also increasing concerns that the reluctance of western economies to raise interest rates significantly for some years. This plus the huge QE measures which remain in place (and may be added to by the ECB in the near future), has created potentially unstable flows of liquidity searching for yield and therefore heightened the potential for an increase in risks in order to get higher returns. This is a return of the same environment which led to the 2008 financial crisis.

Wolverhampton City Council
Specified Investments Lending List as at 30 June 2014

Institution	Country (Sovereign Rating)	Limit £000	Term Limit
Australia & New Zealand Banking Group Ltd	Australia (AAA)	10,000	6 mths
Bank Netherlandse Gemeenten	Netherlands (AAA)	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 BA	Netherlands (AAA)	10,000	6 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 (AAA)	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)	5,000	3 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 (AAA)	10,000	6 mths
Svenska Handelsbanken AB	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	UK (AAA)	10,000	3 mths
Lloyds Bank plc	UK (AAA)	10,000	3 mths
Royal Bank of Scotland Group plc			
National Westminster Bank plc	UK (AAA)	10,000	3 mths
The Royal Bank of Scotland plc	UK (AAA)	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

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.

	Approved by Cabinet *				As at 30 June 2014			
	2013/14	2014/15	2015/16	2016/17	2013/14	2014/15	2015/16	2016/17
	Forecast	Forecast	Forecast	Forecast	Actual	Forecast	Forecast	Forecast
General Fund	9.3%	10.3%	14.0%	15.6%	4.7%	10.2%	13.2%	15.0%
HRA	13.3%	12.3%	12.1%	12.6%	13.9%	11.2%	12.4%	13.8%

* 2013/14 approved by Cabinet 26 February 2013, 2014/15 onwards approved by Cabinet 25 February 2014.

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.

	Approved by Cabinet *				As at 30 June 2014			
	2013/14	2014/15	2015/16	2016/17	2013/14	2014/15	2015/16	2016/17
	Forecast	Forecast	Forecast	Forecast	Actual	Forecast	Forecast	Forecast
	£	£	£	£	£	£	£	£
For Band D council tax								
Implications of the Capital Programme for Year	222.50	201.41	236.60	243.92	40.11	164.06	221.11	225.48
Financial Year Impact	222.50	201.41	236.60	243.92	40.11	164.06	221.11	225.48
For average weekly housing rents								
Implications of the Capital Programme for Year	3.10	4.65	5.34	6.13	0.85	4.09	6.35	7.55
Financial Year Impact	3.10	4.65	5.34	6.13	0.85	4.09	6.35	7.55
For Band D council tax								
Implications of the Capital Programme for Year	0.13	2.02	(7.64)	(15.44)	(34.12)	(37.35)	(15.47)	(18.44)
Marginal Impact to Treasury Management Strategy	0.13	2.02	(7.64)	(15.44)	(34.12)	(37.35)	(15.47)	(18.44)
For average weekly housing rents								
Implications of the Capital Programme for Year	-	-	-	-	(1.90)	(0.56)	1.02	1.42
Marginal Impact to Treasury Management Strategy	-	-	-	-	(1.90)	(0.56)	1.02	1.42

* 2013/14 approved by Cabinet 26 February 2013, 2014/15 onwards approved by Cabinet 25 February 2014.

PI 3 - Estimates and actual capital expenditure.

Full details of capital expenditure plans and funding can be found in the Capital Budget Outturn 2013/14 including Quarter One Monitoring 2014/15 report.

	Approved by Cabinet *				As at 30 June 2014			
	2013/14	2014/15	2015/16	2016/17	2013/14	2014/15	2015/16	2016/17
	Forecast	Forecast	Forecast	Forecast	Actual	Forecast	Forecast	Forecast
	£000	£000	£000	£000	£000	£000	£000	£000
General Fund	137,040	111,799	36,889	18,290	117,531	125,220	48,007	14,657
HRA	52,359	57,928	30,477	33,228	43,061	84,431	50,503	38,233
	189,399	169,727	67,366	51,518	160,592	209,651	98,510	52,890

* 2013/14 approved by Cabinet 26 February 2013, 2014/15 onwards approved by Cabinet 25 February 2014.

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.

	Approved by Cabinet *				As at 30 June 2014			
	2013/14	2014/15	2015/16	2016/17	2013/14	2014/15	2015/16	2016/17
	Forecast	Forecast	Forecast	Forecast	Actual	Forecast	Forecast	Forecast
	£000	£000	£000	£000	£000	£000	£000	£000
General Fund	472,390	570,638	573,285	556,896	456,723	558,507	576,424	559,293
HRA	318,992	352,603	347,163	340,438	311,691	339,254	352,679	350,420
	791,382	923,241	920,448	897,334	768,414	897,761	929,103	909,713

* 2013/14 approved by Cabinet 26 February 2013, 2014/15 onwards approved by Cabinet 25 February 2014.

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).

	Approved by Cabinet *				As at 30 June 2014			
	2013/14	2014/15	2015/16	2016/17	2013/14	2014/15	2015/16	2016/17
	Limit	Limit	Limit	Limit	Actual	Forecast	Forecast	Forecast
	£000	£000	£000	£000	£000	£000	£000	£000
Borrowing	838,982	896,862	909,345	919,984	705,391	853,899	904,770	911,102
Other Long Term Liabilities	66,815	109,740	98,092	96,145	63,144	109,740	98,092	96,145
Total	905,797	1,006,602	1,007,437	1,016,129	768,535	963,639	1,002,862	1,007,247

* 2013/14 approved by Cabinet 26 February 2013, 2014/15 onwards approved by Cabinet 25 February 2014.

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.

	Approved by Cabinet *				As at 30 June 2014			
	2013/14	2014/15	2015/16	2016/17	2013/14	2014/15	2015/16	2016/17
	Limit	Limit	Limit	Limit	Actual	Forecast	Forecast	Forecast
	£000	£000	£000	£000	£000	£000	£000	£000
Borrowing	820,095	870,926	901,661	916,319	705,391	824,197	888,655	906,612
Other Long Term Liabilities	66,815	100,057	98,092	96,145	63,144	100,057	98,092	96,145
Total	886,910	970,983	999,753	1,012,464	768,535	924,254	986,747	1,002,757

* 2013/14 approved by Cabinet 26 February 2013, 2014/15 onwards approved by Cabinet 25 February 2014.

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.

	Approved by Cabinet *				As at 30 June 2014			
	2013/14	2014/15	2015/16	2016/17	2013/14	2014/15	2015/16	2016/17
	Forecast	Forecast	Forecast	Forecast	Actual	Forecast	Forecast	Forecast
	£000	£000	£000	£000	£000	£000	£000	£000
HRA Debt Limit	356,770	356,770	356,770	356,770	356,770	356,770	356,770	356,770
HRA Capital Financing Requirement	318,992	352,603	347,163	340,438	311,691	339,254	352,679	350,420
Headroom	37,778	4,167	9,607	16,332	45,079	17,516	4,091	6,350

* 2013/14 approved by Cabinet 26 February 2013, 2014/15 onwards approved by Cabinet 25 February 2014.

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.

	Approved by Cabinet **				As at 30 June 2014			
	2013/14	2014/15	2015/16	2016/17	2013/14	2014/15	2015/16	2016/17
	Forecast £000	Forecast £000	Forecast £000	Forecast £000	Actual £000	Forecast £000	Forecast £000	Forecast £000
Forecast Capital Financing Requirement at end of Second Year	795,905	920,448	923,241	920,448	929,102	929,102	929,102	929,102
Gross Debt	617,330	804,343	833,112	845,824	626,301	782,020	844,513	860,523
Capital Financing Requirement Greater than Gross	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

** 2013/14 approved by Cabinet 18 September 2013, 2014/15 onwards approved by Cabinet 25 February 2014.

PI 9 - Has the local authority adopted the CIPFA Treasury Management in the Public Services: Code of Practice.

Yes

Treasury Management Indicators (TMI)

TMI 1 - 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.

	Approved by Cabinet *				As at 30 June 2014			
	2013/14	2014/15	2015/16	2016/17	2013/14	2014/15	2015/16	2016/17
	Limit	Limit	Limit	Limit	Actual	Forecast	Forecast	Forecast
Upper limit for fixed rate	100%	100%	100%	100%	82%	85%	86%	86%
Upper limit for variable rate	20%	20%	20%	20%	18%	15%	14%	14%

* 2013/14 approved by Cabinet 26 February 2013, 2014/15 onwards approved by Cabinet 25 February 2014.

TMI 2 - Upper and lower limits to the maturity structure of its borrowing.

These limits relate to the % of fixed rate debt maturing.

	Approved by Cabinet *		As at 30 June 2014	
	Upper Limit	Lower Limit	2013/14 Actual Borrowing	2014/15 Forecast Borrowing
Under 12 months	10%	0%	9.80%	7.28%
12 months and within 24 months	15%	0%	9.06%	4.65%
24 months and within 5 years	20%	0%	16.68%	17.49%
5 years and within 10 years	20%	0%	3.76%	3.03%
10 years and above	90%	50%	60.70%	67.55%

* 2013/14 approved by Cabinet 26 February 2013, 2014/15 onwards approved by Cabinet 25 February 2014.

TMI 3 - 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).

	Approved by Cabinet *				As at 30 June 2014			
	2013/14	2014/15	2015/16	2016/17	2013/14	2014/15	2015/16	2016/17
	Limit £000	Limit £000	Limit £000	Limit £000	Actual £000	Forecast £000	Forecast £000	Forecast £000
Upper limit for more than 364 days	35,000	35,000	35,000	35,000	-	35,000	35,000	35,000

* 2013/14 approved by Cabinet 26 February 2013, 2014/15 onwards approved by Cabinet 25 February 2014.

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			As at 30 June 2014		
	2013/14 Forecast £000	2014/15 Forecast £000	2015/16 Forecast £000	2013/14 Actual 000	2014/15 Forecast £000	2015/16 Forecast £000
Net Borrowing Requirement:						
Borrowing to Finance approved Capital Expenditure	81,410	103,742	30,735	35,945	118,806	64,458
Existing Maturity Loans to be Replaced During the Year	135,777	90,000	76,605	150,182	65,000	41,605
Less: Minimum Revenue Provision for Debt Repayment	(12,235)	(13,646)	(17,394)	(1,869)	(12,783)	(15,808)
Voluntary Debt Repayment	(10,057)	(11,804)	(14,169)	(14,458)	(13,711)	(15,343)
	(22,292)	(25,450)	(31,563)	(16,327)	(26,494)	(31,151)
Loans Replaced Less Debt Repayment	113,485	64,550	45,042	133,855	38,506	10,454
Net Advance Requirement	194,895	168,292	75,777	169,800	157,312	74,912



Cabinet Meeting

23 July 2014

Report title	Housing revenue account business plan update quarter one 2014/15	
Decision designation	RED	
Cabinet member with lead responsibility	Councillor Peter Bilson Economic Regeneration and Prosperity	
Key decision	No	
In forward plan	Yes	
Wards affected	All	
Accountable director	Tim Johnson, Education and Enterprise	
Originating service	Delivery	
Accountable employee(s)	Mark Taylor	Assistant Director Finance
	Tel	01902 556609
	Email	Mark.taylor@wolverhampton.gov.uk
	Chris Hale	Head of Housing
	Tel	01902 551796
	Email	Chris.Hale@wolverhampton.gov.uk
Report to be/has been considered by	None	

Recommendation(s) for action or decision:

That Council be recommended to:

Adopt the business plan set out at appendix A as the approved Housing Revenue Account (HRA) business plan, including the capital programme for 2014/15 to 2018/19 set out in the plan.

Recommendations for noting:

That Council is asked to note:

1. The outturn against the 2013/14 revenue budget was a surplus before allocations of £14.5 million compared to a budgeted surplus of £10.6 million, and total capital expenditure for the year was £43.1 million.
2. The forecast outturn against the 2014/15 revenue budget is a surplus before allocations of £11.9 million compared to a budgeted surplus of £11.9 million.

1.0 Purpose

1.1 This report presents an updated Housing Revenue Account (HRA) business plan for approval by full Council, which has been revised to reflect information received and changes in assumptions since the last update (22 January 2014).

2.0 Executive Summary

2.1 The HRA continues to be forecast to have sufficient resources to fund the £1.9 billion of capital works that will be required to its houses over the next 30 years, as well as meeting its management and maintenance obligations over the same period. Further details of the updated business plan can be found at Appendices A1-A5.

2.2 Appendix A2 presents the forecast debt curve alongside forecast capital expenditure graphically. Where the debt curve rises steeply, for example in 2015/16, this reflects a step up in capital expenditure for the year compared to the previous year, reflecting a number of components coming to the end of their intended lives and needing to be replaced.

2.3 Detailed capital budgets are provided at Appendix A5. The only significant changes to capital budgets since the most recent update to Cabinet are the inclusion of the planned expenditure for 2018/19, the inclusion of a budget of £1.5 million for new build infill schemes as well as the inclusion of several new Homes and Communities Agency (HCA) backed schemes which required virements from the new build budget, the largest of which was a virement of £1.9 million to fund the mortgage rescue scheme. There has also been an additional grant made by the HCA of £895,000 to fund a further 100 backlog dwellings being made decent. It should be noted that the council is no longer planning on carrying out the Empty Property Funded right to buy buy-back and grant and loan fund schemes which had previously been approved, due to the housing market uplift which reduced the opportunities to deliver these schemes within the grant deadlines and conditions.

2.4 The revenue outturn for 2013/14 was a surplus (before allocations to reserves and redemption of debt) of £14.5 million compared to a budgeted surplus of £10.6 million. This was primarily due to the council's treasury management strategy of using cash balances rather than taking on additional external borrowing wherever possible, which generated a saving of £2.7 million. There was also a saving of £1.1 million on the net cost of services. This was primarily due to bad debts being lower than had been forecast generating a saving on budget of £700,000 and costs being lower for repairs and maintenance than had been forecast by £400,000. This is after a revision to the recharge mechanism between the HRA and the general fund leading to the recharge to the HRA being some £600,000 more than had been originally budgeted for.

2.5 Total capital expenditure for 2013/14 was £43.1 million, £32.2 million less than the £75.3 million budgeted. This was primarily due to the strategic construction partnership not coming on stream as quickly as had been anticipated and a re-profiling of works which has moved significant amounts of planned expenditure into the current financial year. A detailed breakdown of capital expenditure for 2013/14 is included alongside the forecasts in Appendix A5.

- 2.6 The forecast revenue outturn for 2014/15 is a surplus before allocations of £13.9 million which is on budget. Further details of the forecast revenue outturn are provided at Appendix B2.
- 2.7 Appendix C provides a detailed analysis of the risks associated with the HRA Budget and Capital Programme, along with details of the risk control measures that are in place in order to manage and mitigate the risks as far as possible. The overall risk associated with the budget continues to be quantified as Amber.

4.0 Financial implications

- 4.1 The financial implications are discussed in the body of the report.
[CF/11072014/S]

5.0 Legal implications

- 5.1 Part VI of the Local Government and Housing Act 1989 (as amended by the Leasehold Reform Housing and Urban Development Act 1993, the Housing Act 1996 and the Local Government Act 2003) set up the financial regime for local authority housing.
- 5.2 The system requires the ring-fencing of the HRA and introduced a government subsidy scheme and controls on local authority borrowing to meet capital expenditure.
- 5.3 This report embodies those requirements.
[RB/10072014/RLB]

6.0 Equalities implications

- 6.1 An initial screening undertaken on this HRA Plan shows there are no equality implications and that a full analysis is not needed.

7.0 Environmental implications

- 7.1 This report has no environmental implications.

8.0 Human resources implications

- 8.1 This report has no human resources implications.

9.0 Corporate landlord implications

- 9.1 This report has no corporate landlord implications.

10.0 Schedule of background papers

- HRA Manual (DCLG)
- Guide to Social Rent Reforms in the Local Authority Sector (DCLG)

- Housing Revenue Account Business Plan (including 2014/15 budget rents and service charges), report to Cabinet 22 January 2014.

11.0 Schedule of Appendices

App	Title	Page
A	Housing Revenue Account business plan	
A1	30-year business plan	6
A2	Forecast capital expenditure and debt curve	8
A3	Medium term business plan	9
A4	Management and maintenance medium term forecasts	11
A5	Capital programme	12
B	Revenue budgets	
B1	Revenue outturn 2013/14	16
B2	Forecast revenue outturn 2014/15	18
C	Risk analysis	19

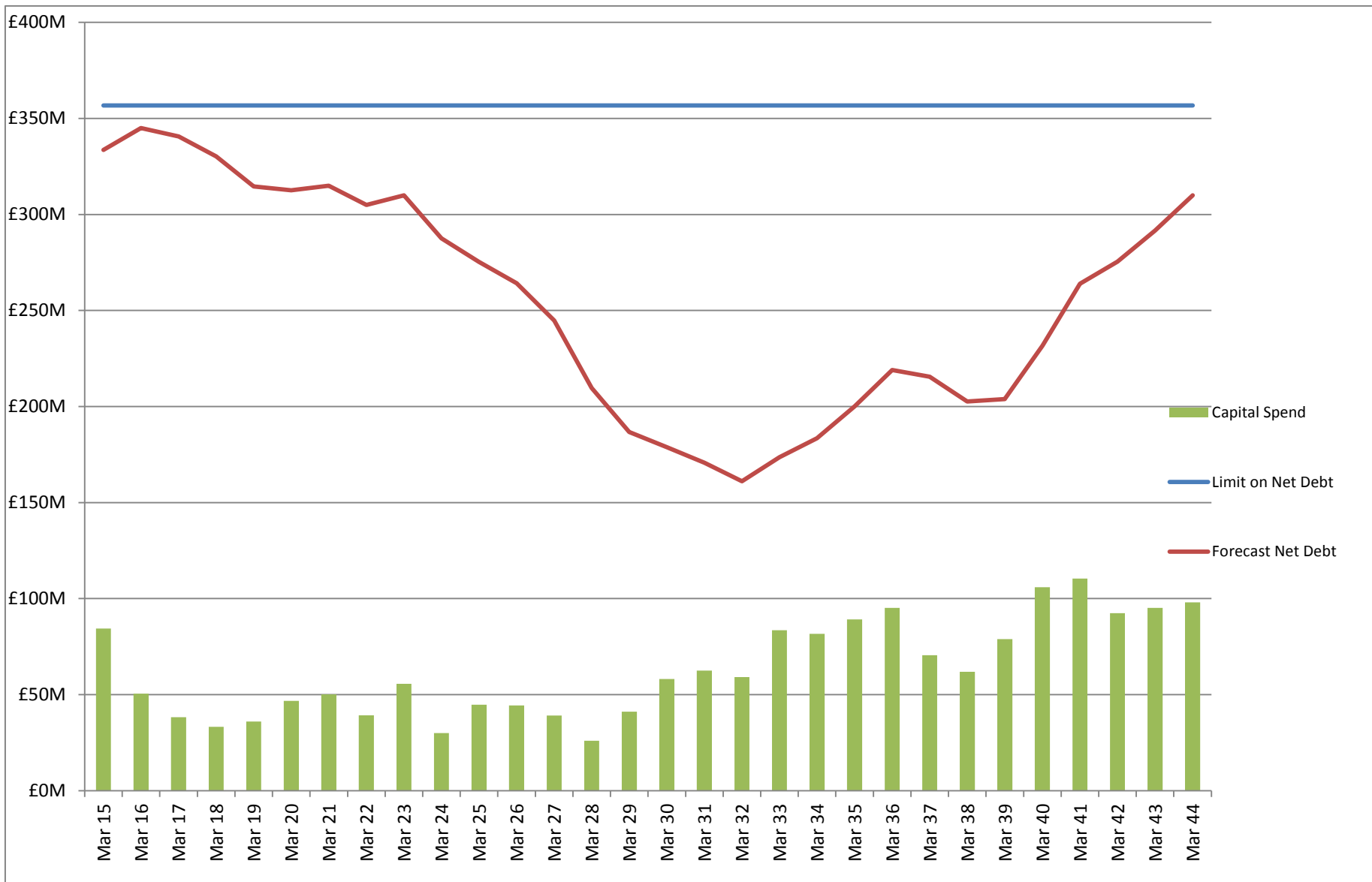
Appendix A1

30 year business plan 2014/15 to 2043/44

REVENUE ACCOUNT	Years	Years	Years	Years	Years	Years
	1 - 5	6 - 10	11 - 15	16 - 20	21 - 25	26 - 30
	£000	£000	£000	£000	£000	£000
Income						
Dwelling rents	(481,756)	(547,782)	(620,034)	(700,180)	(788,484)	(885,350)
Other rents	(8,624)	(9,463)	(10,446)	(11,614)	(13,001)	(14,648)
Service charges	(27,306)	(28,418)	(29,443)	(30,694)	(32,207)	(34,012)
	(517,686)	(585,663)	(659,923)	(742,488)	(833,692)	(934,010)
Expenditure						
Management and maintenance (net of retained surpluses)	237,940	261,243	304,075	352,636	409,028	474,507
Depreciation and provision for redemption of debt	208,501	248,757	295,948	348,239	375,178	395,886
Net financing costs	71,245	75,663	59,900	41,613	49,486	63,617
	517,686	585,663	659,923	742,488	833,692	934,010
Balance	-	-	-	-	-	-

CAPITAL ACCOUNT	Years 1 - 5 £000	Years 6 - 10 £000	Years 11 - 15 £000	Years 16 - 20 £000	Years 21 - 25 £000	Years 26 - 30 £000
Expenditure						
Capital expenditure	242,335	221,692	195,203	344,889	395,627	502,028
	242,335	221,692	195,203	344,889	395,627	502,028
Financing						
Decent homes funding	(11,650)	-	-	-	-	-
Major repairs	(121,067)	(107,322)	(105,816)	(104,233)	(102,571)	(100,894)
Grants, contributions and receipts	(6,983)	-	-	-	-	-
Borrowing	(102,635)	(114,370)	(89,387)	(240,656)	(293,056)	(401,134)
	(242,335)	(221,692)	(195,203)	(344,889)	(395,627)	(502,028)
Balance	-	-	-	-	-	-
CAPITAL FINANCING REQUIREMENT	Years 1 - 5 £000	Years 6 - 10 £000	Years 11 - 15 £000	Years 16 - 20 £000	Years 21 - 25 £000	Years 26 - 30 £000
Opening capital financing requirement	311,691	314,577	287,510	186,763	183,411	203,858
Capital expenditure financed by borrowing	102,635	114,370	89,387	240,656	293,056	401,134
Provision for redemption of debt	(99,749)	(141,437)	(190,134)	(244,008)	(272,609)	(294,994)
Net movement in capital financing requirement	2,886	(27,067)	(100,747)	(3,352)	20,447	106,140
Closing capital financing requirement	314,577	287,510	186,763	183,411	203,858	309,998
Borrowing cap	356,770	356,770	356,770	356,770	356,770	356,770
Borrowing headroom	42,193	69,260	170,007	173,359	152,912	46,772

Appendix A2 - Forecast capital expenditure and debt curve 2014/15 to 2043/44



Appendix A3
Medium term business plan

REVENUE ACCOUNT	2014/15 Forecast £000	2015/16 Forecast £000	2016/17 Forecast £000	2017/18 Forecast £000	2018/19 Forecast £000
Income					
Dwelling rents	(91,487)	(93,946)	(96,429)	(98,737)	(101,157)
Other rents	(1,661)	(1,692)	(1,725)	(1,757)	(1,789)
Service charges	(5,312)	(5,421)	(5,482)	(5,530)	(5,561)
	(98,460)	(101,059)	(103,636)	(106,024)	(108,507)
Expenditure					
Management and maintenance (net of retained surpluses)	47,152	47,147	47,346	47,545	47,750
Depreciation	21,861	21,807	21,752	21,695	21,639
Net financing costs	10,974	14,750	14,915	14,748	15,858
	79,987	83,704	84,013	83,988	85,247
Surplus/deficit for the year	(18,473)	(17,355)	(19,623)	(22,036)	(23,260)
Provision for the redemption of debt	18,473	17,355	19,623	22,036	22,260
Transfer to HRA reserve	-	-	-	-	1,000
Balance	-	-	-	-	-

CAPITAL ACCOUNT	2014/15 Forecast £000	2015/16 Forecast £000	2016/17 Forecast £000	2017/18 Forecast £000	2018/19 Forecast £000
Expenditure					
Capital expenditure	84,431	50,503	38,233	33,178	35,990
	84,431	50,503	38,233	33,178	35,990
Financing					
Decent homes funding	(11,650)	-	-	-	-
Major repairs	(29,608)	(20,575)	(21,994)	(20,563)	(28,327)
Grants, contributions and receipts	(2,793)	(1,160)	(1,010)	(1,010)	(1,010)
Borrowing	(40,380)	(28,768)	(15,229)	(11,605)	(6,653)
	(84,431)	(50,503)	(38,233)	(33,178)	(35,990)
Balance	-	-	-	-	-
CAPITAL FINANCING REQUIREMENT	2014/15 Forecast £000	2015/16 Forecast £000	2016/17 Forecast £000	2017/18 Forecast £000	2018/19 Forecast £000
Opening capital financing requirement	311,691	333,598	345,011	340,616	330,185
Capital expenditure financed by borrowing	40,380	28,768	15,229	11,605	6,653
Provision for redemption of debt	(18,473)	(17,355)	(19,623)	(22,036)	(22,260)
Net movement in capital financing requirement	21,907	11,413	(4,394)	(10,431)	(15,607)
Closing capital financing requirement	333,598	345,011	340,616	330,185	314,577
Borrowing cap	356,770	356,770	356,770	356,770	356,770
Borrowing headroom	23,172	11,759	16,154	26,585	42,193

Appendix A4
Management and maintenance medium term forecasts

	2014/15 Forecast £000	2015/16 Forecast £000	2016/17 Forecast £000	2017/18 Forecast £000	2018/19 Forecast £000
Wolverhampton Homes – Basic	37,881	37,881	37,881	37,881	37,881
Wolverhampton Homes - Fencing	119	119	119	119	119
Bushbury Hill EMB	1,261	1,261	1,261	1,261	1,261
New Park Village TMO	375	375	375	375	375
Springfield Horseshoe TMO	353	353	353	353	353
Dovecotes TMO	1,091	1,091	1,091	1,091	1,091
Housing Support	884	910	937	966	995
SLA charges	1,046	1,077	1,109	1,141	1,174
Pension contributions	2,284	2,353	2,424	2,497	2,572
Retained repairs and maintenance	(673)	(693)	(713)	(734)	(757)
Miscellaneous items	79	(124)	(129)	(134)	(137)
Total management and maintenance	44,700	44,603	44,708	44,816	44,927

Appendix A5

Capital programme outturn 2103/14 and forecast expenditure by year 2014/15 to 2018/19

	Outturn 2013/14 £000	Forecast 2014/15 £000	Forecast 2015/16 £000	Forecast 2016/17 £000	Forecast 2017/18 £000	Forecast 2018/19 £000	Total forecast £000
Decent homes stock condition							
Graiseley High Rise	(60)	-	-	-	-	-	-
Scotlands Phase 6	50	-	-	-	-	-	-
Scotlands Phase 7	143	-	-	-	-	-	-
Scotlands Phase 8	2	-	-	-	-	-	-
Bushbury roof replacement	(15)	-	-	-	-	-	-
New park village	58	-	-	-	-	-	-
Restoration of void properties all saints	269	72	-	-	-	-	72
Heating and insulation programme	(11)	-	-	-	-	-	-
Heath town district heating	-	250	-	-	-	-	250
Sunset Place structural works	(14)	-	-	-	-	-	-
Merridale structural repairs	-	28	414	-	-	-	442
Graiseley Estate	174	-	-	-	-	-	-
Refurbishment of voids	-	3,607	4,823	4,609	4,546	4,134	21,719
Non-residential conversion	29	1,282	-	-	-	-	1,282
External improvement programme	2,083	1,900	2,200	2,200	2,200	2,200	10,700
Capitalised insurance costs	61	-	-	-	-	-	-
Boiler replacement programme	1,012	900	900	900	900	900	4,500
Decent homes – stock improvements	31,450	46,699	17,349	18,454	13,237	12,281	108,020
Decent homes – capitalised salaries	925	1,000	1,000	1,000	1,000	1,000	5,000
Decent homes stock condition	36,156	55,738	26,686	27,163	21,883	20,515	151,985

	Outturn 2013/14 £000	Forecast 2014/15 £000	Forecast 2015/16 £000	Forecast 2016/17 £000	Forecast 2017/18 £000	Forecast 2018/19 £000	Total forecast £000
Decent Homes public realm							
Old Heath Estate	(18)	-	-	-	-	-	-
Low Hill South	(22)	-	-	-	-	-	-
Scotlands	(12)	-	-	-	-	-	-
St Anne's	(67)	-	-	-	-	-	-
Bushbury Triangle	(30)	-	-	-	-	-	-
Street scaping	-	55	87	87	89	85	403
Communal area improvements		199	467	696	712	677	2,751
Decent Homes public realm	(149)	254	554	783	801	762	3,154
Other stock condition improvement							
Structural works	961	884	933	928	949	903	4,597
Purchase of former RtB	834	-	-	-	-	-	-
Lift and DDA improvements	1,156	1,013	601	597	724	688	3,623
Fire safety improvements – high rise	32	663	525	522	534	508	2,752
Roofing refurbishment programme - city wide	-	3,738	2,572	2,558	2,453	2,333	13,654
Energy efficiency works - city wide	-	1,768	2,333	2,320	2,373	2,257	11,051
Door entry security programme	234	387	408	406	415	395	2,011
Communal rewiring programme	-	111	117	116	119	113	576
Electrical rewiring	-	166	292	290	297	282	1,327
Replacement of lead pipes	-	22	117	174	237	254	804
Structural roof repairs	-	592	625	621	635	604	3,077
Other stock condition improvement	3,217	9,344	8,523	8,532	8,736	8,337	43,472

	Outturn 2013/14 £000	Forecast 2014/15 £000	Forecast 2015/16 £000	Forecast 2016/17 £000	Forecast 2017/18 £000	Forecast 2018/19 £000	Total forecast £000
Other improvements to the public realm							
Pathway improvement and safety programme	275	228	287	345	348	341	1,549
Other improvements to the public realm	275	228	287	345	348	341	1,549
Service enhancements and miscellaneous							
Digital TV	2	-	-	-	-	-	-
Document management costs	1	-	-	-	-	-	-
Sale of council house admin	1	10	10	10	10	10	50
Capitalised salaries	400	400	400	400	400	400	2,000
Feasibility studies	267	-	-	-	-	-	-
Service enhancements and miscellaneous	671	410	410	410	410	410	2,050
Adaptions for people with disabilities							
Disabled adaptions	1,014	1,463	1,000	1,000	1,000	1,000	5,463
Adaptions for people with disabilities	1,014	1,463	1,000	1,000	1,000	1,000	5,463
Major stock condition improvements							
Low Hill residential repairs	285	6,762	12,543	-	-	-	19,305
Major stock condition improvements	285	6,762	12,543	-	-	-	19,305
Estate Remodelling							
Blakenhall gardens	3	-	-	-	-	-	-
East Park Tarran bungalows	(5)	-	-	-	-	-	-
1-4-1 replacement programme	1,507	6,594	500	-	-	-	7,094
Commercial conversions	1	869	-	-	-	-	869
Mortgage rescue scheme	86	854	-	-	-	-	854
CaSSH fund	-	1,915	-	-	-	-	1,915

This report is PUBLIC
[NOT PROTECTIVELY MARKED]

	Outturn 2013/14 £000	Forecast 2014/15 £000	Forecast 2015/16 £000	Forecast 2016/17 £000	Forecast 2017/18 £000	Forecast 2018/19 £000	Total forecast £000
Estate Remodelling	1,592	10,232	500	-	-	-	10,732
Total	43,061	84,431	50,503	38,233	33,178	31,365	237,710

Appendix B1 Revenue Outturn 2013/14

1. The table below provides the revenue outturn for 2013/14 compared to the approved budget. It is important to note that debt redemption, in order to enable future years' capital expenditure, is a critical element of the business plan and as such in-year surpluses are committed and not generally available. This table fully reflects the budgeting and accounting arrangements applying since the 2012/13 self-financing regime was introduced, in accordance with which the table has been reformatted from previous reports to show surplus for the year before funds are allocated to reserves and/or the provision for redemption of debt.

	Approved Budget £000	2013/14 Outturn £000	Variance £000
Income			
Gross rents – dwellings	(89,000)	(89,000)	-
Gross rents – non dwellings	(1,600)	(1,600)	-
Charges to tenants for services and facilities	(5,000)	(5,000)	-
Total income	(95,600)	(95,600)	-
Expenditure			
Repairs and maintenance	26,200	25,800	(400)
Supervision and management	19,000	18,800	(200)
Rents, rates and taxes	200	400	200
Increase in provision for bad debts	1,600	900	(700)
Depreciation of fixed assets	21,900	21,900	-
Total expenditure	68,900	67,800	(1,100)
Net cost of HRA services	(26,700)	(27,800)	(1,100)
Interest payable	16,100	13,400	(2,700)
Interest and investment income	-	(100)	(100)
Adjustment for premiums and discounts	-	-	-
(Surplus)/deficit before transfers to/from reserves and provision for redemption of debt	(10,600)	(14,500)	(3,900)
Allocation of (surplus)/deficit			
Provision for redemption of debt	10,600	14,500	3,900
Balance for the year	-	-	-

2. The outturn position for the year was a surplus before allocations of £14.5 million, compared to a budgeted surplus of £10.6 million. The main causes of this favourable result are as follows:
 - a. Net financing costs – there was a saving of £2.7 million on net interest payable. This was due to the council’s treasury management strategy of using internally-generated cash balances in preference to entering into external borrowing wherever possible.
 - b. Bad debt provision – the bad debt provision was £700,000 less than had been forecast. This was due to the bad debts as a result of welfare reform not being as high as had been initially projected.
 - c. Management and maintenance – there were savings of £600,000 across management and maintenance services, due to effective control of budgets and close in-year monitoring.

3. In accordance with the strategy approved as part of the Business Plan adopted in February 2013, the HRA reserve has been maintained at £5 million and as such the surplus of £14.5 million has been used to pay down debt, thereby increasing the headroom within the government’s borrowing cap to fund future capital expenditure. Under the council’s Minimum Revenue Provision (MRP) policy, such additional provision can be recovered in future years if necessary, although this is not currently forecast to be the case.

Appendix B2

1. The table below sets out the forecast outturn against revenue budgets as at quarter one of 2014/15.

Forecast revenue outturn 2014/15 compared to budget

	Approved Budget £000	2014/15 Forecast Outturn £000	Variance £000
Income			
Gross rents – dwellings	(91,440)	(91,487)	(47)
Gross rents – non dwellings	(1,641)	(1,661)	(20)
Charges to tenants for services and facilities	(5,217)	(5,312)	(95)
Total income	(98,298)	(98,460)	(162)
Expenditure			
Repairs and maintenance	26,557	25,892	(665)
Supervision and management	18,775	18,808	33
Rents, rates and taxes	251	452	201
Increase in provision for bad debts	2,000	2,000	-
Depreciation of fixed assets	21,861	21,861	-
Total expenditure	69,444	69,013	(431)
Net cost of HRA services	(28,854)	(29,447)	(593)
Interest payable	17,049	11,089	(5,960)
Interest and investment income	-	(1)	-
Adjustment for premiums and discounts	(114)	(114)	-
(Surplus)/deficit before transfers to/from reserves and provision for redemption of debt	(11,919)	(18,473)	(6,553)
Allocation of (surplus)/deficit			
Provision for redemption of debt	11,919	18,473	6,553
Balance for the year	-	-	-

2. The only significant variance forecast is the £6.0 million forecast saving on interest payable arising mainly as a result of the council's strategy of using cash balances to finance capital expenditure rather than external borrowing.

Appendix C

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
1	Financial and Budget Management	Ineffective budget management.	Overspend against budget requiring either in year savings or use of housing revenue account balance.	2	4	8	A	<ul style="list-style-type: none"> Monthly monitoring at service level and quarterly monitoring to councillors. 	Assistant Director Finance	Monthly
2	Financial and Budget Management	Non pay inflation increase insufficient.	Overspend against budget requiring either in year savings or use of housing revenue account balance.	1	2	2	G	<ul style="list-style-type: none"> Monthly monitoring at service level and quarterly monitoring to councillors. 	Assistant Director Finance	Monthly
3	Financial and Budget Management	Pay award greater than budgeted (1%).	Overspend against budget requiring either in year savings or use of housing revenue account balance.	2	1	2	G	<ul style="list-style-type: none"> Monthly monitoring at service level and quarterly monitoring to councillors. 	Assistant Director Finance	Monthly
4	Financial and Budget Management	Staff turnover below assumed levels.	Overspend against budget requiring either in year savings or use of general fund balance.	2	1	2	G	<ul style="list-style-type: none"> As part of the development of 2014/2015 budgets staff turnover levels were reviewed and revised where possible and affordable. Monthly monitoring at service level and quarterly monitoring to councillors. 	Assistant Director Finance	Monthly
5	Financial and Budget Management	The HRA borrowing cap preventing the council from carrying out essential capital works.	Inability to borrow to fund capital projects results in delays or cancellations.	3	3	9	A	<ul style="list-style-type: none"> Close monitoring of capital spend requirements and borrowing limits. 	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
6	Financial and Budget Management	The 30 year asset management plan is inaccurate.	Capital expenditure is not budgeted correctly.	2	4	8	A	<ul style="list-style-type: none"> Close interrogation of information generated from asset management systems. 	Assistant Director Finance	Monthly
7	Financial and Budget Management	Assumptions which inform decision making regarding the balance of the need to reduce debt, invest in revenue or invest in capital are inaccurate.	Overspend against budget requiring either in year savings or use of housing revenue account balance.	2	3	6	A	<ul style="list-style-type: none"> A prudent approach to assumptions is taken. Monthly monitoring at service level and quarterly monitoring to councillors. 	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
8	Financial and Budget Management	Treasury Management Activity, including increases in the cost of borrowing (e.g. LOBO loans being called) and/or reductions in the return on investments.	Overspend against budget requiring either in year savings or use of housing revenue account balance.	3	4	12	A	<ul style="list-style-type: none"> • Robust Treasury Management Strategy. • Established and experienced Treasury Management function. • Proactive approach to the management of the council's cash flow, on a daily basis, including seeking opportunities to take advantage of borrowing opportunities when interest rates are favourable and seeking to maximise returns on investment whilst effectively managing the risk associated with those investments. • External treasury management advisors who provide a proactive and timely service and advice. 	Assistant Director Finance	Daily
9	Financial and Budget Management	Loss of ICT facilities, e.g. due to failure of systems and/or disaster recovery arrangements or key personnel	Lack of robust financial information on which to monitor budgets, leading to in-year budget deficit requiring savings to be identified or the use of housing revenue account balances	2	4	8	A	<ul style="list-style-type: none"> • ICT disaster recovery project and arrangements. 	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
10	Income and Funding	Reduction to other income.	Overspend against budget requiring either in year savings or use of housing revenue account balance.	2	3	6	A	<ul style="list-style-type: none"> As part of the 2014/2015 budget process income budgets were reviewed and revised accordingly. Monthly monitoring at service level and quarterly monitoring to councillors. 	Assistant Director Finance	Monthly
11	Income and Funding	Higher than anticipated bad debts.	Overspend against budget requiring either in year savings or use of housing revenue account balance.	3	3	9	A	<ul style="list-style-type: none"> Robust debt collection and recovery mechanisms in place. Monthly monitoring at service level and quarterly monitoring to councillors. 	Assistant Director Finance	Monthly
12	Income and Funding	Lower than anticipated levels of capital funding.	Capital schemes are cancelled or delayed or have to be funded from revenue budgets and/or prudential borrowing resulting in an over spend against budget requiring either in year savings or use of housing revenue account balance.	2	4	8	A	<ul style="list-style-type: none"> The capital programme is actively and closely managed and when so doing expenditure and income streams are continuously monitored. A Capital Programme Working Group is now established which provides enhanced governance and control in respect of the capital programme Quarterly monitoring to councillors. The council can seek external advice for technical support when reviewing the asset management plan as required. 	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
13	Service Demands	Increased demand for services including the impact of social and demographic pressures on demand for services, these pressures can be compounded in an economic downturn.	Overspend against budget requiring either in year savings or use of housing revenue account balance.	1	3	3	G	<ul style="list-style-type: none"> As part of the 2014/2015 budget process budgets were reviewed and revised accordingly taking account of known and anticipated increases in demand. Monthly monitoring at service level and quarterly monitoring to councillors. 	Budget Managers	Monthly
14	Third Parties	Third parties and suppliers / contractors cease to trade or withdraw from the market.	Short term expensive solutions may be necessary. Requirements to undertake tender exercise. Increased ongoing cost due to reduced competition. Overspend against budget requiring either in year savings or use of housing revenue account balance.	1	4	4	A	<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. Monthly monitoring at service level and quarterly monitoring to councillors. 	Budget Managers	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
15	Government Policy	There are changes to Government policy that have in year service and budget impact.	Overspend against budget requiring either in year savings or use of housing revenue account balance.	2	5	10	A	<ul style="list-style-type: none"> Monthly monitoring at service level and quarterly monitoring to councillors. Close monitoring of developing national position and reporting to councillors. 	Budget Managers	Monthly



Cabinet Meeting

23 July 2014

Report title	Black Country Growth Hub: Grants to Third Parties	
Decision designation	RED	
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	Partnerships Economy and Culture	
Accountable employee(s)	Corin Crane	Head of Economic Partnerships and Investment
	Tel	01902 550166
	Email	Corin.crane@wolverhampton.gov.uk
Report to be/has been considered by	N/A	

Recommendation(s) for action or decision:

That Cabinet recommend that full Council:

1. Approve an increase of a grant from £130,000 to £325,000 to the University of Wolverhampton, a third party provider for the management of the externally funded Black Country Growth Hub for them to act as employer for the Growth Hub team.
2. Approve the payment of a grant of £73,806 to the Black Country Consortium to fund an Access to Finance Project Manager and contribute towards one day a week of an Economic Development Co-ordinator and Administration and Finance Support together with recruitment costs for the Access to Finance Project Manager as part of the externally funded Black Country Growth.
3. Authorise the Chief Legal Officer to approve the execution of the contracts.

1.0 Purpose

- 1.1 The purpose of the report is to seek approval to increase a grant to the University of Wolverhampton and the Black Country Consortium to manage the Regional Growth Fund funded Black Country Growth Hub.

2.0 Background

- 2.1 Attracting external resources is becoming increasingly important in order to implement our strategic priorities. The City Council has led on a number of successful bids for external funding supporting the corporate objective 'encouraging enterprise and business'.
- 2.2 Black Country Growth Hub is funded by £3.1 million from Regional Growth Fund (RGF) as part of City Deal. Cabinet (Resources) Panel agreed on 26 November 2013 for Wolverhampton to act as accountable body for the Black Country Growth Hub for the first phase. The Panel agreed delegated authority to the Cabinet Member for Economic Regeneration and Prosperity issue grants to third parties under £50,000 on 11 March 2014. On 14 May 2014 Cabinet recommended that full Council approve the payment of grants to third party providers for the delivery of products and £130,000 to the University of Wolverhampton for administration. A grant of £30,000 to the Black Country Consortium to deliver the pre-invest product was approved by an Individual Executive Decision Notice on 2 July 2014.

3.0 Black Country Growth Hub

- 3.1 The Growth Hub offers a one stop shop approach to business assistance across the Black Country with packages of support available to local businesses. It aims to equip the Black Country's manufacturing small to medium enterprises with the tools and support they need to compete, innovate and take advantage of supply chain opportunities on offer to them.
- 3.2 The Black Country Growth Hub funding is split into two distinct areas: funding to pay for the development of Growth Hub and funding for development and administration of products that offer specialist business support to the high value manufacturing sector. It was a condition of funding that 80% must be used for products. The products include: Export Expert, Strategic Leadership, Capital Grants, Sales and Marketing Support, Pre-Investment Advice and Resource Efficiency. Grants to third parties to deliver the products were recommended to full Council for approval by Cabinet on 14 May 2014.
- 3.3 £619,136 has been allocated for the administration of the scheme. This report seeks approval to increase the grant to the University of Wolverhampton from Growth Hub Administration to act as employer for the Growth Hub team.

3.4 This arrangement will separate the operational delivery to the strategic management of the project. The Council will maintain overall strategic control of the Black Country Growth Hub project and the Head of Economic Partnerships and Investment will continue as Project Director, chairing the steering group and reporting through to the Local Enterprise Partnership Board and the West Midlands Joint Committee.

4.0 Financial implications

4.1 This report seeks approval from Council to increase the agreed grant to the University of Wolverhampton from £130,000 previously agreed to £325,000 to enable them to employ the Growth Hub Team. In addition, a grant of £73,806 to the Black Country Consortium to fund an Access to Finance Project Manager and contribute towards one day a week of an Economic Development Co-ordinator and Administration and Finance Support together with recruitment costs for the Access to Finance Project Manager. This is in addition to the £30,000 previously agreed by Individual Executive Decision Notice on 2 July 2014 to the Black Country Consortium to deliver the pre-invest product. The amounts allocated are set out below.

Product	Funding allocated to activity	Grant previously agreed	Remaining Grant to be allocated to Provider	Provider
Administration	£619,136	£130,000	£195,000	University of Wolverhampton
Administration			£73,806	Black Country Consortium

4.2 Previous reports have identified that risk of grant claw-back will be managed through collaboration agreements and grant agreements with third party recipients. Any clawback will be pursued from recipients in the first instance. It is then anticipated that clawback risk is then split equally amongst the four Black Country authorities.
[TK/08072014/Q]

5.0 Legal implications

5.1 This report seeks approval to issue grants in accordance with an agreed contract in line with the schedules of said contract outlining the Council's requirements for the delivery of the project. When issuing grants, the Council's Contract Procedure Rules and Financial Procedural Rules must be noted and followed. RB/30062014/A

6.0 Equalities implications

6.1 Externally funded projects must demonstrate how equality and diversity issues and opportunities are taken into account. A condition of RGF funding is compliance with the Equalities Act 2010. Equalities and diversity are reviewed as part of procurement at national level. Equalities information on the businesses is captured as part of the monitoring.

7.0 Environmental implications

- 7.1 A product of the Black Country Growth Hub is resource efficiency including a series of workshops, manufacturing review, an energy efficiency and/or waste minimisation audit and where appropriate, a grant.

8.0 Human resources implications

- 8.1 The Regional Growth Fund will also fund a fixed term team to run the Black Country Growth Hub. This report relates to the allocation of a grant to the University of Wolverhampton who will employ the team.

9. Corporate landlord implications

- 9.1 None

10.0 Schedule of background papers

- 10.1 Cabinet report - 14 May 2014 – Economic Development Grant to Third Parties – Black Country Growth Hub



Cabinet Meeting

23 July 2014

Report title	Reserves, Provisions and Balances 2013/14	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Roger Lawrence Leader of the Council	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	Confident Capable Council Scrutiny Panel	10 September 2014

Recommendation(s) for action or decision:

The Cabinet is recommended to:

1. Approve the transfers to/(from) specific reserves, provisions and general balances as detailed in tables 1, 2 and 3.
2. Approve expenditure from provisions for their purposes as set out in Appendix B, up to the value held in each provision as at 31 March 2014.
3. Approve the continuation of delegation of authority to the Cabinet Member for Resources, in consultation with the Assistant Director Finance, to allocate funds from the Budget Contingency Reserve, the Professional Support and Advice Reserve, the

Regeneration Reserve, the Southside Reserve (previously termed the City Centre Reserve) and the Efficiency Reserve during 2014/15.

4. Approve the delegation of authority to the Cabinet Member for Resources, in consultation with the Assistant Director Finance, to allocate funds from the Looked After Children Transformation Reserve and the Transformation Reserve during 2014/15.

Recommendations for noting:

The Cabinet is asked to note:

1. The level of the Council's specific reserves, provisions and general balances as at 31 March 2014 and the purposes for which they are being held, as detailed in Appendix A.
2. That relevance and adequacy of specific reserves and general balances will be reviewed as required by the Constitution during the 2015/16 budget setting process.
3. That allocation of funding from the Budget Contingency Reserve, the Professional Support and Advice Reserve, the Regeneration Reserve, the Southside Reserve, the Efficiency Reserve, the Looked After Children Reserve and the Transformation Reserves, will be reported to Cabinet (Resources) Panel in the scheduled quarterly budget monitoring reports.
4. That Confident, Capable Council Scrutiny Panel will scrutinise the use of reserves as part of the budget setting process as in previous years.
5. That the Assistant Director Finance considers that the overall level of all reserves, provisions and balances is sufficient to meet the likely level of obligations to be met from reserves, provisions and general balances in the short term. Work continues to identify budget savings to address the projected budget deficit faced by the council over the medium term.

1.0 Purpose

- 1.1 This report provides Cabinet with details of the resources currently held as specific reserves, provisions and general balances by the council as at 31 March 2014, taking account of the outturn position for 2013/14.

2.0 Background

- 2.1 Specific reserves are made up of retained surpluses against previous years' revenue budgets, which are available to fund future expenditure. Some are required by law or accounting practice, whilst others represent amounts voluntarily set aside by the council for specific purposes.
- 2.2 The definition of provisions is set out in financial reporting standards. They state that a provision should be established when:
1. the council has a present obligation as a result of a past event, and
 2. there is significant uncertainty around the timing or amount of settlement of the obligation, but
 3. a reliable estimate can be made of the likely cost to the council.
- 2.3 These definitions are for accounting purposes. The important issue for the Council in looking forward is whether or not the specific reserves and provisions, taken together with the council's general balances, are sufficient to meet the cost of fulfilling the obligations (past or future) for which these reserves and provisions were established. If those obligations have been met, it is good practice to release the reserve or provision. The funds released are then available for other uses.
- 2.4 Due to the projected financial challenges facing the Council over the medium term, combined with the budget risks, reserves should only be called on in very specific circumstances and are not a viable funding option to reduce the projected budget deficit over either the short or longer term.
- 2.5 A policy on the use of reserves was established during the 2013/14 budget setting process and was subsequently revised during the 2014/15 budget process, and approved by Council in November 2013. The revised policy states:
1. Specific Reserves - to provide sufficient sums to meet known and estimated future liabilities and/or planned expenditure.
 2. General Fund Balance:
 1. To retain a minimum balance of £10 million at all times in order that sufficient sums are available to address the significant budget risks that face the authority should they materialise.
 2. This actual balance may however be lower than the £10 million where the use of these balances is the only option to fund significant costs associated with

downsizing the workforce, in order to deliver significant ongoing savings. These balances should however be replenished to the minimum level of £10 million within a maximum of 2 financial years.

3. Can only be used following the agreement of Full Council having first been considered by the Cabinet Member for Resources in consultation with Cabinet colleagues and then by Cabinet (Resources) Panel and only in the following circumstances:
 - a. To fund one-off exceptional/extraordinary items of expenditure where such expenditure cannot be contained within existing budgets or by calling on specific reserves and/or provisions.
 - b. To smooth the impact of a significant projected medium term budget deficit, where robust plans to address that deficit will take time to approve and implement.
 - c. To fund Invest to Save or income generating initiatives where there are insufficient sums held within the Efficiency Reserve to fund the initiative and there is a payback within a reasonable period of time.

3.0 Specific revenue reserves

- 3.1 An analysis of the authority's specific revenue reserves at 31 March 2014 is provided in table 1 below and is shown in more detail by individual reserve in Appendix A.

Table 1 – Specific Revenue Reserves as at 31 March 2013 and 31 March 2014

	Balance at 31 March 2013 £000	Net Movement 2013/14 £000	Balance at 31 March 2014 £000
Community	2,626	1,150	3,776
Education and Enterprise (non Schools)	7,489	(2,853)	4,636
Office of the Chief Executive and Delivery	4,893	178	5,071
Corporate	28,520	(14,374)	14,147
Total Reserves	43,528	(15,899)	27,629

- 3.2 As part of the 2014/15 budget process all specific reserves were reviewed for relevance and adequacy. As a result of this review, Full Council approved the transfer of £7.1 million from specific revenue reserves to general fund reserves, as detailed in the 5 Year Budget and Medium Term Financial Strategy 2014/15 to 2018/19 report. This transfer has been included in the Net Movement above.
- 3.3 Further to this, there have been additions to and drawdowns from specific reserves as detailed in Appendix A. Following a review to ensure adequacy by the Assistant Director Finance, it is recommended that the following transfers between specific reserves are approved by Cabinet:
 - a. Transfer of £721,000 from the Job Evaluation Reserve to the Efficiency Reserve;

- b. Transfer of £500,000 from the Job Evaluation Reserve to the Budget Contingency Reserve;

- 3.4 Specific reserves will be reviewed as part of the revenue budget monitoring process throughout 2014/15, as required within the Constitution. Any proposed adjustments to specific revenue reserves will be reported to Cabinet (Resources) Panel for approval.
- 3.5 Further to this, the Confident, Capable Council Scrutiny Panel will scrutinise the use of reserves as part of the 2015/16 budget setting process as in previous years.

4.0 Provisions

- 4.1 An analysis of the authority's provisions at 31 March 2014 is provided in table 2 below and is shown in more detail by individual provision in Appendix B.

Table 2 – Provisions as at 31 March 2013 and 31 March 2014

	Balance at 31 March 2013 £000	Net Movement 2013/14 £000	Balance at 31 March 2014 £000
Provisions for Bad and Doubtful Debts	13,419	105	13,524
Other Provisions	30,581	(5,052)	25,529
Total	44,000	(4,947)	39,053

5.0 General Balances

- 5.1 In addition to the specific reserves, the Council maintains a number of general balances created by retained surpluses in this year and past years, as detailed in table 3 below.

Table 3 – General Balances at 31 March 2013 and 31 March 2014

	Balance at 31 March 2013 £000	Net Movement 2013/14 £000	Balance at 31 March 2014 £000
Collection Fund Balance	(533)	(11)	(544)
Schools' Balances	17,602	(1,611)	15,991
General Fund Balance	15,928	11,072	27,000
Housing Revenue Account Balance	5,000	-	5,000
Total	37,997	9,450	47,447

- 5.2 Unlike specific reserves, general balances are funds that are generally available and not earmarked for a specific purpose although the individual funds are ring-fenced.
- 5.3 The Collection Fund Balance is the council's share of the balance on the Collection Fund account. This account records all transactions relating to Council Tax and Business

Rates for all preceptors in Wolverhampton. Any outstanding debit balances are required to be the first call on the revenue budget in the following year, and similarly any accumulated surpluses, as is the case at the end of 2013/14, are required to be used to support the following year's revenue budget.

- 5.4 Schools' Balances are accumulated from savings against school budgets in past years. This sum is only available to fund expenditure against schools' delegated budgets.
- 5.5 The General Fund Balance has been accumulated from savings against general fund budgets in previous years. Due to the projected financial challenges facing the council over the medium term, £17.1 million was transferred into the General Fund balance as can be seen in table 4 below.

Table 4 – General Fund Balance 2013/14

	£000	£000
Balance at 1 April 2013		(15,928)
Transfers Approved During 2013/14 From:		
Specific Reserves	(7,120)	
Minimum Revenue Provision	(10,000)	(17,120)
Movements During the Year:		
Budgeted Use in 2013/14	3,716	
2013/14 Deficit	2,332	6,048
Balance at 31 March 2014		(27,000)

- 5.6 The Housing Revenue Account (HRA) Balance has been accumulated from net savings against HRA budgets in previous years. This balance is only available to fund expenditure against the HRA budget.
- 5.7 In accordance with the provisions of the Local Government Act 2003 (section 25); the Assistant Director Finance is required to report on the adequacy of the proposed reserves. The Assistant Director Finance considers that the overall level of all reserves, provisions and balances is sufficient to meet the likely level of obligations to be met from reserves, provisions and general balances in the short term. Work continues to identify budget savings to address the projected budget deficit faced by the council over the medium term.

6.0 Financial implications

- 6.1 The financial implications are discussed in the body of the report.
[MH/14072014/I]

7.0 Legal implications

- 7.1 Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs.
[TS/11072014/X]

8.0 Equalities implications

- 8.1 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 protected characteristics covered in the legislation are:

- Age;
- Disability;
- Gender reassignment;
- Pregnancy and Maternity;
- Religion or Belief;
- Sexual Orientation;
- Race;
- Sex,
- Marriage and Civil Partnership

- 8.2 This report has no direct equality implications. However, any consideration given to the use of reserves and/or balances could have direct or indirect equality implications: these will need to be considered as and when sums are allocated from reserves and/or balances whereby an initial screening will be conducted.

9.0 Environmental implications

- 9.1 This report has no direct implications for the council's environmental policies. However, any consideration given to the use of reserves and/or balances could have direct or indirect environmental implications: these will need to be considered as and when sums are allocated from reserves and/or balances.

10.0 Schedule of background papers

- 10.1 5 Year Budget and Medium Term Financial Strategy 2014/15 to 2018/19, report to Full Council, 6 November 2013.

Specific Reserve	Description of Reserve	Balance at 31 March 2013 £000	Approved Transfer to General Fund Balance 23 October 2013 £000	Other Movements 2013/14 £000	Balance at 31 March 2014 £000
Community					
Adult Services Market Plaza Reserve	Fund for payments associated with the movement of Market services from the Plaza.	89	(89)	-	-
Adult Services Residential & Nursing Reserve	Available as a contingency to meet expected cost increases in residential and nursing care.	1,041	-	(1,041)	-
Building Resilience Reserve Community	To continue activities under the Preventing Violent Extremism work stream.	23	(23)	23	23
HRA Homelessness	Available to support initiatives that work to prevent homelessness.	146	-	(24)	122
Library Equipment	For the purchase of equipment for libraries.	242	-	(84)	157
Looked After Children Transformation Reserve	One-off project management costs arising from the Looked After Children (LAC) Transformation programme.	-	-	250	250
Leisure Centre Reserve	Set aside for the purchase of new equipment for Leisure centres.	10	(10)	-	-
Mary Ellen Bequest - Oxley Training Centre Reserve	Bequest available for use at the Oxley Training Centre.	7	-	-	7
Public Health Early Intervention Team	To support the families first programme.	-	-	100	100
Public Health Emergency Planning	To respond to public health incidents and support the establishment of the resilience team imbed robust framework.	-	-	50	50

APPENDIX A

Specific Reserve	Description of Reserve	Balance at	Approved	Other	Balance at
		31 March	Transfer to	Movements	31 March
		2013	General Fund	2013/14	2014
			Balance		
			23 October		
		£000	2013	£000	£000
			£000	£000	£000
Public Health Family Functional Therapy	To fund a specialised service to support adolescence on the edge of care remain with their families.	-	-	40	40
Public Health HOPE Services	To fund door to door local community research.	-	-	3	3
Public Health Housing Standards	Improving health through improving privat.	-	-	400	400
Public Health Interventions	To fund public health interventions across the wider determinates in health.	-	-	65	65
Public Health MTFS 2014/15	To fund social inclusion re-design to meet public health outcomes for children and young people in the city.	-	-	350	350
Public Health Reserve	Public Health initiatives - ringfenced grant to meet public health criteria.	-	-	545	545
Public Health Services	To fund public health services.	-	-	150	150
Public Health Strength and Balance	To support the Falls Prevention Service.	-	-	117	117
Public Health Telecare	Supporting telecare use to help independence particularly for elderly adults.	-	-	100	100
Public Health Transformation Fund	To fund transformational projects approved through Health & Wellbeing Board.	-	-	700	700
Public Health Workforce	To support adoption leave cover and pharmacy lead.	-	-	100	100
Sam Sharpe Memorial	Funds to support Youth Events	4	-	-	4
Social Inclusion IT Reserve	To procure and implement an electronic Common Assessment Framework (eCAF) IT system to enable practitioners to record and store assessments of children, young people and families.	50	-	(50)	-

Specific Reserve	Description of Reserve	Balance at 31 March 2013 £000	Approved Transfer to General Fund Balance 23 October 2013 £000	Other Movements 2013/14 £000	Balance at 31 March 2014 £000
Sport and Recreation Leisure Trust Reserve	To support costs of establishing a Leisure Trust.	61	(52)	(9)	-
Third Sector Development	Supporting development of Voluntary and Community groups.	60	(60)	-	-
Troubled Families	To support programme costs.	100	(100)	-	-
Troubled Families Programme	Funding for the Troubled Families Programme.	50	-	(11)	39
Voluntary Sector Employment Support	Support for local voluntary and community groups to deliver outcomes that help young people overcome barriers to their gaining employment.	64	-	(64)	-
Winter Pressures Reserve	PCT funding to support the seasonal winter pressures on social care costs.	80	(80)	-	-
Youth Cafe Reserve	Fund the Youth Café.	264	(14)	(58)	193
Youth Offending IT Reserve	To fund the Youth Offending Team migration onto Childview - a new bespoke upgraded database.	50	-	-	50
Youth Zone	For the development of the Youth Zone.	285	-	(74)	211
Community Sub Total		2,626	(428)	1,578	3,776

Specific Reserve	Description of Reserve	Balance at	Approved	Other	Balance at
		31 March	Transfer to	Movements	31 March
		2013	General Fund	2013/14	2014
			Balance		
			23 October		
		£000	2013	£000	£000
			£000	£000	£000
Education and Enterprise					
Apprenticeship Scheme Reserve	To support the apprenticeship scheme.	83	-	18	101
Art Gallery Touring Exhibitions Reserve	To support the costs of touring exhibitions.	9	-	-	9
Building Control Account	Balance of Building Regulation Fees to cover costs of services over a three year timeframe in accordance with the Building (LA Charges) Regulations 2010.	-	-	-	-
Building Control Service Improvements	Prior to the Building Control Account reserve being established there was a legal requirement to have a Building Regulations Fees Reserve. The surplus is to be reinvested in the Building Control Service.	146	-	23	169
Building Schools for the Future Reserve (BSF)	Set aside for the BSF Programme.	580	-	(580)	-
Economic Development Reserve	Reserve to continue the momentum of business support in the city, with specific focus on assisting business relocations.	100	-	65	165
Leisure Funds and Bequests Reserve	Funds administered to support revenue expenditure against criteria defined by the bequest.	48	-	(16)	33
Licensing Reserve	Licensing Fee income. The surplus is to be reinvested in the Licensing Service.	-	-	83	83
Kickstart Loans	Repayment of Kickstart Loans.	-	-	47	47
Mediation Service	The Mediation Service is self-funded through annual contributions which do not match the financial year in which expenditure is incurred. Earmarking the income already generated for the Mediation Service aids service planning.	28	-	(4)	24

Specific Reserve	Description of Reserve	Balance at 31 March 2013 £000	Approved Transfer to General Fund Balance 23 October 2013 £000	Other Movements 2013/14 £000	Balance at 31 March 2014 £000
Outdoor Events	Reserve was created to support outdoor events in Wolverhampton in summer 2012. This reserve was reviewed during 2013/14 and was transferred to the General Fund as no call upon funding was made.	11	(11)	-	-
Pupil Referral Units Reserve	Held in accordance with the Scheme of Delegation for Pupil Referral Units (PRUs).	675	-	239	914
Regeneration Reserve	To fund projects in support of corporate regeneration priorities and maintaining the city centre development.	973	1,502	(567)	1,908
School Service Level Agreements Reserve (SLA)	For schools buy back of SLA services.	304	-	(304)	(0)
Schools Arts Service Reserve	Funds to support arts projects in schools.	61	-	13	74
Showell Road Travellers Site Reserve	For the refurbishment of an existing site and also the provision of a new site, an annual contribution is made from the revenue budget.	224	-	2	227
Showell Road Travellers Site - Residents Deposits Reserve	Deposits from new tenants of sites managed by Wolverhampton City Council. The deposits are refundable when tenants leave or they are used to offset arrears or to pay for any damage.	1	-	-	1
Southside Reserve	To fund the estimated treasury costs associated with the regeneration of the city centre.	3,982	(2,502)	(745)	735
Surface Water Management Plan Reserve	To fund activities required to produce the management plan.	112	(112)	-	-

Specific Reserve	Description of Reserve	Balance at	Approved	Other	Balance at
		31 March	Transfer to	Movements	31 March
		2013	General Fund	2013/14	2014
			Balance		
			23 October		
			2013		
		£000	£000	£000	£000
Voluntary Sector and Community Partnership Reserve	To support partnership activities approved by the Safer Wolverhampton Partnership and Wolverhampton Strategic Partnership.	150	-	(35)	115
Victoria Square Sinking Fund Reserve	Sums set aside for future maintenance costs at Victoria Square commercial units.	-	-	31	31
Education and Enterprise Sub Total		7,489	(1,123)	(1,730)	4,636

Specific Reserve	Description of Reserve	Balance at 31 March 2013 £000	Approved Transfer to General Fund Balance 23 October 2013 £000	Other Movements 2013/14 £000	Balance at 31 March 2014 £000
Office of the Chief Executive and Delivery					
Bulbs and Shrubs - Cemeteries and Crematorium Reserve	Donations received from members of the public for five additional planting schemes within the city. This reserve has now been merged with the Cemeteries and Crematorium Reserve.	4	-	(4)	-
Cemeteries and Crematorium Reserve	To fund the replacement and repair of memorials.	147	-	63	210
Cemeteries Surplus Reserve	To fund improvements to cemeteries and crematorium which would otherwise be funded via the capital programme. This reserve has now been merged with the Cemeteries and Crematorium Reserve.	57	-	(57)	-
Corporate Advertising Reserve	Funding for the promotion and advertising of the city.	82	-	(76)	6
Crematorium Environmental Reserve	Balance of environmental levy suggested by the Federation of Burial and Cremations Authority to part fund installation of mercury abatement equipment at Bushbury Crematorium. This reserve has now been merged with the Cemeteries and Crematorium Reserve.	2	-	(2)	-

Specific Reserve	Description of Reserve	Balance at	Approved	Other	Balance at
		31 March	Transfer to	Movements	31 March
		2013	General Fund	2013/14	2014
			Balance		
			23 October		
			2013		
		£000	£000	£000	£000
Energy Efficiency Reserve	To fund major repairs and/or refurbishment to supplement capital budgets targeted at energy efficiency measures.	325	-	151	476
Feasibility Study Civic Centre Car Park Reserve	To fund a feasibility study into the condition of the Civic Centre car park.	50	(50)	-	-
Furniture Reserve	To fund projects identified by the accelerated asset review where spatial reorganisation of working areas can deliver efficiency savings.	105	-	-	105
Insurance Reserve	To fund the council's self insurance commitments for unknown insurance claims, the movement during the year reflects the in year deficit of contributions in excess of insurance related costs.	4,067	-	(747)	3,320
Markets Reserve	To meet predicted costs of wholesale market maintenance.	54	-	-	54
Transformation Reserve	To progress the 3Cs Transformation Strategy and ultimately deliver greater efficiencies.	-	-	900	900
OCE and Delivery Sub Total		4,893	(50)	228	5,071

Specific Reserve	Description of Reserve	Balance at 31 March 2013 £000	Approved Transfer to General Fund Balance 23 October 2013 £000	Other Movements 2013/14 £000	Balance at 31 March 2014 £000
Corporate					
Blocks 10 & 11 Treasury Management Reserve	Funding to support the treasury management costs associated with Blocks 10 and 11 capital expenditure.	-	-	766	766
Budget Contingency Reserve	Available to address in-year budget pressures that cannot be addressed from within existing service budgets.	3,000	(1,948)	(552)	500
Efficiency Reserve	Available to allow pump priming and investment in new developments, where the main aim is to generate efficiencies and savings in the future as supported by a fully costed business case. These business cases are considered by the Strategic Executive Board and decisions are reported to Councillors as part of the quarterly financial monitoring and reporting arrangements.	6,367	(2,980)	2,091	5,478
Fuel Tank Reserve	To update and future proof the existing fuel management system which will involve the replacement of out-dated and worn out hardware and software.	32	-	(32)	-
Funds and Bequests Reserve	Trust funds administered by the authority with specific criteria for allocation.	20	-	-	20
Jennie Lee Centre Disposal Reserve	Created to fund the disposal and relocation costs resulting from the disposal of the Jennie Lee Centre.	357	-	(225)	132
Job Evaluation Reserve	To assist with the funding of the implementation of new pay scales arising from job evaluation, in addition to equal pay costs that cannot be charged to the provision.	7,340	-	(4,740)	2,600

Specific Reserve	Description of Reserve	Balance at	Approved	Other	Balance at
		31 March	Transfer to	Movements	31 March
		2013	General Fund	2013/14	2014
			Balance		
			23 October		
			2013		
		£000	£000	£000	£000
Local Strategic Partnership Reserve	The council's unspent share of LPSA reward grant received in 2010/11, the use of this funding is managed by the Wolverhampton Partnership.	325	-	(167)	159
Professional Support and Advice Reserve	For professional services and advice, e.g. financial, legal, technical etc. where there is insufficient funding available within existing service budgets.	490	(365)	(59)	66
Revenue Grants Unapplied (IFRS) Reserve	Established in accordance with the principles of IFRS in relation to the recognition of grants and contributions in the council's accounts. Approvals for the use of actual grants are made during the year according to the council's constitution.	3,748	-	(1,762)	1,986
FutureWorks Reserve	This amount has been set aside to part fund costs arising from the council's FutureWorks Programme.	6,591	-	(4,151)	2,440
Systems Thinking and Lean Interventions	Established to fund Systems Thinking interventions across the council.	250	(250)	-	-
Corporate Sub Total		28,520	(5,543)	(8,831)	14,147
TOTAL RESERVES		43,528	(7,144)	(8,755)	27,629

Provision	Description of Provision	Balance at 31 March 2013 £000	Net Movement 2013/14 £000	Balance at 31 March 2014 £000
Provisions for Bad and Doubtful Debts				
Local Taxpayers	All bad and doubtful debt provisions are calculated by application of an established formula that takes account of the risk of not recovering debts owed to the council using a combination of factors including age of debt.			
Council Tax		3,518	866	4,384
Costs				
Council Tax		566	-	566
General Fund		7,542	(703)	6,839
Housing Revenue Account				
Rents		1,555	4	1,559
Other		238	(62)	176
Provision for Bad and Doubtful Debts Sub Total		13,419	105	13,524

Provision	Description of Provision	Balance at 31 March 2013 £000	Net Movement 2013/14 £000	Balance at 31 March 2014 £000
Other Provisions				
Insurances	The Council self-insures risks to property and assets up to a total aggregate limit of £1 million and its liability exposures up to a limit of £250,000 on any one occurrence, above which limits the external insurance cover operates.	2,609	(305)	2,304
Section 117 Mental Health Act	Section 117 of the Mental Health Act 1983 places a duty on the council to provide after-care services for certain patients discharged from detention under the Act. This is an estimate of the potential liability relating to back-dated claims for charges made prior to April 2000.	76	(47)	29
Capitalisation Risks	This provision is in respect of potential claims under equal pay legislation. The Council has had approval from central government to capitalise payments it may need to make in respect of Equal Pay Back Pay claims.	26,469	(7,744)	18,725
Pension Liabilities				
Midland Housing Consortium	Available to support payments to pensioners of former members of the West Midlands Pension Fund.	212	(26)	186
West Midlands Children's Regional Planning Committee	Available to support payments to pensioners of former members of the West Midlands Pension Fund.	64	(7)	57

Provision	Description of Provision	Balance at 31 March 2013 £000	Net Movement 2013/14 £000	Balance at 31 March 2014 £000
Termination Benefits	During 2013/14, the council undertook restructurings, and a voluntary redundancy exercise. As a result, there were a number of employees and former employees to whom termination benefits were due, but had not yet been made, at the end of the year. These sums have been provided for within this provision, in accordance with proper accounting practice.	514	1,304	1,818
Wolverhampton Ring Road	A bond relating to work which has been completed on the ring road. Subject to all conditions relating to the bond being met it will be repaid in a future financial period.	2	-	2
Carbon Reduction Commitment	This provision is in respect of the council's liability under the national, compulsory Carbon Reduction Commitment scheme. It represents the council's estimate of the amount it will have to pay to purchase allowances for its use of carbon.	525	32	557
Collection Fund - Provision For Future Losses	The Collection Fund account requires a provision for appeals against the rateable valuation set by the Valuation Office Agency (VOA) not settled as at 31st March 2014. This is the first year of this provision, as required by the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2014.	-	1,746	1,746

Provision	Description of Provision	Balance at 31 March 2013 £000	Net Movement 2013/14 £000	Balance at 31 March 2014 £000
Housing Revenue Account				
Housing Disrepair Claims	Provides for outstanding claims against the council in respect of its dwellings.	81	1	82
Former Tenant Management Organisation	The balance of reserves following the closure of the former Crescent Tenant Management Organisation (TMO). The funds have been set aside for works on the area formerly managed by the TMO.	17	(6)	11
Rent Bond Provision for default	Established during 2008/09, this is in respect of rent bonds given by the council to other landlords to help avoid homelessness.	12	-	12
Other Provisions Sub Total		30,581	(5,052)	25,529
Total Provisions		44,000	(4,947)	39,053

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Cabinet Meeting

23 July 2014

Report title	Revenue Budget Outturn 2013/14	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Roger Lawrence Leader of the Council	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	Confident, Capable Council Scrutiny Panel	10 September 2014

Recommendations for noting:

The Cabinet is asked to note:

- The revenue outturn position for 2013/14 for the General Fund, which is a net overspend of £2.3 million after taking account of redundancy costs amounting to £4.6 million.
- That this outturn position takes into account a number of proposed transfers to and from reserves and provisions, for which approval is sought in the Reserves, Provisions and Balances 2013/14 report to be presented at this meeting.
- That the outturn against the Collection Fund for 2013/14 is a £1.3 million surplus.
- That schools' balances reduced by £1.4 million during 2013/14.

1.0 Purpose

- 1.1 To inform Cabinet of the Council's revenue outturn position for 2013/14 compared with approved budgets and targets.

2.0 Executive Summary

- 2.1 Overall a net overspend of £2.3 million (0.91%) was incurred against the General Fund net budget requirement of £255.6 million, after taking account of the cost of redundancy during the year totalling £4.6 million. This overspend was met by a transfer from the General Fund balance.
- 2.2 The net overspend position takes into account transfers to and from reserves and provisions, including the budgeted use of £3.7 million of the General Fund balance, which was included in the 2013/14 approved budget. Further details regarding reserve transfers are included in another report, 'Reserves, Provisions and Balances 2013/14', that is being reported to this meeting.
- 2.3 The final General Fund outturn position for 2013/14 was considerably better than projected in the 'Revenue Budget Monitoring 2013/14 – Quarter Three' report, largely as a result of the success of achieving the agreed strategy to stop all but essential spend in 2013/14 as approved by Cabinet on 8 January 2014, in addition to drawing upon specific reserve and grant funding.
- 2.4 Whilst the outturn position is a very positive outcome, the projected financial challenge facing the council and the strategy for dealing with it is unaffected. The 2013/14 revenue outturn provides more one-off funding that ultimately has ensured that the £10 million minimum General Fund Balance will not be breached, as was anticipated when the latest 2015/16 budget projections were reported to Cabinet on 25 June 2014.
- 2.5 The Collection Fund outturned with a £1.3 million surplus during 2013/14; this resulted in an overall surplus of £700,000 to be carried forward, after taking account of the deficit of £600,000 from previous years.
- 2.6 In relation to Schools balances, £1.4 million of schools reserves were used during 2013/14. This is a more favourable position when compared to the projected use of £3.8 million of reserves anticipated for 2013/14.

3.0 Revenue Budget Outturn – General Fund Summary

- 3.1 An analysis of the Council's outturn position against general fund revenue budgets for 2013/14 is detailed in table 1 below. Further detailed analysis for each Directorate can be found in Appendices A to E.

Table 1 – 2013/14 Revenue Budget Outturn Summary

Service	2013/14 Net Controllable Budget £000	2013/14 Net Controllable Outturn £000	Variation Over/(Under) £000
Community Delivery	150,049	151,222	1,173
Education and Enterprise	53,118	51,824	(1,294)
Office of the Chief Executive	19,895	19,223	(672)
Corporate Budgets (including redundancy costs)	2,490	2,479	(11)
	30,078	33,835	3,757
Net Budget Requirement	255,630	258,583	2,953
Government Grant (General)	(178,406)	(179,027)	(621)
Council Tax	(73,297)	(73,297)	-
Collection Fund Surplus	(211)	(211)	-
Total Resources	(251,914)	(252,535)	(621)
Budgeted Use of Reserves	(3,716)	(3,716)	-
Net Budget (Surplus)/Deficit	-	2,332	2,332

- 3.2 Overall a net overspend of £2.3 million (0.91%) was incurred against the General Fund net budget requirement of £255.6 million, after taking account of the cost of redundancy during the year totalling £4.6 million. This overspend was met by a transfer from the General Fund balance.
- 3.3 The net overspend position takes into account transfers to and from reserves, including the budgeted use of £3.7 million of the General Fund balance, which was included in the 2013/14 approved budget.
- 3.4 The final General Fund outturn position for 2013/14 was considerably better than projected in the 'Revenue Budget Monitoring 2013/14 – Quarter Three' report, largely as a result of the success of achieving the agreed strategy to stop all but essential spend in 2013/14 as approved by Cabinet on 8 January 2014, in addition to drawing upon specific reserve and grant funding.
- 3.5 Whilst the outturn position is a very positive outcome, the projected financial challenge facing the council and the strategy for dealing with it is unaffected. The 2013/14 revenue outturn provides more one-off funding that ultimately has ensured that the £10 million minimum General Fund Balance will not be breached, as was anticipated when the latest 2015/16 budget projections were reported to Cabinet on 25 June 2014.

4.0 Revenue Budget Analysis per Directorate

Community

- 4.1 A summary of the 2013/14 outturn against the Community net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix B.

Table 2 – 2013/14 Revenue Budget Outturn – Community

Service	2013/14 Net Controllable Budget £000	2013/14 Net Controllable Outturn £000	Variation Over/(Under) £000
Community	150,049	151,222	1,173

- 4.2 The key reasons for the variation from budget are set out below, it is important to note that overall the overspend was minimised largely due to the use of £3.9 million of reserves and grant balances. This is reflected in the figures below:
- Children, Young People and Families** – There was a net controllable overspend of £5.2 million against the approved budget for Looked After Children resulting from the continued increase in the number of placements.
 - Older People & Personalisation** – There was a net controllable underspend of £2 million across the Assistant Directorate resulting from various factors including: a reduction in training costs of £650,000 and drawdown of one-off grant funding totalling £400,000 for the Workforce Development Service; early achievement of savings targets in relation to Warstones Resource Centre within the Older People Provider Management Service; and underspends against staffing budgets.
 - Health, Wellbeing and Disabilities** – There was a net controllable underspend of £1.3 million across the Assistant Directorate resulting from various factors including: a £630,000 underspend within the Disabilities In-house Provision arising due to underspends against staffing, supplies and services and third party payment budgets; a £566,000 underspend within the Disabilities Commissioning Service due to additional income and service contributions from other public bodies; and a £291,000 underspend on the Housing Support and Social Inclusion Service due to an underspend against a third party payment budget and the early achievement of a 2014/15 saving.

Delivery

- 4.3 A summary of the 2013/14 outturn against the Delivery net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix C.

Table 3 – 2013/14 Revenue Budget Outturn - Delivery

Service	2013/14 Net Controllable Budget £000	2013/14 Net Controllable Outturn £000	Variation Over/(Under) £000
Delivery	53,118	51,824	(1,294)

- 4.4 The key reasons for the variation from budget are as follows:
- Environmental Services** – There was a net controllable underspend of £1.2 million against the approved budget for Environmental Services which arose as a result: a £990,000 underspend within Grounds Maintenance and Street Scene delivered by deferring programmes of work as a direct response to the budget challenge and the strategy agreed by Cabinet on 8 January 2014; a £650,000 underspend within Highways Maintenance due to reduced winter maintenance and street lighting costs in addition to deferral of surfacing work; and a £430,000 overspend within Parking Services resulting from under achievement of income and increased costs of the contract for decriminalised parking – issues have been addressed within the 2014/15 budget.
 - Financial Services** – There was a net controllable overspend of £210,000 against the approved budget for Financial Services; this was as a result of a £237,000 overspend within Procurement which arose primarily as a result of reduced levels of income from retrospective discounts within the service. This issue has been addressed in the 2014/15 budget. There were net underspends across other service areas within Financial Services as a result of ceasing non-essential spend in response to the approved budget strategy to address the financial challenge faced by the Council.
 - Central Services** – There was a net controllable underspend of £157,000 against the approved budget for Central Services which was a result of various factors. A net underspend against the Corporate Landlord budget of £513,000 as a result of a reduction in employee costs and the achievement of additional income by Property Services were significant contributing factors to the Central Services underspend, however the underspend was in part offset by an overspend against Multifunctional Devices (MFD) because unachievable MFD savings targets were inherited by ICTS.

Education and Enterprise

- 4.5 A summary of the 2013/14 outturn against the Education and Enterprise net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix D.

Table 4 – 2013/14 Revenue Budget Outturn – Education and Enterprise

Service	2013/14 Net Controllable Budget £000	2013/14 Net Controllable Outturn £000	Variation Over/(Under) £000
Education and Enterprise	19,895	19,223	(672)

- 4.6 The key reasons for the variation from budget are as follows:
- Regeneration** – There was a net controllable underspend of £1.2 million across the Assistant Directorate resulting from various factors including: a £386,000 underspend against the Transport Service resulting from staffing vacancies and reduced project costs; an underspend of £342,000 against the Regulatory Service budget arising from staffing vacancies, in addition to a targeted approach to the approved budget strategy to cease all non-essential spend as approved by Cabinet on 8 January 2014.
 - Schools, Skills and Learning** – There was a net controllable overspend of £405,000 against the approved budget for Schools, Skills and Learning. This was primarily due to an overspend of £576,000 against the Building Schools for the Future budget.
 - Partnerships, Economy and Culture** – There was a net controllable underspend of £142,000 across the Assistant Directorate. This was a result of small underspends against various services.

Office of the Chief Executive

- 4.7 A summary of the 2013/14 outturn against the Office of the Chief Executive net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix E.

Table 5 – 2013/14 Revenue Budget Outturn – Office of the Chief Executive

Service	2013/14 Net Controllable Budget £000	2013/14 Net Controllable Outturn £000	Variation Over/(Under) £000
Office of the Chief Executive	2,490	2,479	(11)

- 4.8 There are no significant variations to report for the Office of the Chief Executive.

Corporate Budgets

- 4.9 A summary of the 2013/14 outturn against the Corporate Budgets net controllable revenue budget is provided in the table below, whilst a detailed analysis is provided in Appendix F.

Table 6 – 2013/14 Revenue Budget Outturn – Corporate Budgets

Service	2013/14 Net Controllable Budget £000	2013/14 Net Controllable Outturn £000	Variation Over/(Under) £000
Corporate Budgets	30,078	29,280	(798)
Redundancy Payments	-	4,555	4,555
Total	30,078	33,835	3,757

- 4.10 The key reasons for the variation from budget are as follows:
- a. **Redundancy Payments** – In order to identify budget savings and help to balance the budget over the medium term, the Council sought volunteers for redundancy during 2013/14. Net redundancy payments totalling £4.6 million were incurred against the corporate budget during 2013/14 – this includes a provision for those employees whose redundancy had been approved at 31 March 2014 but will not leave the Council until 2014/15.
 - b. **Treasury Management** - There was a net saving delivered through effective treasury management activity in accordance with the approved strategy.
 - c. **Cross-cutting Savings Proposals** – There was a net overspend against cross-cutting savings proposals held within the corporate budget during 2013/14. The savings related to projects that were not specifically attributable to individual directorates when the budget was set for 2013/14. Whilst those savings have been made on the whole, double counting has resulted in the savings being reflected in directorate budgets. These issues were addressed when setting the 2014/15 budget.
 - d. **Underlying Budget Issues** – Work was carried out during 2013/14 to identify controllable/non-controllable budget issues that have arisen historically, and identified a £2.8 million budget issue. This budget issue has been collated within the corporate budget during 2013/14 and has been addressed in the 2014/15 budget.
 - e. **Special Dividend** - A special dividend was paid by Birmingham Airport in December 2013 with the Council's share of this being approximately £3.3 million. This additional income helped to offset the budget pressures identified above.

- f. **FutureWorks Reserve** – A one-off benefit to the General Fund from the FutureWorks Reserve was reflected during 2013/14 as a result of capitalisation of FutureWorks expenditure. This one-off transfer was actioned in order to assist with the projected overspend.

5.0 Reserves, Provisions and Balances

- 5.1 A report detailing the Council's reserves, provisions and balances as at 31 March 2014 will be received at this meeting. The report, titled 'Reserves, Provisions and Balances 2013/14', will seek approval for transfers to and from reserves, provisions and balances.
- 5.2 The movement on the General Fund balance is detailed in the table below.

Table 7 – General Fund Balance 2013/14

	£000	£000
Balance at 1 April 2013		(15,928)
Transfers Approved During 2013/14 From:		
Specific Reserves	(7,120)	
Minimum Revenue Provision	(10,000)	(17,120)
Movements During the Year:		
Budgeted Use in 2013/14	3,716	
2013/14 Deficit	2,332	6,048
Balance at 31 March 2014		(27,000)

- 5.3 Due to the projected financial challenges facing the Council over the medium term, £17.1 million was transferred into the General Fund balance during 2013/14. This was a combination of funding previously earmarked for a specific purpose that was no longer deemed to be required and therefore available to general fund balances, as approved by Full Council in November 2013, in addition to a one-off benefit to the General Fund arising from an adjustment to the value of variable E in the annual provision for the redemption of debt formula, as set out in the Council's Annual Minimum Revenue Provision (MRP) Statement and approved by Council on 6 November 2013.
- 5.4 The final General Fund outturn position for 2013/14 was considerably better than projected in the 'Revenue Budget Monitoring 2013/14 – Quarter Three' report, largely as a result of the success of achieving the agreed strategy to stop all but essential spend in 2013/14, in addition to drawing upon specific reserve and grant funding.
- 5.5 Whilst the outturn position is a very positive outcome, the projected financial challenge facing the council and the strategy for dealing with it is unaffected. The 2013/14 revenue outturn provides more one-off funding that ultimately has ensured that the £10 million

minimum General Fund Balance will not be breached, as was anticipated when the latest 2015/16 budget projections were reported to Cabinet on 25 June 2014.

6.0 Outturn on Schools' Budgets

6.1 Schools used £1.4 million of reserves during 2013/14, a favourable variance of £2.2 million compared to the budgeted use of £3.8 million of reserves for 2013/14. A detailed analysis of the outturn on schools budgets is provided in Appendix G.

7.0 Financial implications

7.1 The financial implications are detailed in the body of the report.
[MH/14072014/I]

8.0 Legal implications

8.1 Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs.
[TS/11072014/W]

9.0 Equalities implications

9.1 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 protected characteristics covered in the legislation are:

- Age;
- Disability;
- Gender reassignment;
- Pregnancy and Maternity;
- Religion or Belief;
- Sexual Orientation;
- Race;
- Sex,
- Marriage and Civil Partnership.

9.2 Any consideration given to the use of reserves and/or balances could have direct or indirect equality implications: these will need to be considered as and when a decision is made as to sums that are to be allocated from reserves and/or balances, whereby an initial screening will be conducted.

10.0 Environmental implications

- 10.1 The Council's annual budget and medium term financial strategy support a range of programmes designed to both improve environmental conditions across the city and promote economic and community development.

11.0 Schedule of background papers

- 11.1 Reserves, Provisions and Balances 2013/14, report to Cabinet, 23 July 2014.
Revenue Budget Monitoring 2013/14 – Quarter Three, report to Cabinet, 11 March 2014.
5 Year Budget and Medium Term Financial Strategy 2014/15 to 2018/19, report to Cabinet, 8 January 2014.
5 Year Budget and Medium Term Financial Strategy 2014/15 to 2018/19, report to Council, 6 November 2013.

APPENDIX A

Analysis of Variations against General Fund Budget

The following table analyses total variations against the General Fund budget, including variations arising on non-controllable budgets (see note below). This differs from table 1, where non-controllable variations have been excluded in order to restrict that analysis to actual expenditure and income over which budget holders have control. It should be noted that Appendices B to F have been prepared in order to be consistent with this appendix, and not tables 2 to 6.

Service	2013/14 Net Budget £000	2013/14 Net Outturn £000	Variation Over/(Under)		
			Total £000	Controllable £000	Non-Controllable £000
Community Delivery	157,591	159,510	1,919	1,173	746
Education and Enterprise	40,223	32,174	(8,049)	(1,294)	(6,755)
Office of the Chief Executive	25,802	33,452	7,650	(672)	8,322
Corporate Budgets (including redundancy costs)	2,054	1,773	(281)	(11)	(270)
	29,960	31,674	1,714	3,757	(2,043)
Budget Requirement	255,630	258,583	2,953	2,953	-
Funding:					
Government Grant	(178,406)	(179,027)	(621)	(621)	-
Council Tax	(73,297)	(73,297)	-	-	-
Collection Fund Surplus	(211)	(211)	-	-	-
Budgeted Use of Reserves	(3,716)	(3,716)	-	-	-
Total Funding	(255,630)	(256,251)	(621)	(621)	-
Budget (Surplus)/Deficit	-	2,332	2,332	2,332	-

Note on Non-Controllable Budgets

It is important to note that the key columns in this table and subsequent appendices are *Controllable Variation from Budget* and *Transfer to/from Earmarked Reserves*. The first of these reports the impact of actual spending and income against budgets, unlike the *Non-Controllable Variation from Budget* column which reports the impact of various items that are outside the control of budget managers. In the main these are accounting adjustments, e.g. capital charges and IAS19 (an accounting standard partly concerning the cost of pensions taking account of notional surpluses/deficits on the pension fund).

Since the introduction of International Financial Reporting Standards (IFRS) in 2010/11, there has been an increase in the number of such items, which now also include accruals for untaken employee leave, adjustments for certain types of lease arrangements, and adjustments for Government grant income. These items are often described as 'below the line'. Although such entries are necessary from a technical accounting perspective they should be ignored when assessing the reasons for variation against budget that managers could influence or control.

Revenue Budget Outturn 2013/14 – Community

Service	Reason for Variation/ Comments	Approved Budget £000	Outturn £000	Variance £000	Controllable £000	Non- controllable £000
Older People & Personalisation						
Directorate		207	137	(70)	(55)	(15)
Assistant Director - Older People & Personalisation		215	153	(62)	(58)	(4)
Carers Support Team	Individual variations below £100,000.	1,418	1,298	(120)	(120)	-
ILS & Telecare & Adaptations	Underspend on staffing of £138,000 due to vacancies. Additional income of £150,000 received for equipment.	2,438	2,273	(165)	(169)	4
Older People Assessment & Care Management	Overspend on staffing due to agency costs and one off weekend enhancement payment (£211,000). Overspend across care purchasing budgets, offset in part by additional income.	17,627	18,340	713	709	4
Older People Provider Management	Early achievement of savings target in relation to the closure of Warstones Resource Centre (£204,000). Under spend of £176,000 on staffing due to vacancies across the service.	10,321	9,949	(372)	(421)	49

Revenue Budget Outturn 2013/14 – Community

Service	Reason for Variation/ Comments	Approved Budget £000	Outturn £000	Variance £000	Controllable £000	Non- controllable £000
Welfare Rights & Financial Assessment	Underspend on staffing of £248,000 due to vacancies and early implementation of the financial assessment staffing restructure (included in the 2014/15 savings programme).	1,958	1,668	(290)	(301)	11
Workforce Development	Reduction in training costs of £650,000, and draw down of one-off grant funding of £400,000.	992	(45)	(1,037)	(1,042)	5
Housing	Under spend due to revised formula for apportioning costs of services shared by the General Fund and HRA (early achievement of 2014/15 saving).	1,790	1,283	(507)	(537)	30
Sub Total Older People & Personalisation		36,966	35,056	(1,910)	(1,994)	84

Revenue Budget Outturn 2013/14 – Community

Service	Reason for Variation/ Comments	Approved Budget £000	Outturn £000	Variance £000	Controllable £000	Non- controllable £000
Health, Wellbeing & Disabilities						
Assistant Director - Health Wellbeing & Disabilities		159	148	(11)	(22)	11
Children's Disabilities Commissioning		117	123	6	(30)	36
Disabilities In-House Provision	Staffing underspend of £100,000 due to vacancies across the service, and a reduction in expenditure across various supplies and services, and third party payments totalling £397,000.	10,930	10,279	(651)	(630)	(21)
Emergency Duty Team		97	106	9	10	(1)
Housing Support & Social Inclusion	Underspend of £187,000 on third party payment; early achievement of 2014/15 saving.	7,128	6,836	(292)	(291)	(1)
Mental Health Care Management & Provider		5,404	5,368	(36)	(38)	2
Short Breaks		604	694	90	85	5
Children with Disabilities	Additional staffing costs of £104,000 as a result of Ofsted inspection.	907	1,038	131	110	21

Revenue Budget Outturn 2013/14 – Community

Service	Reason for Variation/ Comments	Approved Budget £000	Outturn £000	Variance £000	Controllable £000	Non- controllable £000
Learning Disabilities Assessment & Care Management		19,324	18,314	(1,010)	(1,010)	-
Physical Disabilities Assessment & Care Management	Over spend in care purchasing of £1.1 million due to increase in volume and complexity of young people in transition and adult demographic pressures.	4,970	6,022	1,052	1,077	(25)
Disabilities Commissioning	Additional income for Joint Commissioning Team of £224,000, and service contributions from other public bodies of £291,000.	1,281	697	(584)	(566)	(18)
Families In Focus		200	200	-	-	-
SEN		33	22	(11)	(32)	21
Sub Total Health, Wellbeing & Disabilities		51,154	49,847	(1,307)	(1,337)	30

Revenue Budget Outturn 2013/14 – Community

Service	Reason for Variation/ Comments	Approved Budget £000	Outturn £000	Variance £000	Controllable £000	Non- controllable £000
Children, Young People and Families						
Assistant Director - Children's	£157,000 saving as a result of single status budget allocation being higher than actual costs, along with a reduction in forecast expenditure of £86,000, offset by savings targets not achieved of £189,000 (2010/11 savings targets following the disaggregation of the former Children & Young People Directorate).	1,757	913	(844)	(80)	(764)
Children's Centres	£272,000 saving from staffing vacancies, along with reduction in forecast expenditure of £1.3 million which is matched by a reduction in grants and contributions of £1.3 million.	7,204	7,033	(171)	(187)	16

Revenue Budget Outturn 2013/14 – Community

Service	Reason for Variation/ Comments	Approved Budget £000	Outturn £000	Variance £000	Controllable £000	Non- controllable £000
Children in Need	One-off saving of £1.1 million due to use of Early Intervention Grant brought forward from previous financial years, offset by over spends in the following areas: £427,000 agency expenditure (over and above savings from staffing vacancies), £111,000 Contact Contract, £200,000 Section 17, £559,000 legal fees, volunteer drivers £56,000 and interpreters' fees £18,000, all of which are associated with increased caseloads and demands for services.	7,613	8,918	1,305	238	1,067
Children's Commissioning	£126,000 under spend on staffing, offset by increased expenditure and grants and special projects of £32,000, along with a reduction in contributions from special reserves of £41,000. In addition, there was a one-off repayment of £116,000 from Prospects for redundancy costs built into their expenditure plan over a number of years for which no provision has arisen or is expected to arise.	828	690	(138)	(161)	23

Revenue Budget Outturn 2013/14 – Community

Service	Reason for Variation/ Comments	Approved Budget £000	Outturn £000	Variance £000	Controllable £000	Non- controllable £000
Looked-After Children	Continued increase in placements amounted to a £7.2 million over spend, partially offset by additional external income from Wolverhampton CCG of £617,000, and £389,000 from the Special Education Needs budget, as well as a £495,000 under spend on staffing. There were £870,000 increased costs associated with adoption and guardianship allowances, partially offset by a saving on inter-agency placement fees of £236,000 and a £827,000 underspend on fostering allowances.	24,498	29,888	5,390	5,226	164
Social Inclusion and Play	£232,000 staffing underspend, offset by a savings target yet to be achieved of £233,000.	4,186	3,957	(229)	(260)	31

Revenue Budget Outturn 2013/14 – Community

Service	Reason for Variation/ Comments	Approved Budget £000	Outturn £000	Variance £000	Controllable £000	Non- controllable £000
Youth Offending Team	£227,000 staffing under spend due to vacant posts and a reduction in the number of agency and sessional staff used following the restructuring of the service. £88,000 reduction in expenditure against supplies and services, along with additional income of £64,000.	1,432	1,078	(354)	(345)	(9)
Sub Total Children, Young People & Families		47,518	52,477	4,959	4,431	528
Safeguarding, Business Support & Community Services						
Assistant Director - Leisure Communities & Safeguarding		143	155	12	6	6
Sport & Leisure Trust		3,035	3,095	60	69	(9)
Business Support	Under spend due to planned reduction in repairs and maintenance budgets.	6,088	5,871	(217)	(191)	(26)

Revenue Budget Outturn 2013/14 – Community

Service	Reason for Variation/ Comments	Approved Budget £000	Outturn £000	Variance £000	Controllable £000	Non- controllable £000
Community Centres	Staffing under spend of £208,000 due to vacancies within the service and the early transfer of the Sports Development Team to Public Health (2014/15 savings).	1,367	1,115	(252)	(231)	(21)
Community Initiatives	Over spend is matched by planned use of reserves.	2,987	2,951	(36)	(16)	(20)
Libraries	Under spend on supplies and services of £126,000, mainly due to reduction in book fund purchases.	3,592	3,435	(157)	(115)	(42)
Parks		586	548	(38)	(33)	(5)
Safeguarding	Individual variations below £100,000.	2,193	2,146	(47)	(157)	110
Youth & Play		2,814	2,813	(1)	(111)	110
Sub Total Safeguarding, Business Support & Community Services		22,805	22,129	(676)	(779)	103
Local Discretionary Grant Scheme		-	-	-	-	-
Public Health	Planned transfer to earmarked reserves to fund Public Health projects in 2014/15.	-	-	-	-	-

Revenue Budget Outturn 2013/14 – Community

Service	Reason for Variation/ Comments	Approved Budget £000	Outturn £000	Variance £000	Controllable £000	Non- controllable £000
Savings to be Identified	Unidentified savings, removed from subsequent years' budgets.	(852)	1	853	852	1
Total Community		157,591	159,510	1,919	1,173	746

Revenue Budget Outturn 2013/14 – Delivery

Service	Reason for Variation/ Comments	Approved Budget £000	Outturn £000	Variance £000	Controllable £000	Non- controllable £000
Delivery Directorate		246	263	17	9	8
Resources						
Assistant Director (Resources)	There is an underspend in 2013/14 due to the Assistant Director working on FutureWorks.	119	7	(112)	(119)	7
Financial Services						
Assistant Director (Finance)		142	141	(1)	(1)	-
Corporate Programmes		161	164	3	(15)	18
Corporate Procurement	An overspend is due to reduced levels of income from retrospective discounts. This has been addressed in the 2014/15 budget.	54	(56)	(110)	237	(347)
Strategic Financial Services		(229)	(44)	185	(24)	209
Operational Finance		(80)	(55)	25	7	18
Payroll Services		93	50	(43)	14	(57)

Revenue Budget Outturn 2013/14 – Delivery

Service	Reason for Variation/ Comments	Approved Budget £000	Outturn £000	Variance £000	Controllable £000	Non- controllable £000
Risk Management & Insurance		(46)	-	46	44	2
Revenues, Benefits and Local Taxes		4,153	2,775	(1,378)	(52)	(1,326)
Sub Total Financial Services		4,248	2,975	(1,273)	210	(1,483)
Human Resources	The underspend is mainly due to a reduction in employee costs due to vacant posts.	298	9	(289)	(234)	(55)
Audit Services	The underspend is mainly due to a reduction in employee costs due to vacant posts.	12	(3)	(15)	(119)	104
Corporate						
Other Accounts	A significant element of the net underspend relates to Compensatory Added Years due to higher than anticipated turnover (£230,000). In addition external audit fees were £160,000 lower than anticipated in 2013/14.	8,574	45	(8,529)	(525)	(8,004)

Revenue Budget Outturn 2013/14 – Delivery

Service	Reason for Variation/ Comments	Approved Budget £000	Outturn £000	Variance £000	Controllable £000	Non- controllable £000
Contribution to Reserve	Contribution to the transformation reserve.	-	900	900	900	
Sub Total Corporate		8,574	945	(7,629)	375	(8,004)
Legal Services						
Legal Services		9	70	61	(21)	82
Local Land Charges		(49)	(72)	(23)	(36)	13
Sub Total Legal Services		(40)	(2)	38	(57)	95
Central Services						
Assistant Director		-	84	84	7	77
Health & Safety	The underspend is due to the deferral in implementation of the Lone Worker System which is being implemented in June 2014.	300	193	(107)	(116)	9
Emergency Planning		192	265	73	91	(18)
Civic & Other Catering		11	32	21	19	2
Schools & Welfare Catering	The underspend is due to cost efficiencies and an increase in the number of school meals sold.	(440)	(411)	29	(104)	133

Revenue Budget Outturn 2013/14 – Delivery

Service	Reason for Variation/ Comments	Approved Budget £000	Outturn £000	Variance £000	Controllable £000	Non- controllable £000
Cleaning of Buildings		192	277	85	94	(9)
Corporate Landlord	The underspend is mainly due to a reduction in employee costs due to vacant posts and the income achieved was higher than anticipated.	(1,578)	325	1,903	(513)	2,416
Public Conveniences		469	454	(15)	(17)	2
Wholly Owned Company	An unachievable saving which has been addressed in the 2014/15 budget	(500)	-	500	500	-
ICTS	The underspend is mainly due to a reduction in employee costs due to vacant posts.	(2,512)	(1,987)	525	(112)	637
Multifunctional Devices	An inherited unachievable savings target; this has been realigned in the 2014/15 budget.	(185)	144	329	329	-
Customer Services		243	80	(163)	(58)	(105)
Democratic Services		460	392	(68)	(53)	(15)

Revenue Budget Outturn 2013/14 – Delivery

Service	Reason for Variation/ Comments	Approved Budget £000	Outturn £000	Variance £000	Controllable £000	Non- controllable £000
Elections	There were no elections held in 2013/14 which resulted in an underspend.	697	341	(356)	(240)	(116)
Councillors Expenses		3,498	3,271	(227)	(13)	(214)
Mayoral		348	360	12	29	(17)
Sub Total Central Services		1,195	3,820	2,625	(157)	2,782
Environmental Services						
Highways Maintenance	The underspend is due to reduced winter maintenance costs of £240,000; a reduction in expenditure on street lighting of £190,000 and deferral of surfacing work of £235,000 as a direct response to the budget challenge.	8,883	8,310	(573)	(651)	78
School Crossing Patrols		460	413	(47)	(34)	(13)
Grounds Maintenance and Street Scene	The underspend has been delivered by deferring programmes of work as a direct response to the budget challenge.	6,481	5,365	(1,116)	(993)	(123)

Revenue Budget Outturn 2013/14 – Delivery

Service	Reason for Variation/ Comments	Approved Budget	Outturn	Variance	Controllable	Non-controllable
		£000	£000	£000	£000	£000
Landscape & Ecology	There was a higher than anticipated level of income.	27	(73)	(100)	(100)	-
Fleet Services	An overspend is due to increased costs of tyres, sub contractors and hire of vehicles and reduced external income. Work is in progress to address these issues.	(2,668)	(2,046)	622	404	218
Passenger Transport	An unachievable saving which has been addressed in the 2014/15 budget	(159)	-	159	159	-
Bereavement Services	The underspend is due to both an increase in the numbers of cremations and burials and an increase in the level of fees charged.	(164)	(534)	(370)	(318)	(52)
Parking Services	An overspend is due to the under achievement of income and increased costs of the contract for decriminlaised parking. This has been addressed in the 2014/15 budget.	(1,271)	(1,000)	271	432	(161)
Markets		(436)	(432)	4	39	(35)
Waste Services	There was a reduction in costs as a result of historic under utililistion of the waste incenerator.	14,418	14,157	(261)	(140)	(121)
Sub Total Environmental Services		25,571	24,160	(1,411)	(1,202)	(209)
Total Delivery		40,223	32,174	(8,049)	(1,294)	(6,755)

Revenue Budget Outturn 2013/14 – Education and Enterprise

Service	Reason for Variation/ Comments	Approved Budget £000	Outturn £000	Variance £000	Controllable £000	Non- controllable £000
Schools, Skills & Learning						
Assistant Director		464	432	(32)	(72)	40
Skill Development		2,181	2,161	(20)	(46)	26
Adult Education		161	149	(12)	(29)	17
Equality & Enrichment		301	305	4	8	(4)
School Funding & Financial Planning		224	260	36	23	13
School Challenge Support & Intervention		1,397	1,261	(136)	(86)	(50)
School & Pupil Services	Savings to be identified for Outdoor Education centres of £207,000 in total were not fully achieved. Kingswood Outdoor Centre had a net controllable overspend of £137,000	7,966	7,618	(348)	148	(496)

Revenue Budget Outturn 2013/14 – Education and Enterprise

Service	Reason for Variation/ Comments	Approved Budget	Outturn	Variance	Controllable	Non-controllable
		£000	£000	£000	£000	£000
School Organisation & Development	BSF Programme Team total controllable overspend of £576,000. Anticipated revenue contribution from LEP to the Tettenhall Wood Centre of £600,000 which was accrued for in 12/13 has been adjusted from Design and Build capital payments so created a pressure on revenue budgets for 2013/14	1,310	1,510	200	554	(354)
Net schools related budgets		(5,453)	(5,461)	(8)	(8)	-
Total Schools, Skills & Learning		8,551	8,235	(316)	492	(808)
Partnerships, Economy & Culture						
Partnerships		216	124	(92)	(61)	(31)
Economic Partnerships and Investment		1,368	1,374	6	(25)	31
Neighbourhood Services		1,832	1,757	(75)	(38)	(37)

Revenue Budget Outturn 2013/14 – Education and Enterprise

Service	Reason for Variation/ Comments	Approved Budget £000	Outturn £000	Variance £000	Controllable £000	Non- controllable £000
Entertainments and Events		1,640	1,497	(143)	2	(145)
Culture, Arts and Heritage		2,204	2,138	(66)	(14)	(52)
Community Safety		482	542	60	(7)	67
Assistant Director		-	65	65	1	63
Total Partnerships, Economy & Culture		7,742	7,497	(245)	(142)	(104)
Regeneration						
Assistant Director	Previously unallocated savings held at this level have now been regularised by allocating the targets to specific areas of service. This variance is therefore offset by favourable variations across other Regeneration service areas	(225)	53	278	282	(4)
Physical Regeneration	Controllable income on Southside offset by non-controllable expenditure and staff vacancies.	(690)	51	741	(73)	814

Revenue Budget Outturn 2013/14 – Education and Enterprise

Service	Reason for Variation/ Comments	Approved Budget £000	Outturn £000	Variance £000	Controllable £000	Non- controllable £000
Housing	Additional work undertaken on Housing Capital programme schemes	1,183	1,794	611	(373)	984
Performance and Service Support	Staff vacancies	53	-	(53)	(174)	121
Planning	Planning appeals legal costs	2,080	1,722	(358)	(105)	(253)
Regulatory Services	Staff vacancies	4,035	3,537	(498)	(342)	(156)
Transport	Various underspends. Key variances are staff vacancies, costs associated with specific projects including Interchange and Surface Water Management Plan, rechargeable work where controllable income is offset by non-controllable expenditure and underspend on UTC budgets.	3,073	10,563	7,490	(236)	7,726
Total Regeneration		9,509	17,720	8,211	(1,021)	9,232
Total Education & Enterprise		25,802	33,452	7,650	(671)	8,320

Revenue Budget Outturn 2013/14 – Office of the Chief Executive

Service	Reason for Variation/ Comments	Approved Budget £000	Outturn £000	Variance £000	Controllable £000	Non- controllable £000
Office of the Chief Executive						
Chief Executive		233	217	(16)	(13)	(3)
Black Country Transport		-	-	-	-	-
Communications		332	-	(332)	(38)	(294)
Policy Team		1,379	1,442	63	41	22
Political Assistants		110	114	4	(1)	5
Total Office of the Chief Executive		2,054	1,773	(281)	(11)	(270)

Revenue Budget Outturn 2013/14 – Corporate Budgets

Service	Reason for Variation/Comments	Approved Budget	Outturn	Variance	Controllable	Non-controllable
		£000	£000	£000	£000	£000
West Midlands Transport Authority Levy		13,269	13,269	(0)	-	-
Environment Agency Levy		78	67	(11)	(11)	-
Provision for Bad Debts		475	543	68	68	-
Treasury Management	There was a net saving delivered through effective treasury management activity in accordance with the approved strategy.	22,709	21,495	(1,214)	(1,214)	
Special Dividend	A special dividend of £70 million was paid by Birmingham Airport in December 2013. The council's share of this was £3.3 million.	-	(3,279)	(3,279)	(3,279)	-
Birmingham Airport - Rent		(69)	(78)	(9)	(9)	-
Central Provision for increased Pension Costs	A central budget provision was created for the change in pension costs during 2013/14, however no call was made on this budget during the year.	674	-	(674)	(674)	-

Revenue Budget Outturn 2013/14 – Corporate Budgets

Service	Reason for Variation/Comments	Approved Budget £000	Outturn £000	Variance £000	Controllable £000	Non-controllable £000
Cross Cutting Savings Proposals	Cross-cutting Savings Proposals removed from the 2014/15 budget as savings have been used within directorates to offset other budget pressures.	(2,240)	-	2,240	2,240	-
Local Services Grant		(86)	(84)	2	2	-
Miscellaneous Income		(17)	(27)	(10)	(10)	-
Minor Property Disposals		50	106	56	56	-
Redundancy Costs	Redundancy payments during 2013/14 arose primarily as a result of the Voluntary Redundancy Programme. The net outturn against Corporate Budgets includes a provision, totalling £1.8 million, for redundancies agreed but not due to occur until 2014/15 in addition to a capitalisation application of £1.3 million as approved by the Department for Communities and Local Government.	-	4,555	4,555	4,555	-

Revenue Budget Outturn 2013/14 – Corporate Budgets

Service	Reason for Variation/Comments	Approved Budget £000	Outturn £000	Variance £000	Controllable £000	Non-controllable £000
Underlying Budget Issues	Underlying controllable/non-controllable issues that have been identified during 2013/14 and addressed in the 2014/15 budget.	(2,811)	-	2,811	2,811	-
NNDR Discretionary Relief		410	-	(410)	(410)	-
VAT Repayable		-	(93)	(93)	(93)	-
Single Status inc. cost of Pay Protection		(2,619)	-	2,619	2,619	-
Contribution from the Single Status Reserve to cover the cost of Single Status	Drawdown from the Single Status Reserve to cover the cost of Single Status.	-	(2,619)	(2,619)	(2,619)	-
Contribution from the Single Status Reserve	Transfer of uncommitted funds from the Single Status Reserve to the Efficiency Reserve and the Budget Contingency Reserve.	-	(1,221)	(1,221)	(1,221)	-
Contribution to Efficiency Reserve	Contribution to Efficiency Reserve to ensure some funds are available for future invest to save projects.	1,000	2,721	1,721	1,721	-

Revenue Budget Outturn 2013/14 – Corporate Budgets

Service	Reason for Variation/Comments	Approved Budget £000	Outturn £000	Variance £000	Controllable £000	Non-controllable £000
Contribution to the Budget Contingency Reserve	Transfer of available funds from the Single Status Reserve to the Budget Contingency Reserve.	-	500	500	500	-
Contribution from Reserve (South Side - Treasury Costs)		(745)	(745)	-	-	-
Contribution from the Regeneration Reserve	Transfer of available funds from the Regeneration Reserve to the Blocks 10 & 11 Treasury Management Reserve.	-	(739)	(739)	(739)	-
Contribution to the Blocks 10 & 11 Treasury Management Reserve	Transfer of available funds to the Blocks 10 & 11 Treasury Management Reserve from the Regeneration Reserve.		766	766	766	-
Contribution from Reserve (Fuel Tank - Treasury Costs)		-	(32)	(32)	(32)	-
Contribution to the Preventing Homelessness Reserve		-	171	171	171	-

Revenue Budget Outturn 2013/14 – Corporate Budgets

Service	Reason for Variation/Comments	Approved Budget £000	Outturn £000	Variance £000	Controllable £000	Non-controllable £000
FutureWorks Capitalisation	One-off benefit from the capitalisation of FutureWorks spend - funds to be released from the FutureWorks Reserve.		(1,450)	(1,450)	(1,450)	-
Adjustment to Variable E of Provision for the Redemption of Debt	Council approved on 6 November that for the purposes of calculating the council's provision for the redemption of debt in 2013/14, the value of variable E shall be minus £10 million.	-	(10,000)	(10,000)	(10,000)	-
Transfer of Additional Provision for the Redemption of Debt to the General Fund Balance	The resulting £10 million one-off benefit, from adjusting the value of variable E, to the general fund budget in 2013/14 was transferred into general balances.	-	10,000	10,000	10,000	-
SLA Income		17	-	(17)	-	(17)
Total Corporate Budgets		30,095	33,826	3,731	3,748	(17)

Revenue Budget Outturn 2013/14 – Corporate Budgets

Service	Reason for Variation/Comments	Approved Budget £000	Outturn £000	Variance £000	Controllable £000	Non-controllable £000
Corporate Adjustments						
IAS19 Charges	Accounting entries in accordance with International Accounting Standard 19.	(134)	8,094	8,228	-	8,228
Premiums and Discounts Adjustment		-	(23)	(23)	(23)	-
Stepped Loan Interest Charges		-	31	31	31	-
Recharge to Vehicles		-	(209)	(209)	-	(209)
Loss in Value of Investment Assets		-	(15)	(15)	-	(15)
Deferred Charges		-	(10,031)	(10,031)	-	(10,031)
Total Corporate Budgets & Adjustments		29,961	31,674	1,713	3,756	(2,044)

Revenue Budget Outturn 2013/14 – Corporate Budgets

Service	Reason for Variation/Comments	Approved Budget £000	Outturn £000	Variance £000	Controllable £000	Non-controllable £000
Corporate Resources						
General Government Grant		(178,406)	(179,029)	(623)	(623)	-
Council Tax		(73,297)	(73,297)	-	-	-
Collection Fund Surplus		(211)	(211)	-	-	-
Budeted Use of General Fund Reserves	Overall deficit after the cost of redundancy totalling £4.6 million, funded by General Fund Reserves.	(3,716)	(6,048)	(2,332)	(2,332)	-
TOTAL	TOTAL	(225,669)	(226,911)	(1,242)	801	(2,044)

Outturn on Schools' Budgets

Schools started the 2013/14 financial year with accumulated reserves of £19.4 million (Including Pupil Referral Units). During 2013/14 eight schools converted to academy status during the financial year and these settings held balances of £2.2 million at the beginning of the financial year. For those schools that have remained in the local authority control, governing bodies approved and submitted budget plans that forecast the use of £3.8 million of reserves in the financial year. As at 31 March 2014 schools revenue balances were £15.9 million. Overall schools that have remained maintained used reserves of £ 1.4 million during 2013/14.

The main reasons for the favourable variation were:

- a. 2013/14 Primary schools received a late increase in Pupil Premium allocations from £900 per pupil to £953 per eligible pupil. This attracted a further £415,000 to the city. Overall increase to the city through this funding stream has increased by £3.8 million when compared to 2012/13 This income is in addition to the schools budget funded by the Dedicated Schools Grant (DSG). Schools are still developing strategies to use the funds to support some of the most vulnerable children in the city.
- b. Use of reserves earmarked for repair and maintenance costs, was not at the level anticipated provided for.
- c. Savings across staffing posts.

Schools have, been largely protected from the cuts other public services have faced, but they and their governing bodies are mindful of the following pressures that they will face whilst working within the constraints of a "cash flat per pupil" increase for the remainder of this parliament. A recent announcement has postponed the introduction of the national funding formula that had been expected in 2015/16. It is expected that when introduced this will bring significant turbulence in the school funding system and to schools funding settlements. Schools will remain cautious with their spending plans until the impact of the national formula is better understood.

During 2014/15 the Local Authority will have a sharper focus on schools balances and will be meeting with schools to agree plans for the use of balances to ensure that they are being used to best effect to improve outcomes for the pupils in the city's schools.

It is important to note that, as any variances against schools' delegated budgets are transferred either to or from schools accumulated reserves, their outturn position is financially neutral to the Council's General Fund. The table below shows schools balances at the start and end of the financial year.

Table 8 – Analysis of Schools Balances 2012/13 and 2013/14

	Actual Balances at 1 April 2013 Surplus £m	Planned Use of Balances In 2013/14 £m	Actual Use of Balances in 2013/14 £m	Schools Balances at 31st March 2014 Surplus £m
Infant	0.7	(0.1)	(0.1)	0.6
Junior	0.5	(0.1)	(0.0)	0.5
Primary	9.8	(2.8)	(0.8)	9.0
Secondary	2.8	(0.7)	(1.3)	1.5
Special	2.7	(1.1)	(0.2)	2.9
Nursery	0.8	(0.2)	(0.3)	0.5
PRU	0.7	0.4	0.2	0.9
Total	18.1	(4.6)	(2.5)	15.9

Schools in a Deficit Position

The table below shows that the number of schools in deficit has remained stable.

Table 9 – Number of Schools in a Deficit Position

Sector	2012/13	2013/14
Primary	2	2
Secondary	4	3
Nursery	0	1

Where schools end the financial year in a deficit position they are required to seek the approval of the Local Authority, deficit applications remain outstanding for three schools in a deficit position. A further report on these will be brought to Cabinet (Resources) Panel on a future date.



Cabinet Meeting

23 July 2014

Report title	Local Council Tax Reduction Scheme 2015/16 Onwards	
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	Revenues and Benefits	
Accountable employee(s)	Sue Martin	Head of Revenues and Benefits
	Tel	01902 5547723
	Email	sue.martin@wolverhampton.gov.uk
Report to be/has been considered by	Strategic Executive Board	10 July 2014

Recommendation(s) for action or decision:

The Cabinet is recommended to:

1. Approve the publication of a draft scheme in respect of working age claimants for consultation containing the following revisions:
 - a. The basis on which support is calculated is revised from 88% to 78% of gross council tax liability.
 - b. Within the draft scheme, households with the following characteristics will be protected and will continue to have their entitlement calculated on 88% of gross liability.
 - where the claimant or their partner is severely disabled
 - where there is a severely disabled child
 - a single person under 25 years of age without dependents

2. Delegate authority to the Cabinet Member for Resources, in consultation with the Head of Revenues and Benefits, to approve the documents to be issued for public consultation.

Recommendations for noting:

The Cabinet is asked to note:

1. The options for revisions to the local council tax support scheme for working age claimants that are needed in order to further offset the cut in government grant for funding the scheme.
2. That following the outcome of public consultation a further report will be submitted to Cabinet on 10 December 2014 to enable a final scheme to be recommended to Council on 28 January 2015.

1.0 Purpose

- 1.1. This report is presented to Cabinet in order to seek the approval of changes to the Council's local scheme for council tax support; having considered options that could be incorporated.
- 1.2. Any changes to the scheme will be subject to public consultation prior to adoption by full Council. At this stage therefore Cabinet is only asked to agree a draft revised scheme.

2.0 Background

- 2.1 From April 2013 the Council implemented its own local council tax reduction scheme to replace council tax benefit. Government continues to set the rules for pensioners and so the local scheme applies only to working age households.
 - 2.2 The local scheme adopted by the Council for 2013/14 broadly maintained the eligibility rules that existed for council tax benefit. The only significant change was that entitlement was limited to 91.5% of liability for working age applicants.
 - 2.3 Revisions to the scheme were made for 2014/15 and the following amendments were incorporated:
 - a) The basis on which support is calculated is 88% of gross liability.
 - b) The rate at which support is withdrawn as income increases (the taper) is 23%
 - c) Support is restricted to the level of a band C property
 - d) Entitlement to second adult rebate is removed
 - e) The capital cut-off limit is £6,000
 - f) The rate of non-dependent deduction was increased by 5% above the government uprating of the Prescribed Scheme for 2014/15
 - g) Entitlement to backdated awards is limited to 1 month
 - h) The disregard of child benefit income is limited to the rate for the first child
 - 2.4 The total pressure in the 3 January 2013 Medium Term Financial Strategy (MTFS) for Council Tax for 2013/14 was shown as £3.2 million, a combination of the loss of £2.7 million grant funding in addition to £500,000 lost council taxbase.
 - 2.5 The transitional scheme as implemented for 2013/14 was intended to recover £1.3 million of this loss, including a transitional grant of £600,000 payable for one year only. The scheme implemented for 2014/15 was intended to recover the lost transitional grant. The rest of the cost of the scheme is therefore currently funded through other savings and the use of reserves approved as part of the MTFS.
- ## **3.0 Current Caseload**
- 3.1. At the end of June 2014 there were approximately 32,000 households receiving council tax support.
 - 3.2. Of these, approximately 42% were from pensioners who are unaffected by this report.

- 3.3. The average award of council tax reduction for 2014/15 is £810 per year for a pensioner and £693 per year for someone of working age.

4.0 Options

- 4.1. The council will need to decide for 2015/16 onwards whether, and if so to what extent, it can afford to continue funding a shortfall between awards and the grant from central government.
- 4.2. In considering the options the council is obliged to have regard to the following duties:
- The public sector Equality Duty as set out in Section 149 of the Equality Act 2010.
 - The duty to mitigate effects of child poverty set out in The Child Poverty Act 2010.
 - The duty to prevent homelessness set out in The Housing Act 1996.
 - The duty owed to service and ex-service personnel under the Armed Forces Covenant published in May 2011.
- 4.3. In deciding the local scheme it wishes to adopt for 2015/16 onwards the Council has the following choice:
- Retain the scheme adopted for 2014/15. Under this scheme the amount of reduction for pension age applicants is protected, but the amount of reduction for working age applicants is limited to a maximum of 88% of their gross liability.
 - Make changes to the local scheme as it affects working age applicants. These changes can be more or less generous in the level of support and/or tailor levels of support by regard to specific characteristics within the working age community.
- 4.4. A number of possibilities have been considered including:
- Keeping the scheme adopted in 2014/15 unchanged
 - Varying the maximum liability against which awards are made
 - Whether changes should apply to all categories of working age claimant.
- 4.5. Each option has been considered against the following criteria
- The impact on residents
 - The level of savings/cost to the council that could result
 - Where possible, not making the scheme more difficult to understand
- 4.6. Retaining features of the current council tax reduction scheme will allow the needs of those with children, disability or caring responsibilities to be recognised. For example
- Those with children: through the needs allowance and in disregarding childcare costs
 - Those with disabilities: through the needs allowance and by disregarding certain disability related income such as Disability Living Allowance
 - Those with caring responsibilities: through the needs allowance

5.0 Maintain the scheme adopted for 2014/15

- 5.1. Some of the loss of government grant has been made up through the scheme adopted in 2013/14 and revisions adopted for 2014/15.

- 5.2. There is still however a significant shortfall between government funding and the overall cost of the local scheme, taking into account projected collection rates.
- 5.3. The MTFs assumes a further narrowing of the gap between government funding and the cost of the scheme.
- 5.4. For these reasons, maintaining the scheme under its current rules is considered to be unaffordable.

6.0 Varying the maximum liability against which awards are made

- 6.1. Under the current scheme all working age households have to pay at least 12% of their Council tax charge.
- 6.2. Increasing the minimum contribution would apply equally to all households unless protection is introduced.
- 6.3. The following table illustrates the impact on the amount payable for a household receiving maximum support and living in a band A property.

	Per year £	Per week £
Amount to pay 2014/15 (current)	120.10	2.30
Amount to pay at 20% minimum contribution	200.17	3.84
Amount to pay at 22% minimum contribution	220.18	4.22
Amount to pay at 25% minimum contribution	250.21	4.80

- 6.4. The following table illustrates estimated reductions in scheme cost based on the examples of minimum contribution shown above:

Minimum contribution	Estimated net reduction in scheme cost £000
20%	820
22%	1,000
25%	1,300

- 6.4.1. In each case the financial impact assumes expenditure for 2014/15 given our current caseload. Adjustments have been made to take account of the changing profile because of the increase in the age at which individuals will reach pension age, but no assumption has been made that there will be either an increase or decrease in overall claim numbers.

6.4.2. Expenditure has also been projected before any increase in council tax in 2015/16 but after allowing for collection rates and the preceptors' share.

6.4.3. Each example uses a starting point of 88% eligible liability and eligibility rules in line with the current local scheme.

6.5. In considering whether to increase the minimum contribution Cabinet will need to balance affordability of the scheme with the ability to offer protection to the most vulnerable. In short the lower the minimum contribution the narrower the scope to offer protection.

7.0 Protecting the most vulnerable

7.1. During analysis of data used to prepare this report certain categories of vulnerable household have been identified. Cabinet is asked to consider a proposal to protect these households from any further increase in the minimum contribution that may be agreed.

7.2. Proposals for protection are based on those households that appear either least able to work or least able to afford any increase in contribution.

7.2.1. Protection for those people who are the most disabled and least able to work

- Defined as any household where the claimant or partner receives the higher rate of disability living allowance or the enhanced daily living component rate of personal independence payment.
- It is estimated that protection would apply to around 750 households.

7.2.2. Protection for households with a severely disabled child

- Defined as households that include a child who is entitled to receive the disabled child premium. The requirement to receive this premium is that the child receives the higher rate of disability living allowance or the enhanced daily living component rate of personal independence payment.
- It is estimated that protection would apply to around 250 households.

7.2.3. Protection for single adults under 25 years of age

- Defined as single claimants less than 25 years of age without dependents. This group either receives a lower level of state benefit if they are seeking work or a reduced amount of council tax support if they are in work. The reduction in state benefits such as jobseekers allowance is currently around £15 per week and therefore leaves them less able to afford any additional contribution.
- It is estimated that protection would apply to around 650 households.

7.3. Public consultation will be used to gauge support for the scope and extent of protection and to consider whether there are any other categories of household that are considered to be particularly adversely affected.

8.0 Transitional Protection

- 8.1. If any changes are made that have the effect of making the scheme less generous, the council is under a duty to consider transitional protection for any individuals that would receive a lower level of support.
- 8.2. This issue will be considered as part of the report seeking agreement to the final version of the scheme and once the outcome of consultation has been analysed.

9.0 Consultation

- 9.1. The council has a duty to consult on any revisions to its local council tax support scheme which would reduce entitlement to support for any class of person, and to take account of the outcomes in making a final decision.
- 9.2. The Local Government Finance Act 2012 requires the council to do the following in the order set out:
 - a) consult any major precepting authority which has power to issue a precept to it,
 - b) publish a draft scheme in such manner as it thinks fit, and
 - c) consult such other persons as it considers are likely to have an interest in the operation of the scheme
- 9.3. The requirement to consult as laid down in the Local Government Finance Act 2012 states that consultation must be carried out on the basis of a published draft scheme which incorporates the proposed changes. In order to comply with this requirement Cabinet must identify which of the above options it would wish to see incorporated into a draft local scheme.
- 9.4. In order to allow the maximum possible time for views to be expressed, consultation must start immediately. A plan is currently being prepared that anticipates consultation running from mid August to mid November.
- 9.5. As with the consultation exercise in the last two years, the proposals should be communicated as widely as possible to elicit the best response and give the greatest number of people an opportunity to express their views. This will be done by writing to every household, through public meetings and by making a trial calculator available on line.
- 9.6. Full council must endorse the final scheme by 31 January 2015 at the latest in order to implement any changes to the scheme for 2015/16.

10.0 Financial Implications

- 10.1. The MTFs includes an assumed saving of £800,000 in 2015/16 in respect of the local council tax support scheme. If no change is made to the scheme an alternative saving would be required.

- 10.2. Adopting a revised scheme in line with the recommendations in this report would make an estimated net saving of £870,000 compared to the cost of the current scheme.
- 10.3. The net saving is calculated taking into account anticipated collection rates and the precept for Fire and Police. A prudent estimate of 60% has been used to forecast collection rates along with allowing for the 10% preceptors share.
- 10.4. In modelling the financial data it is worth highlighting that the caseload, the taxbase and the council tax rise for 2015/16 are all factors in the calculation, and therefore a change in any one of those will necessarily change the reported position on the savings proposal.
- 10.5. Further factors which impact on the council's financial position need to be taken into account such as any deviance from estimated collection rates and the cost of collection as a consequence of changes to the scheme.
- 10.6. The consultation exercise is estimated to cost £67,000 including production of printed material, postage, provision of an on-line calculator tool and collation of the survey results. The cost will be met from within existing revenue budgets.
- 10.7. Further financial information will be reported to Cabinet following consultation on the proposed changes to the scheme.
[NA/03072014/T]

11.0 Equalities Implications

- 11.1. The council will need to have due regard to any adverse equalities implications arising from whatever approach is adopted, and given that persons with the relevant protected characteristics will feature highly within council tax reduction claimant profiles, it is reasonable to expect that there will be some adverse equality implications.
- 11.2. The proposals and outcome of the consultation will be subject to a full equality analysis.

12.0 Legal Implications

- 12.1. There is a statutory duty on the council to agree any changes to the local scheme by 31 January in order to implement those changes in the following financial year.
- 12.2. The Local Government Finance Act 2012 stipulates the process that must be followed in revising or replacing a local scheme, including the consultation process as outlined in paragraph 9.2.
- 12.3. It is important that the process of determining and implementing the local scheme complies with legislative requirements covering equalities and consultation in order to protect the council from legal challenge.
[RB/14072014/X]

13.0 Environmental implications

13.1. None.

14.0 Human resources implications

14.1. None

15.0 Corporate Landlord implications

15.1. None

16.0 Schedule of Background Papers

16.1. Local Council Tax Support Scheme 2014/15

<https://wolverhamptonintranet.moderngov.co.uk/CeListDocuments.aspx?Committeeld=143&MeetingId=990&DF=17%2f12%2f2013&Ver=2> (item 5)

16.2. Local Government Finance Act 2012

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Cabinet Meeting

23 July 2014

Report title	2014 Housing Allocations Policy Review Part 1	
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	Housing Services	
Accountable employee(s)	Kenny Aitchison	Service Manager Housing Strategy and Development
	Tel	01902 554841
	Email	kenny.aitchison@wolverhampton.gov.uk
Report to be/has been considered by	N/A	

Recommendation(s) for action or decision:

The Cabinet is recommended to:

Approve changes to the Allocations Policy in response to local housing need, making best use of stock and best practice relating to Welfare Reform and the Localism Act 2011 to:

- Relax the of policy regarding allocation of three bedroom houses
- Change the residency qualification to two years
- Ensure that single parents are not required to share a bedroom with children
- Withhold or refuse a successful bidder on exceptional circumstances

Recommendations for noting:

The Cabinet is asked to note:

That consultation on further proposed amendments to the Allocations Policy is under way and that a further report will be brought to Cabinet on September 2014.

1.0 Purpose

- 1.1 The purpose of this report is to approve proposed changes to the Allocations Policy which has been reviewed in light of new legislation and best practice relating to Welfare Reform, the Localism Act 2011 and making best use of stock.

2.0 Background

- 2.1 Local Authorities are required by the Housing Act 1996 to have a scheme for determining priorities, and the procedure to be followed, in allocating housing accommodation both to first time applicants and transferring tenants including nominations to Registered Providers (Housing Associations) – The Allocations Policy.
- 2.2 The aim of the Allocations Policy, whilst meeting legislative requirements, is to make best use of the limited supply of social and affordable housing becoming vacant each year by providing a simple, transparent priority system based on clear criteria which determines an applicant's place within the allocations scheme.
- 2.3 It is considered to be good practice to regularly review allocations policies. This is done to ensure that they reflect current trends in local housing need and recent changes in legislation. It is particularly important at present to review the Allocations Policy regularly as the impacts of the Welfare Reform Act 2012 are not yet fully understood.
- 2.4 The Council last reviewed its Allocations Policy in early 2013, with Cabinet approving a number of recommendations at its meeting on 5 March 2013.
- 2.5 Since these changes were implemented additional guidance has been issued by the Department of Communities and Local Government, there have been further impacts of Welfare Reform and the Council and its managing agents have continued to improve the way properties are allocated.
- 2.6 In the last 12 months since the last review of the Allocations Policy, activity within the Council's choice-based lettings scheme – Homes in the City – has increased. Some performance headlines are listed below.
- 1,925 voids an increase of 189 on previous year
 - 1989 re-lets an increase of 290 on previous year
 - 25 days average re-let time
 - 86.48% tenancies accepted at first offer
 - 34.7% of transfers released an under occupied home
 - 288 moves have taken place via a mutual exchange
 - 7,380 new applications for housing have been received
 - 127,489 bids made
 - average of 64 bids per property

- 2.7 To address all the issues it is proposed to conduct two reviews, each covering different aspects of the Allocations policy. The first part, detailed below in paragraph 3, recommends a number of minor amendments following consultation with the Council's Housing Options team, Wolverhampton Homes Board, the Tenant Management Organisations and Wolverhampton Federation of Tenants.
- 2.8 The second part will look at reviewing the age classification of flats across the city in line with recent equalities legislation and address further issues that are emerging in relation to proposed changes to benefit entitlement and from the Anti-social Behaviour, Policing and Crime Bill.

3.0 Proposed changes to the Allocations Policy

- 3.1 Relaxation of policy regarding allocation of three bedroom houses.
- 3.1.1 It is proposed that the eligibility criteria regarding allocating three bedroom houses is relaxed in response to changes in demand resulting from Welfare Reform that have meant that three bedroom houses are now being allocated in increasing numbers to applicants with no housing need. Although in the past they would have little or no chance of being offered such a property, it would be at the detriment of those who are most in housing need and is against the spirit of the Allocation Policy and statutory guidance which states that social housing should go to people who genuinely need and deserve (it) (DCLG, 2012)
- 3.1.2 One of the key elements of the Welfare Reform Act 2012 was to introduce the 'removal of the spare room subsidy' that limits Housing Benefit for households that are deemed to have more bedrooms than they require. Households that are under-occupying by one bedroom lose 14% of their housing benefit (an average loss of £10.65 per week for Wolverhampton tenants).
- 3.1.3 Increasing numbers of three bedroom properties are becoming void as tenants downsize to more affordable accommodation. 64 more three bedroom properties became void between April and September 2013, than during the same period in the previous year.
- 3.1.4 Alongside this increase in voids, despite there being 1,290 families on the housing register requiring three bedroom properties, bidding has dropped and as a result fewer are now being allocated to households in housing need – Bands 1, 2 and 3. Between April – September 2013, 51 more three bedroom houses were allocated to applicants in Band 4 (the band that indicates less housing need) than in the same period the previous year. By relaxing the eligibility criteria for allocating three bedroom houses, it is hoped that the number of households in housing need who can be allocated a three bedroom home will increase.

3.1.5 The proposed changes to the eligibility criteria for the allocation of three bedroom homes are to allow these properties to be allocated to:

- families with children of the same sex where one is 15 years old (current policy is 16 years)
- families with children of the opposite sex where one is 9 years old (current policy is 10 years)

3.1.6 Applicants who are allocated a three bedroom home as a result of this amendment will still be liable to be charged for a shortfall in rent as they will be considered to be under-occupying if receiving housing benefit. Applicants will be made fully aware of any liability for rent shortfall and steps will be taken to ensure that they can meet this shortfall.

3.2 Change the residency qualification to two years

3.2.1 Recent guidance from Department for Communities and Local Government (Providing social housing for local people, December 2013) states that:

“The Secretary of State believes that including a residency requirement is appropriate ... a reasonable period of residency would be at least two years.”

3.2.2 The current Allocations Policy places all households who have not lived in the city for at least 12 months and who have no emergency or urgent need to move on social or medical grounds in Band 4. They can be considered for an allocation but other applicants in the higher bands (Emergency and bands 1- 3) will be considered before them. In response to this guidance it is proposed that the residency qualification is changed to two years. This will impact on approximately 400 applicants who are currently on the housing register but have been in the city less than two years.

3.2.3 People who have not been resident in Wolverhampton for two years will still be able to apply to go onto the housing register but will be assessed as having lesser preference.

3.2.4 It is proposed that there will still be exemptions for applicants to whom the Council has a statutory duty or who have an emergency or urgent to move to the city on medical and social grounds and will now also include those that have found employment in the city

3.3 Ensure that single parents are not required to share a bedroom with children

3.3.1 The way the current Allocation Policy operates, an unintentional inequality has been created. Single parents are treated differently in the Choice Based Lettings (CBL) system banding which means that they could be required to share a bedroom with a child, whereas two parents would not be. This inequality will be addressed to ensure that single parents are not disadvantaged.

3.4 Withhold or refuse a successful bidder on exceptional circumstances

3.4.1 This amendment to the Allocations Policy seeks to add a clause that allows an offer to be withdrawn or refused in exceptional circumstances. This decision would only be made following a case conference to discuss the application. Examples where this may be appropriate would be where a perpetrator of domestic violence would be housed close to a previous victim, or if there was evidence from professionals that the property would not meet the applicant's particular support needs.

4.0 Future work on reviewing the Allocations Policy

4.1 Review of the age designation of flats

4.1.1 During the 2013 review, the Equality Analysis of the Allocations Policy identified that there was no consistency or rationale to the age designation of flats. This has led to a number of blocks historically being designated for particular age groups with the reasons why now often difficult to justify. It concluded that a review of the age designation of blocks was required which would develop a rationale and result in the removal of such designations in some instances. This is in order to comply with equality legislation to prevent applicants potentially being discriminated against because of their age.

4.1.2 A review of all the blocks of flats and their age designation is now under way. A further report will be presented to Cabinet on 10 September 2014 which will seek approval of the methodology for removing, amending or retaining age designations. This will be followed by a process of consultation with residents of the age designated blocks to determine if any age designations can be justified or needs to be removed. The outcome of this consultation will recommend either the age designation is removed, maintained or amended for each block.

4.2 European Economic Area nationals without access to housing benefit

4.2.1 The Government has recently implemented a number of measures to limit access to United Kingdom mean-tested benefit for nationals of European Economic Area (EEA) countries whose right of residence in the UK is based on their status as a job seeker. Since 1 January 2014, an EEA national entering the UK to seek work have been unable to claim income-based Jobseeker's Allowance (JSA(IB)) until they have been resident here for three months. From 1 April 2014, the reforms have been extended (The Housing Benefit (Habitual Residence) Amendment Regulations 2014), so that even if an EEA job seeker is entitled to JSA(IB), they will not be able to access housing benefit.

4.2.2 This situation may result in an EEA national being eligible for council housing and successfully bidding to be allocated a property but without the means to afford the property if receiving JSA(IB) but not Housing Benefit. The Council's allocation policy does not allow the withdrawal of an offer of accommodation, solely on affordability.

4.2.3 The full implications of these amendments to housing benefit entitlement for EEA nationals are not yet fully understood yet and further work is required and will be reported back to Cabinet in September 2014.

4.3. Amend the criteria for Exclusions to include the new anti-social behaviour powers resulting from the Anti-Social Behaviour, Crime and Policing Act.

4.3.1 The Anti-Social Behaviour, Crime and Policing Act 2014 gives landlord's powers to deal swiftly with the most serious anti-social behaviour committed by their tenants. A further review of the Allocations Policy in conjunction with the Council's anti-social behaviour service will consider options relating to the use of these powers and report back to Cabinet in September.

4.4 Review of "Appeals and Reviews" section of the Allocations Policy

4.4.1 Section 32 of the Allocations Policy sets out the procedure for applicants to seek a review of their assessment for housing and how they can appeal against a decision. This section will be reviewed to ensure that it is consistent with best practice and would withstand scrutiny.

5.0 Financial implications

5.1 This report has no direct financial implications. However there may be a small increase in Wolverhampton Homes resources required to support tenants who may be liable to make a contribution to their rent as a result of this policy change. These costs will be contained within existing human and financial resources.
[CF/02062014/S]

6.0 Legal implications

6.1 The Council as a Local Housing Authority is required to allocate housing accommodation in accordance with Part VI of the Housing Act 1996. Section 167 of the Act requires the Council to have an allocation scheme and to allocate housing accommodation in accordance with the scheme.

6.2 Sections 145-147 of the Localism Act 2011 were brought into force on 18 June 2012 by the Localism Act 2011, which extends the discretion Local Authorities have in relation to their housing allocation policies.
[RB/03062014/U]

7.0 Equalities implications

7.1 A full equalities analysis is being undertaken with the outcomes being addressed as they arise to ensure that any potential adverse implications are identified and mitigated.

8.0 Environmental implications

8.1 No environmental implications have been identified.

9.0 Human resources implications

9.1 No human resources implications have been identified.

10.0 Corporate landlord implications

10.1 This report has positive implications for the Councils' position as a corporate landlord as it will improve the way that council housing stock is allocated.

11.0 Schedule of background papers

11.1 Report to Cabinet 5 March 2013 – Housing Allocations Review.

11.2 Housing Allocations Policy March 2013

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Cabinet Meeting

23 July 2014

Report title	Scrutiny Review of Private Rented Sector Housing	
Decision designation	AMBER	
Cabinet member to give management response	Councillor Peter Bilson Economic Regeneration and Prosperity	
Key decision	No	
In forward plan	No	
Wards affected	All	
Review Chair	Cllr Wendy Thompson	
Review Members	Cllr Linda Leach Cllr Dr Michael Hardacre Cllr Michael Heap	Cllr Neville Patten Cllr Rita Potter Cllr Thomas (Bert) Turner
Lead Scrutiny Review Officer	Deb Breedon Tel. Office: 01902 551250 E-mail: deborah.breedon@wolverhampton.gov.uk	
Link Officer	Christopher Hale Head Of Housing Tel. Office: 01902 551796 E-mail: christopher.hale@wolverhampton.gov.uk	
Report to be/has been considered by	Strategic Executive Board	29 May 2014

Recommendation(s) for action or decision:

The Cabinet is recommended to:

- 1 Receive the report of the Private Rented Sector Housing Scrutiny Review Group (Appendix 1) and consider the following recommendations from the review:
 - R1 (a) That Cabinet approve in principle the draft 'Rent with Confidence' (RwC) campaign (appendix 1 to the review report) as a positive way forward to encourage a more professional private rented sector and

allow potential tenants to exercise choice when selecting property and a reliable landlord or agent and ask employees to consult in greater detail.

- (b) That consideration is given to the future resources required to move forward with the 'Rent with Confidence' (RwC) campaign and agree the need to implement RwC when resources become available for effective enforcement to help drive improvement in PRS housing in the city.
- R2 That a review of the current PRS enforcement policy is carried out with the aspiration to strengthen the processes, make them fairer across the range of landlords, to improve the quality of accommodation in the city, to promote processes and to identify where resources need to be re-aligned or strengthened.
- R3 That Cabinet approves Additional Licensing as a mechanism to licence and regulate Houses of Multiple Occupation (HMOs) locally and across the city as an alternative and more cost effective way of addressing problems with HMOs.
- R4 That Cabinet gives consideration to tackling problems associated with poor housing standards and overcrowding in inner areas of the City, and to consider the use of Selective Licensing, such as the All Saints Selective Licensing scheme, in other priority areas as identified by the Police and the Housing Standards Team.
- R5 That Cabinet recommend to the Local Government Association that there is a need to regulate letting agencies and to highlight the need to the Housing Minister, Shadow Housing Minister and Parliamentary Select Committee.
- R6 That Cabinet note that a response has been submitted to the parliamentary consultation paper relating to property standards in the PRS and the need to consider a reformed approach, taking into account the evidence and findings of this review with regard.
- R7 That a Councillor Working Group is established to monitor and review all housing matters, which would give a holistic view of Housing and an early indication of pressures in the City.
- R8 That a review of the current Private Sector Leasing (PSL) Scheme is carried out in light of rising demand for PRS housing in the City and consider financial incentives, such as Homes and Communities Agency funding, for encouraging landlords with empty properties to join the scheme.

- R9 That Cabinet and Welfare Reform Programme Board agree that the Council and Wolverhampton Homes should work together with landlords to keep people in their homes during the introduction of Universal Credit.
- R10 That Cabinet note that DCLG funding for the Housing Options Homelessness Prevention Team ends March 2015 and give consideration of funding options for a five year period to embed changes to benefits.
- R11 That Cabinet give consideration to other funding sources to improve PRS Housing in Wolverhampton in relation to the impact of poor housing on children, educational attainment and anti-social behaviour, and that Cabinet further consider the wider impact that not meeting decent home standards has on the most vulnerable residents, mental and environmental health issues, overcrowding, the impact on communities and the financial burden of these implications on the Council.
- R12 That Cabinet note that displacement of homeless people was raised as a concern by the Review Group. More evidence is needed to establish the number of cases and the impact on the City more statistical evidence and data.
- 2 Approve the executive response to the review recommendations (Appendix 2).
- 3 Refer the Cabinet response to Scrutiny Board to monitor the implementation of actions arising as a result of the recommendations.

1.0 Purpose

- 1.1 The report sets out the findings and recommendations of the Scrutiny Review of Private Rented Sector Housing and the executive response to the report.

2.0 Background

- 2.1 The review of housing was identified as a topic for scrutiny review and included on the scrutiny work programme 2013-14. At the scoping session councillors received evidence of current practice, planned actions and challenges. The review group identified pressures impacting on housing in the city and considered the Council's statutory duties under legislation and priorities as set out in the City Strategy and Corporate Plan.

- 2.2 The review group agreed to focus on Private Rented Sector (PRS) Housing with the following terms of reference:

- i. What are the implications for the Council of the rising trend of homelessness and growth of the PRS?
- ii. What more can the Council do to engage landlords, ensure processes relating to PRS are right, properties are safe and that the homeless duty is discharged to the PRS?
- iii. What is the extent and impact of displacement and migration on PRS housing in the City?

- 2.3 The review met on six occasions to consider the evidence relating to PRS housing provision in the City. They highlighted current and future housing pressures and made 12 recommendations to Cabinet, based on the evidence received, to make improvements to the PRS and provide support and housing options to vulnerable people in the city.

3.0 Progress

- 3.1 The scrutiny review of PRS Housing presents evidence based recommendations to improve standards in the private rented sector and provide support and housing options to vulnerable people in the city in line with the Housing Strategy 2013-18.

- 3.2 The review group recognise that a number of the recommendations raise resource implications at a time when the Council is cutting back, however, on balance councillors feel that they have identified bigger problems and burdens on the Council in the future if the Council does not take account of the growth of the private rented sector and the growing dependency of some of the most vulnerable people and families in the city on unregulated and rogue landlords.

- 3.3 The review group maintain that investing in enforcement and prevention now, in conjunction with the proposals to work with the PRS through accreditation is going to

improve housing and opportunities for many vulnerable families in the future and encourage the PRS to improve and self-regulate. The review group welcomes more social opportunities, economic opportunities and the expected health benefits of better housing and it is envisaged that this will free up limited resource to target emerging problems and rogue landlords and save the Council valuable resources in the longer term

4.0 Next Stages

4.1 Cabinet is asked to receive the report of the review group and consider accepting or rejecting recommendations. Following which a response from the executive indicating its response and an implementation plan should be monitored by Scrutiny Board.

5.0 Financial implications

5.1 Housing Improvement and Housing Standards team restructure will reduce number of full time equivalent posts (FTEs) which will impact on capacity to carry out current role and on the resource needed to fully deliver the Rent with Confidence (RwC) campaign or adopt any Additional Licensing regime.

5.2 The review highlights the need to realign or strengthen resource to maintain and increase enforcement against rogue landlords in the PRS.

5.3 To implement Additional Licensing it is considered that initially existing resource could be re-directed, but that when fully adopted two FTEs should be established and self-funded through licensing fees.

5.4 There is funding available for start-up of a Selective Licensing (SL) scheme within existing budgets, working with Police and other partners to bid for a scheme in inner area of the City, however it is recognised that resources have to be identified for maintaining the scheme.

5.5 The increase of Universal Credit (UC) may bring with it potential for an increase in homelessness and bed & breakfast costs due to an increase in evictions and non-renewal of short term tenancies for benefits tenants in the PRS.

5.6 There is a need to identify the resources needed to strengthen and maximise publicity.

5.7 There is a need to consider other funding sources to improve PPS Housing in Wolverhampton focussing on the impact of poor quality housing on children and families.

5.8 Any financial implications arising from recommendations within this report will be subject to a more detailed review, and findings included in future reports for consideration by Cabinet. [JR/12062014/1]

6.0 Legal implications

6.1 The various legal implications of the recommendations are set out in the Appendix to the report. In particular regard must be had to the following:

- Wolverhampton Housing Strategy 2013-18 identifies the legislation:
- Housing Act 2004
- Localism Act 2011
- Housing Act 1996 (Part 7 Homelessness)

6.2 Every local housing authority is legally required to have an “allocation scheme” for determining priorities and as to the procedure to be followed, in allocating housing accommodation. This includes all aspects of the allocation process, and all schemes must comply with S166 (3) of the Housing Act 1996 and other statutory responsibilities.

6.3 The Equality Act 2010 places a general duty on all public authorities to eliminate discrimination, advance equality of opportunity and foster good relations in accordance with the Equality Act 2010. Consideration must be given to the impact these new proposals will have on the different protected characteristic described within the Act. [RB/16062014/H]

7.0 Equalities implications

7.1 In order for the recommendations in the review to be approved and developed into a policy the Council must comply with the public sector equality duty and it will be necessary for the Private Sector Housing and Housing Strategy teams to look at the recommendations in more detail. Most initiatives/policies will require an equalities analysis (see the [equalities toolkit](#) for specific advice).

8.0 Environmental implications

8.1 Targeted enforcement, licensing of Houses of Multiple Occupation, Additional Licensing and Selective Licensing of problem areas will have the combined effect of improving communities and the environment.

9.0 Human resources implications

9.1 The report highlights PRS team capacity to enforce and challenge against rogue landlords and implement RWC with proposed reduction in FTE posts in the Housing Standards and Housing Improvements teams under recent savings proposals.

9.2 Recommendation to consider Additional Licensing of Houses of Multiple Occupation (HMOs) would require additional human resource potentially 2 FTE posts.

9.3 Recommendations to consider more Selective Licensing would necessitate human resource to maintain the selective licensing schemes post implementation.

10.0 Corporate landlord implications

10.1 This report has no corporate landlord implications as it only concerns property in the private sector and within the Housing Revenue account.

11.0 Schedule of background papers

- 11.1 Scrutiny Review of Social Housing (June 2012)
Laying the foundations a Housing Strategy for England (2011)
<https://www.gov.uk/government/publications/laying-the-foundations-a-housing-strategy-for-england--2>
Tenancy agreement review (30 January 2014)
Wolverhampton Homes Annual delivery Plan (30 January 2014)
Welfare Reform bedroom reclassification (28 November 2013)
Improving the City Housing Offer (23 July 2013)
Housing Strategy 2013-18 (16 April 2013)

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Appendix1

Scrutiny Review: Private Rented Sector Housing

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1. Preface

The challenge for Wolverhampton is to ensure people have housing options to suit their needs both in terms of quality and cost. Wolverhampton Council aims to improve the quality and quantity of properties for rent, both in the private and social sector and to provide support and housing options to vulnerable people in the City.

We have a shortage of social housing in the City and the Private Rented Sector (PRS) is increasing rapidly to fill the demand for affordable accommodation. The PRS provides a full range of housing options; quality housing to accommodate skilled people and professionals and affordable housing for families and single people, which are needed to ensure that the health, safety and wellbeing of residents (many of whom are vulnerable) are met.

The rapid growth and demand for PRS has resulted in an increase in numbers of rogue landlords and unlicensed Houses of Multiple Occupation (HMOs). Often accommodation falls below standard, it can be overcrowded and potentially dangerous to the health and wellbeing of the tenants, which the review group wants to change.

The Housing Strategy for the City highlights the need for both a preventative and a targeted approach to address the quality of PRS housing and its management. We have made some evidence based recommendations to start to challenge the PRS to improve housing standards and to work with the Council and partners to make a difference.

The review group feel that the proposed way forward takes account of a rapidly changing PRS and housing pressures. We want to tell the government about the review findings and the pressures Local Authorities are facing to enforce against rogue landlords within current legislation, we want the Council to work with landlord associations to develop a self-regulating PRS and to concentrate efforts to enforce against rogue landlords and preventing homelessness.

Finally we want to thank all witnesses that have contributed to the review. Your evidence and perspectives have helped the review group to look in-depth at the PRS, the way that we work and of the emerging issues and challenges.



Councillor Wendy Thompson, Chair of the Scrutiny Review

2. Summary of Report

The review report gives an indication of housing pressures in Wolverhampton and highlights the rapid growth of the Private Rented Sector (PRS). It demonstrates how the PRS has developed and grown, considers the relationships between Wolverhampton Homes (WH), the Council and the PRS in providing affordable homes and when dealing with vulnerable tenants. The report also takes into consideration the impact of pressures on the Council, housing providers and tenants in the City in recent years.

The evidence and findings of the review set out the challenges to the Council and seek to understand the issues from different perspectives. The report provides an insight into the shortage of affordable social housing, revealing that the right to buy incentive means that the Council is currently selling more social housing stock than it is building, whilst the housing register is growing. It also considers homelessness and housing provision for the most vulnerable in the City, the implications of the Localism Act 2011 and discharge of homeless duty to the PRS, all are taken into account when the report considers the cycle of eviction and homelessness. The review explores potential savings that may be made by preventing homelessness and keeping people in their homes during transition to monthly benefit payments during benefit reforms and the introduction Universal Credit by 2017.

The growth and quality of PRS housing across the City and how to improve quality using both preventative and targeted approaches were considered of high importance. Engaging landlords and letting agents through accreditation and Selective Licencing (SL) schemes and addressing some of the challenges relating to Houses of Multiple Occupation (HMOs) and rogue landlords can be progressed through the RWC proposal. The review group explores the Council's approach to complaints and enforcement processes, how enforcement works across agencies with Police, the Border Agency and the Fire Service to help identify where poor standards and overcrowding exist, and questions the capacity of the enforcement team, the legislation it works with and the resource intensive prosecution process.

The review has taken into account evidence from landlords, letting agents and landlord organisations (NLA/RLA), as businesses operating in Wolverhampton. Recognising that there is a need for further dialogue, the review seeks to encourage landlords and letting agents to develop their responsibilities, competitiveness and self-regulation, driving improvements in the sector through good practice. The review looks how to future proof affordable housing provision in the City by creating strong relationships between the Council, WH and the PRS, improving standards to save resources and putting in place mechanisms to sustain decent home standard accommodation, especially for the most vulnerable. This in turn would support prevention of homelessness.

This review shines a spotlight on the PRS and highlights how valuable resources in the City can be maximised, working with partners and PRS to improve standards and provide more housing choice to residents.

3.0 Introduction/Context

- 3.1 At the scoping session councillors received evidence of current practice, planned actions and challenges facing the Council and WH. The review group identified pressures impacting on housing in the City and considered the Councils statutory duties under legislation and priorities as set out in the City Strategy and Corporate Plan.
- 3.2 The review group agreed to focus on Private Rented Sector (PRS) Housing with the following terms of reference:
- i. What are the implications for the Council of the rising trend of homelessness and growth of the PRS?
 - ii. What more can the Council do to engage landlords, ensure processes relating to PRS are right, properties are safe and that the homeless duty is discharged to the PRS?
 - iii. What is the extent and impact of displacement and migration on PRS housing in the City?
- 3.3 The review met on six occasions to consider the evidence relating to PRS housing provision based on the evidence received in the City. It highlighted current and future housing pressures and makes 12 recommendations to the Cabinet, based on the evidence received, to make improvements to the private rented sector and provide support and housing options to vulnerable people in the City.

4.0 Summary of Evidence

- 4.1 The [Wolverhampton City Strategy 2011-26](#) aims to encourage enterprise and business, empower people and communities and reinvigorate our City. In particular, housing will support the priority of 'Developing diverse and welcoming neighbourhoods with good quality housing'.
- 4.2 The [Wolverhampton Housing Strategy 2013-18](#) was formally adopted by Cabinet on 19 June 2013 and the delivery plan links to the Implementation Plan for the City strategy and sets out the following five priorities:
1. Deliver high quality housing stock
 2. Improve quality of existing housing
 3. Provide support and housing options to vulnerable people
 4. Good management of social housing
 5. Improve standards in the private rented sector

4.3 **Headlines about housing in the City:**

- 18% of housing stock in the City is confirmed private rented sector and this is growing rapidly, doubling in ten years, and it is estimated to account for more than 25% in the next six years.
- 52% of properties are owner occupier.
- 21% (over 23,000) are social housing properties.
- 2% (2,400) tenant association properties.
- 2% (2,000) housing association properties.
- There is an increase in demand for accommodation in Wolverhampton, especially affordable housing. (Affordable housing is 'subsidised' accommodation for those who can't afford to buy a suitable home on the open market. This can be through low cost private housing, affordable rented housing or shared ownership.)
- The PRS is growing in Wolverhampton and is expected to overtake social housing in 5-10 years.
- Conversion of property to Houses of Multiple Occupancy (HMO's) is growing.
- The most recent electoral register indicates that there are 111,516 households in Wolverhampton, of these 9,030 (8.1%) gave no response to the electoral form to register for voting and secondary checks could not confirm whether the property was occupied and if so by whom.

4.4 **Pressures impacting directly on housing provision in the City:**

- The growth in PRS housing and shortage of social housing.
- Number of Right to Buy (RTB) properties sold has increased to 250 p.a. further reducing the availability of social housing stock.
- Not building enough new affordable housing to meet demand.
- The standard of PRS accommodation and living conditions varies drastically.
- The effects of Welfare Reforms (WR) Universal Credit (UC) change to monthly payment.
- Homelessness could potentially increase due to debt in the City.
- EU Migration to the City and displacement from other authorities would place more burden on Wolverhampton.
- Resources and budget savings.
- Reduction of CAB housing and homelessness advice and support for the vulnerable in the City.
- Enforcement reacts to complaints however the evidence is that the most vulnerable do not complain.

4.5 **Measures undertaken to respond to pressures:**

- Addressing the availability and viability of Councils building land.

- Housing options team preventing homelessness and discharging homeless duty.
- Tackling HMO's when complaints are received to ensure basic legal requirements are in place and addressing associated health issues and impact on communities.
- Preparing for Universal Credit (UC).
- Building one / two bedroom accommodation.
- Developing Mortgage Rescue Scheme (MRS).
- Developing Private Sector Leasing Scheme (PSL).
- Developing Rent Deposit Scheme (RDS).
- Promoting membership of Midlands Landlords Accreditation Scheme (MLAS) to private landlords.

4.6 **Private Sector Housing Service:**

Private Sector Housing covers all non-registered social housing in Wolverhampton, approximately 75,500 residential dwellings, 18,000 are in the private rented sector (PRS).

The PRS has grown rapidly; more than doubling in size since the 2001 census and is expected to grow to 25% by 2020. Some areas of the City have significantly high numbers of PRS housing with over 40% in the All Saints area and 55% in Park Village.

4.6.1 **Housing Standards Team:**

The Housing Standards team deals with the PRS. The main function of the team is to carry out statutory duties to ensure the mandatory licensing of 3 storeys, 5 or more person HMO's, and respond to complaints about disrepair in the private rented sector. The team is headed by a Section Leader, and there are 6.5 District and Environmental Health Officers to cover the service. They liaise very closely with the Fire Service, Police and the Border Agency to tackle problems of severe overcrowding and dangerous conditions.

There are currently 95 out of an estimated 140 mandatory licenses in place, and the team deal with daily enquiries from, landlords regarding conversions to HMOs. The number of complaints the Standards Team deals with has risen in Wolverhampton (853 in 2012/13), but then so has the number of rented properties.

4.6.2 **Housing Improvements Team:**

The Housing Improvements team deal with long term empty residential property, housing assistance to vulnerable owner occupiers, energy efficiency, landlord accreditation and development (i.e. non enforcement), area based regeneration and Selective Licensing (SL). The team is headed by a Section Leader, and there are 7 Officers; 5 housing improvement project officers who specialise in the specific work areas of empty properties, affordable warmth, small works grants and group repair schemes, a Selective Licensing officer who covers the All Saints Selective Licensing Scheme (designated until 4 January

2017), and a Customer Services Officer who provides support to vulnerable owner occupiers who receive housing assistance measures.

4.6.3 **Challenges for the Private Rented Sector (PRS) Teams:**

- The growth of PRS; the service currently is unable to meet demands from tenants for assistance and there is a growth in reports of rogue landlords from partner agencies.
- Over a third of PRS homes fail to meet the decent homes standard. Enforcement action is triggered by complaints and only responds to the worst situations (Category 1 Hazard).
- Rents increasingly becoming unaffordable- typically a PRS three bedroom semi is £567 (source Zoopla) whilst a similar property with Wolverhampton Homes is £347 pcm.
- Increasing numbers of illegal HMOs and overcrowding. This is having a detrimental impact on some priority neighbourhoods such as Park Village, Whitmore Reans and Pennfields and it is proposed to adopt an Additional Licensing Scheme to tackle this.
- The highest numbers of presentations for homelessness are from the PRS due to end of Assured Shorthold Tenancy (AST).
- The PRS is the least secure tenure which sees the highest churn and there is evidence that there has been a growth in retaliatory evictions when tenants complain about poor conditions.
- A lack of investment in housing stock (in PRS and owner occupied sectors) due to economic pressures.
- There is a growing aging population of home owners who may not be able to repair and maintain property – equity rich, cash poor and following Government cuts in 2010 there are no equity release loans available locally.
- High instances of fuel poverty (i.e. more than 10% of household income spent on heating); predominantly in the pre-1919 solid brick stock, which is also typically private rental accommodation.
- Notice has to be served when carrying out a property inspection, which means that often the issues are not there when the inspection happens.
- When a property has a category one hazard a notice is served, the current legislation does not prevent that property from being let.

4.8 **Older People & Personalisation Commissioning (OPPC) Team:**

The OPPC Team commissions services housing related services for vulnerable service groups. The groups include:

- Older people
- Homeless people
- Ex-Offenders
- New Communities

4.8.1 **Challenges for the OPPC Team:**

The impact of the welfare reforms, high levels of unemployment and an

increase in cost of living have all contributed to an increase in demand for housing related support services.

- Affordable housing is at a premium with over 13000 households on the social housing register and between 1500 -2000 properties come available to let each year.
- This lack of available accommodation and the increase in demand has led to vulnerable people having to remain in supported accommodation due to a lack of suitable move-on accommodation. (There was a 6 week increase stay in supported accommodation over the last 2 years was financially equated to £1800 per client in Housing and support benefits).
- Increase in complex clients due to a reduction in specialist services. Increase in migration into the City from outside the UK and inside the UK from the south of England. Current issues related to mortgage repossession (Wolverhampton is top outside of London for repossession and evictions (1in 59 at risk of losing their home)

4.8.2 **OPPC Current work:**

Increase in the number of accommodation places for people who are homeless or at threat of homelessness:

- The retender of offender services to increase the number of units.
- Development of a multi-agency group to joint work on issues related to migration and New Arrivals.
- Regional working on a number of projects to maximise resources and maintain services.

4.8.3 **OPPC Future Work:**

Work with housing providers (Midland Heart, Bromford, P3, Heantun and Stonham) to increase affordable general needs properties. Reviewing and retendering all of our supported accommodation to make sure that there is the sufficient, quality and cost effective accommodation.

4.9 **Housing Options and Preventions Team / Homelessness**

4.9.1 **Preventions Team:**

- There was a big increase in rate of preventions and relief between 2009/10 (228 cases) and 10/11 (2208 cases), resulting in positive action on 87 and 1305 cases respectively.
- The proportion of households being prevented per 1000: 2009/10 2.3 2012/13 20.3. National average 8.7. Wolverhampton City Council (WCC) currently highest level of recorded preventions in West Midlands, fifth nationally.
- The Rent Deposit Guarantee Scheme (RDGS) prevented 64 Homeless cases.

- Out of just under 4,000 homeless applications just 250 (6%) had been accepted, 94 % were not proven. More work needs to be done to seek out false information, false tenancies and other criminal acts to get the message out.
- The average cost per homelessness case for Wolverhampton City Council (WCC) is £2,600, national cost is £5,300.
- The Rent Deposit Scheme has recorded 64 cases @ £2,600 = £166,400 (using national figure £339,200)
- Homelessness preventions recorded were 1305 @£2,600 = £3,393,000 (using national figure £6,916,500)

4.9.2 Homelessness:

In relation to applications for homelessness during 2012-13 the required P1E DATA was reported as follows:

Year	2007-8	2008-9	2009-10	2010-11	2011-12	2012-13
Apps	1238	1066	959	696	905	990

Out of the 990 applications, 353 full duty applications were accepted. The main reason for homelessness was end of Assured Short-hold Tenancy numbering 76 applications. Second reason for being owed a full duty was Domestic Violence (DV), 62 applications were received. WCC saw a 9% rise in applications where nationally the rise was 28%. The numbers were kept down largely because of the work of the preventing homelessness team.

4.9.3 Bed & Breakfast 2012/13:

The following numbers of people stayed in a bed and breakfast accommodation whilst waiting to be placed under the homeless duty:

- 98 households with dependent children with an average length of stay of 2.01 weeks
- 21 expectant mothers with an average length of stay at 3.17 weeks
- 217 single people with an average length of stay 2.76 weeks

From 1/4/13 to 31/8/13 there was a reduction in cost of £87,669 with the assistance of a dedicated specialist officer (prevention team). The average length of stay reduced from 2.1 weeks to 1.2 weeks.

4.9.4 Challenges for the Housing Options and Preventions Team:

- Some Universal Credit (UC) direct payments to landlords are jeopardised and monthly payments in arrears could mean more people falling behind with payments and facing eviction.
- Benefit caps causing difficulty in housing larger families they may fall behind with payments and face eviction.
- Under occupancy charge may mean more council tenants will need to move tenure.

- Too few one bed social housing properties.
- Interest charges increase may well lead to more repossessions for owner occupiers.
- With all welfare reforms there is a likelihood of more evictions in social housing
- Conflicts within organisation between statutory duty and organisational policies (e.g. Allocations and arrears)
- Outside Authorities using Wolverhampton Private Sector Housing including London Boroughs
- Use of private sector accommodation in homelessness
- Long term funding from Department of Communities and Local Government uncertain. NB The prevention team of 5 full time employees are almost fully funded from the Homelessness Grant. Current funding which ends in March 2015. Above savings show value of this team.
- Evidence of nine families being placed in Wolverhampton by London Boroughs on short tenancy leases. There is an issue that once the lease expires they have established a link with the area, but in effect are homeless. London boroughs have a duty to re-house but some are presenting as homeless to Wolverhampton Council.
- There are concerns that the EU migrants will move towards houses of multiple occupation (HMOs) which may have poor standards

4.10 **Wolverhampton Homes (WH)**

4.10.1 **Main activities / headlines**

- Welfare reform – consequence of which is a steady increase in numbers of people to transfer and downsize.
- Spare room subsidy 2,900 people affected, 400 have already transferred to alternative property.
- 40 % of tenants (about 1000), have maintained regular payments since benefit reform. 60% are in arrears (2500), some were before but the majority were not. There was an increase of 18% in September 2013, almost a quarter of a million in arrears. Figures at the end of March 2014 have shown
- Between 400-500 applications for social housing a month, the supply does not meet demand.
- Affordable housing is a challenging environment; the allocations policy prioritises homeless and high priority cases when bidding.
- There is a dedicated officer for home exchanges, around 1,700 properties a year as there are a large proportion of flats and maisonettes.
- There is little evidence of people moving to Wolverhampton for social housing, people have to have been resident in Wolverhampton for 12 months to be eligible for Council housing.
- Evictions are triggered by a number of circumstances, there are welfare benefits assessors co-placed to Wolverhampton Homes to advise tenants.

- 250 Council houses were sold last year which is disproportionate to the stock it has and is having an impact. Most are dwellings with one or two bedrooms.

4.10.2 WH Challenges:

- The rollout of Universal Credit has been delayed to 2015 at the earliest. In effect rather than a gradual roll out there will be a big bang effect to meet the deadline of 2017.
- Private rented sector landlords will have even less time to get used to the payment arrangements and it is not clear if they will be tolerant and how they will give people time to adjust to the new arrangements.
- The Localism Act gives more freedom to authorities in relation to the homelessness duty, criteria states that a person must have a connection with an area for six months. London Boroughs are housing some families in Wolverhampton and have a duty to inform the Council when they have done so. The migration of people exercising their treaty rights as European citizens is difficult to map out in the City. They have no right of Council housing, but many are finding accommodations with the PRS in the City.
- Private Rented Sector Leasing Scheme (PSL) gives private landlords an alternative to letting agents and has no risk. Houses are rented to Wolverhampton Homes (WH) and should the tenant miss payment it would not impact on the landlord, WH will bear the cost and manage the property on their behalf. 50 properties had joined the PSL by November 2013 and it was expected that 200 would potentially sign up. Wolverhampton Homes is looking to review its business model and expand its PSL potentially extending leases for longer lease periods perhaps up to seven years.

4.11 Landlords and Letting Agents

4.11.1 Midlands Landlord Accreditation Scheme (MLAS)

- The Midland Landlord Accreditation Scheme is managed by Homestamp with the primary focus of accrediting professional landlords and agents across the Midlands. Wolverhampton Council has supported landlord accreditation for many years and is a founder member of the Homestamp Consortium who administers the MLAS scheme. The scheme is a voluntary landlord accreditation scheme based on the successful London Landlord Accreditation Scheme, and has been running across the West Midlands for over 7 years. Wolverhampton Council is also a member of the MLAS Steering Group; helping to shape and develop accreditation and professionalism of landlords in order to improve property conditions and management standards across the PRS. There are over 2,000 members to the scheme, some 200 of which are Wolverhampton landlords. Accredited landlords can receive financial benefits such as discounts on mandatory licensing fees.
- Homestamp is an award winning partnership consortium with a direct interest in private sector housing, comprising of Local Authorities, the

PRS (landlords), Universities, Police and Fire Services. The organisation has several aims:

- To encourage the supply of good quality private rented homes
 - To provide and facilitate information and training for landlords
 - To consider and respond to regional and national issues affecting the PRS
 - To encourage joint working between all interested parties
- More research is needed to extend accreditation, but there is an appetite for change. Talks with DCLG and LGA are on-going and landlords welcome the accreditation scheme and felt that accreditation should be taken further and rewarded.
 - Landlords felt that accredited landlords who are usually compliant but on occasions encounter an unusual problem or problem tenants who trigger complaint(s) from neighbours should be given extra time or an immunity from sanction when they cannot meet the deadline to resolve the problem. They felt that issues which are out of their control can take up valuable enforcement officer time.
 - Landlords felt there was an imbalance between Wolverhampton Homes (WH) and private sector landlords because WH is subsidised by the Council with £100,000's to bring the houses up to 'decent homes' standard. PRS landlords have to find a balance whether to use resource for improvements, repairs or paying the mortgage.

4.11.2 Landlords identified three types of landlord to deal with:

1. Good landlords who run a legitimate business, accidental landlords (may have inherited)
2. Armchair investors - in the middle landlords, who do not have close relationship with the tenants
3. Rogue landlords

5.0 Findings

An early outcome of the evidence was an adjustment to the way landlords register available PRS properties. Having a single point of telephone contact and a 'self-service' pro-forma on the Councils webpage for landlords to register available properties made the customer experience less confusing and freed up other telephone advice lines for prevention of homelessness.

5.1 Accreditation - Midlands Landlord Accreditation Scheme MLAS

5.1.1 Accreditation is a voluntary scheme that engages landlords, who want to be involved, but needs strengthening to encourage landlords to maintain standards post accreditation and to engage more landlords. Accreditation has advantages for the landlords. It helps them to

understand what is required, which is especially helpful for new landlords and it nurtures relationships with the Council and Partner organisations, such as Police and Fire.

- 5.1.2 There is a need to promote accreditation and capture the interest of independent landlords, landlord associations, letting agents and the public. The review group want any promotion to be meaningful and attendance to be encouraged by holding events locally and using new technology to contact the tenants. Landlords already conduct most of their communication with clients by mobile phone and email.
- 5.1.3 Landlords want people to be able to see what a good landlord does to support tenants, the additional work with them and assistance they give in their tenancy and they want to expose rogue landlords, who they see as giving landlords in general a bad reputation.
- 5.1.4 The review group would like to see a list of PRS accredited landlords on the Council Website and the accreditation scheme being promoted amongst the growing PRS market to give credit to good landlords and inform tenants choice.

5.2 **Enforcement**

5.2.1 Wolverhampton's Housing Standards team deal with:

- around 1,000 complaints per annum about conditions in privately rented accommodation in the city
- the mandatory licensing of Houses of Multiple Occupation (HMOs)
- requests for support from the Police, Fire Service and Border Agency where substandard conditions are found.

5.2.2 The Standards team seeks to resolve any complaint prior to taking formal action, unless there are imminent risks to the health, safety and wellbeing of the tenants. The team communicate across a range of people, they communicate in plain English, are accessible and professional.

5.2.3 There are around 1000 registered complaints a year and it is believed there are many more tenants living in non-accredited landlords accommodation who do not complain, either because they do not know how or they fear eviction. The Refugee and Migrant Centre (RMC) advised that some EU citizens had their passports held by rogue landlords and they simply do not know their rights with landlords using unconventional measures which need to be enforced against and regulated. Officers working with the Police and Border Agency have verified that this is happening in some instances.

5.2.4 A complaint about poor property conditions can be anything from a boiler breakdown that affects an individual or a family to a house full of migrant workers living in overcrowded and unsanitary conditions which

can impact on the whole building or street. Partners work closely with the Standards team to comply with Housing Act 2004 and to ensure appropriate fire and electrical safety measures and certification is in place.

- 5.2.5 Complaints can trigger enforcement action, when a call is received it is triaged to determine next steps. The Enforcement Policy is being refreshed it is a potential weakness in the process. Landlords are asked to put a problem right, if the landlord completes the work the problem is resolved if they do not resolve the issue enforcement action continues. An accredited landlord should maintain the property and communicate with tenants. A blockage in the process is that some landlords wait to be told to put things right rather than working with their tenants before the complaint is submitted to the Council. Officers are less tolerant with repeat offenders and they try to speed up the enforcement process for tenants to get issues put right.
- 5.2.6 Landlords should ensure tenants understand the terms and conditions of tenancy. Complaints can be a result of lifestyle or actions (drying clothes indoors causes condensation, damp and mould), damage to the property, overcrowding etc. and the landlord may not know it is a problem until the tenant complains. Landlords advised that they cannot change the tenants' behaviour but the review group maintained that the landlord should encourage the tenant to comply with the tenancy agreement and work with them to understand what is expected and if they do not change behaviour enforce against them. It was noted that many conscientious landlords do this already. The review group felt there should be an instant response from the landlord and it should not need Council intervention. Enforcement resource has to be directed away from the 'standard' issues to concentrate on more urgent or dangerous issues. The team are very busy, and stated that enforcement is, and will always be, the last resort.
- 5.2.7 The review group considered the range of landlords from an 'amateur' landlord to a 'professional' and the need to differentiate between types of landlord relating to portfolios, experience etc. They acknowledged that many professional landlords know exactly what the legislation is, the powers a Local Authority has and they still wait to be told when works need to be carried out. The review group maintain that it is not the Council's role to draw up a schedule of works for private landlords and that these repeated minor matters are saturating the enforcement resource.
- 5.2.8 There are some persistent offenders who do not conform to legislation and challenge enforcement through the courts and each challenge takes up valuable resource in the team through time spent gathering and collating evidence packs, attending court etc. The only landlord the Council cannot enforce against is Wolverhampton Homes (WH) as it manages Wolverhampton City Council (WCC) stock. Illegal eviction prosecutions against landlords are unlikely as evictions tend to happen

to vulnerable and nervous tenants, many do not come forward to complain.

5.2.9 The review group rejected suggestions from landlords for an amnesty for ‘the first misdemeanour’ as part of amendments to the accreditation scheme and determined that encouraging accredited landlords to comply is the way forward, not giving them a chance after an incident has happened; the law is clear on this point.

5.2.10 The number of prosecutions to deter poor landlords and encourage a more professional private rented sector are as follows:

YEAR	PROSECUTIONS	CAUTIONS	FORMAL WARNINGS	RENT REPAYMENT ORDERS
2010/11	0	1	1	0
2011/12	0	1	1	0
2012/13	4	3	1	0
2013/14 (to 20.1.14)	9	3	2	2

5.2.11 The review group considered how problems related to anti-social behaviour (ASB) move from tenancy to tenancy with the person or people. People evicted or moved out of WH accommodation because of ASB often end up causing the same sort of problems in PRS, which can be a vicious circle. The only way to break this is to educate the landlords and enforce against the tenants. The ASB team now also deal with private sector and are more equipped to deal with this type of scenario.

5.2.12 The National Landlords Association (NLA) had concerns about the the image of landlords being tarnished by rogue landlords and Local Authority resources to enforce against them. The review group were advised that there are two initiatives to support enforcement and help with ASB:

- Homestamp provides education and benefit
- NLA tenant information pack

5.3 Houses of Multiple Occupation (HMOs)

5.3.1 HMOs are the highest risk private rented sector accommodation; the law requires properties of three or more storeys and five or more occupancy to be licensed. Currently in Wolverhampton the 2011 census data indicates there are 140 HMOs meeting this description; the actual number of HMOs in the City is much higher because this figure relates purely to licensable property, which is about 10% of the total number of HMOs. There are many more illegal and unlicensed

HMOs. Only 95 mandatory licensable properties currently hold a licence.

- 5.3.2 Landlords advised the review group that investors are encouraged to purchase houses for HMOs; 'armchair investors' find that mortgages are a good investment with a 0.5% interest rate but if interest rates go up there may be problems for landlords to afford the higher mortgage and for the tenants who may find themselves facing eviction or with rent increases.
- 5.3.3 There is a cycle to maintain property such as re-decoration. Often armchair investors, or people who have inherited property, are focused on a profit making business and not concerned about maintenance and are not always aware of tenants' rights or welfare.
- 5.3.4 Landlords highlighted that the Council does not segregate between large HMO's and smaller properties. It was felt that greater attention should be given to separate good HMOs from bad. There are many smaller type two storey houses with multiple occupation and there are houses are being 'carved up' to make multiple rooms for occupancy. Tenants do not complain about the conditions in some of these buildings because they may not know what the standard is, they do not know their rights or they may be in fear of being evicted. Standards officers have entered many buildings on a warrant in response to complaints from neighbours to find more than double the tenants expected in a relatively small space.
- 5.3.5 Some properties are being rented to individuals who are subdividing the property and letting the subdivided rooms to others. Often the 'let to let' or 'rent to rent' scams further subdivide the property and charge an unreasonable amount for a substandard and potentially dangerous accommodation. There is a risk that the 'real' landlord would be prosecuted for poor standard conditions, lose rent due to the 'sub letter' absconding with rent payments, or the tenants not paying rent. The property owner could potentially lose their property.

5.4 **Additional Licensing (AL) - Houses of Multiple Occupation (HMOs)**

- 5.4.1 Additional Licensing (AL) of HMOs would regulate all HMOs including two storey HMOs. This will mean that the Standards Team and partners can start to tackle the many problems associated with them. The review group considered the best use of resources and the possibility of implementing AL for HMOs in preference to Selective Licensing (SL).

5.5 **Selective Licensing**

- 5.5.1 The review group found that Selective Licensing (SL) is a good way forward to target problem areas, reduce ASB and improve PRS housing (property conditions and management). Three main elements of SL are early education of landlords, encouragement for landlords to

come forward voluntarily and bring properties up to standard and more robust enforcement. SL has worked well in the All Saints area but it is resource intensive.

- 5.5.2 The All Saints scheme received £75,000 ABCD grant funding in order to carry out the research, feasibility and consultation and then implement the scheme. This included the appointment of a full time member of staff. This resource was only enough to cover the consultation and setting up of the scheme and the licence fees charged are insufficient to cover the full duration of the designation period (i.e. it does not “break even”).
- 5.5.3 The All Saints licensing scheme concludes on 4 January 2017; the Council can look to extending or renewing the scheme. The main aim of the scheme is to build resilience in order for landlords to maintain PRS standards themselves.
- 5.5.4 The review group were advised that there was a £3 million government grant available to tackle rogue landlords; however Wolverhampton was unsuccessful in its bid for a share. Wolverhampton Police, at the start of the review, were considering bidding for money from the Crime Commissioners Fund to work with the Council and partners to carry out a further SL scheme in the Pennfields area but this has not been progressed to date.
- 5.5.5 Any licensing proposal would generate some licensing income through fees, the set up and maintenance of the proposal would need to be funded through current budget. The review group considered that to run an effective licensing scheme there has to be resources available to maintain it.
- 5.5.6 Organisations representing landlords and letting agents at the evidence gathering session indicated they do not want further licensing of landlords and listed points for the review group to consider:
- All money goes to central government and the landlord can only get costs back, not preparation time.
 - SL has not changed the behaviour of bad tenants, they have to change themselves.
 - All landlords are treated the same, whether a single property owner or a professional landlord with multiple numbers and types of housing.
 - Landlords and neighbourhood wardens work closely in relation to low level crime and ASB.
 - Landlords run a business and felt that Selective Licensing incurs a cost which penalises good landlords in the selective licence area.

5.6 **Rent with Confidence (RwC)**

- 5.6.1 The Council was not successful in its bid for ‘Rogue Landlord’ funding in 2013, consequently a review of services and how they are delivered

was carried out. As part of that review, the 'Rent with Confidence' (RwC) campaign was proposed. Broadly the campaign is to:

- Continue with our “educate, encourage, enforce” approach, a review of our enforcement policy with a clearer structure for charging.
- Adoption of a “Rent with Confidence in Wolverhampton” approach to promoting good landlords and agents the introduction of a star rating for landlords and Additional Licensing of all HMOs.

5.6.2 The basic principle for RwC follows on from investigative work into poor management practices and illegal conversion of HMOs by some landlords. The Council and any potential tenants should be able to distinguish between good landlords and those who need to improve by means of fair and transparent self-selection process with minimum resources from the Council. This in turn will leave the Council to focus on tackling the poorest property conditions and rogue landlords.

5.6.3 The review group endorsed the way forward through early education of landlords, encouragement to join the accreditation scheme and bring properties up to standard and more robust enforcement. Currently the Council treats all landlords the same, whether they are a single property owner or a professional landlord with multiple numbers and types of housing, RwC differentiates between landlords.

5.6.4 The Housing Act 2004 and relevant legislation needs strengthening but this 'Rent with Confidence' proposal starts to address the basic issues that can move things on in relation to PRS Housing in Wolverhampton.

- Priority to tackle rogue landlords
- Accreditation: encourage landlords
- More affordable homes
- Decent Homes: improve conditions of private rented sector housing

5.6.5 The RwC campaign proposes to work with landlords to 'educate, encourage and enforce'. The RwC takes account of the type of landlord by adopting a star rating, which can only be obtained if they meet with set criteria. RwC also proposes to use a similar scheme for letting agents, it is anticipated that landlords and letting agencies, will take advantage of the scheme to promote their business using the star rating and it is a sure way to improve the standard of PRS and regulate landlords and letting agents in the City. Additional Licensing of all Houses of Multiple Occupation (HMOs) is stage two of the campaign. This will have a huge impact on improving poor quality in the City. RwC essentially encourages self-regulation of the accredited landlords and frees up the Standards team to concentrate on high priorities.

5.6.6 'Rent with Confidence' proposals have been shared with the Housing Executive Board and the Shadow Housing Minister, Emma Reynolds MP for Wolverhampton North has been briefed on the local housing challenges, including issues with the PRS.

5.7 Letting agents

- 5.7.1 The review group were interested to find that anyone can be a letting agent; there are no qualifications required and no legislation to follow. Letting agents run a business and many can be found in the 'high street' across the City. Currently letting agents have no responsibility to the tenant and often cannot advise them of their rights, they do not address the tenant's problems or carry out visits or repairs. Trading Standards take a lot of complaints about letting agents; the review group recognised a need to educate landlords and tenants about letting agents.
- 5.7.2 The review group acknowledged that there are good agencies, but that there is a need to regulate letting agents and look at a similar proposal as RWC for registering and grading letting agents. There is a role for the Council to offer letting services, working with Wolverhampton Homes to become a premier letting agent for the City.
- 5.7.3 The review group recommended that there is a need to regulate letting agencies and a need to highlight the need to the Housing Minister, Shadow Housing Minister and Parliamentary Select Committee.

5.8 Universal Credit (UC)

- 5.8.1 The likely impact of Universal Credit (UC) when implemented before the end of 2017 relates to transferring monthly benefit direct to the claimant and the tenant would be responsible for paying the landlord. There is good practice in Wolverhampton to reduce the risk, one landlord encourages his tenants to have an account with the Wolverhampton Credit Union, the 'jam jar' accounts are very good to assist the individual to manage finances and rent payments are prioritised.
- 5.8.2 Some landlords only rent to people who earn regular incomes and others rent to tenants on benefits. There is concern that landlords who are nervous about the security of payments by benefits claimants with the implementation of UC will change client portfolio, which in effect would end tenancy at the end of contract. One landlord with large numbers of tenants on benefits in London had already issued eviction notices due to UC. Although not an issue yet, there have been indications that it would also happen in Wolverhampton. The review group felt that some of the most vulnerable residents would be disadvantaged and at risk of eviction. The cost and numbers of homeless persons (many due to the end of short term tenancies) is rising in Wolverhampton. The review group acknowledge that many working people, who may claim tax credit and/or benefits, will also be affected by the introduction of UC.
- 5.8.3 The review group felt that there is a need for a housing steering group and /or the Welfare Reform Programme Board to keep a close eye on the implementation of UC and implications for homelessness in Wolverhampton.

5.9 Homelessness

- 5.9.1 Preventing homelessness and discharging the homeless duty to the PRS is a concern highlighted by the review group. Rising numbers of applications for homelessness are a major pressure to the Council, but the prevention team has made savings. A shortage of social housing and the Localism Act 2011 has given Councils the option to use PRS to discharge the homelessness duty. Bed and breakfast accommodation and other associated costs can be avoided if there is a supply of decent PRS accommodation.
- 5.9.2 Historically, domestic abuse has always been the top reason for homelessness, currently it is the non-renewal of short term tenancies. Private landlords can evict a tenant in just over 8 weeks by issuing a "Section 21 notice and does not have to give a reason.
- 5.9.3 Debt and Welfare Reform (WR) changes may impact on the number of people evicted by PRS at the end of short term tenancy. Citizen Advice Centre (CAB) and Refugee and Migrant Centre (RMC) advise that many illegal evictions, which have not materialised as a complaint, are an underlying cause of homelessness in the City. RMC also believe that there are not enough hostels in Wolverhampton hostels are in demand and are often full for the night which can result in people sleeping rough, registering as homeless or being directed to other Cities.
- 5.9.4 Early in the evidence gathering it was indicated that when PRS accommodation becomes available and is suitable for people at risk of being homeless there was no one point of contact to report it to. This has been rectified and a single contact point is now in place, as well as an online a pro-forma to for landlords to register properties. This has created more telephone time with people to prevent homelessness.
- 5.9.5 The review group felt that working with landlords to sustain tenancies can reduce spend and stabilise a potential growth item in the budget over the next 5-10 years.

5.10 The Rent Deposit Guarantee Scheme

- 5.10.1 The review group considered that when making a tenancy agreement with a letting agent or landlord there is usually a deposit required and rent paid in advance, plus agency fees etc. They recognised that often people who find themselves evicted from their homes cannot afford a deposit and are in a vulnerable position. The Rent Deposit Scheme comes in the form of a bond or guarantee which replaces a deposit with the Tenancy Protection Scheme. The bond or guarantee acts as a deposit to cover any uninsured loss or damage to a property for which you are responsible for. To qualify for the scheme you must meet set criteria but it offers assistance to vulnerable and homeless people.

5.11 **Mortgage Rescue Scheme**

5.11.1 The review group noted that the Mortgage Rescue Scheme (MRS) has been developed by Wolverhampton and aims to prevent vulnerable homeowners losing their homes through repossession. The MRS helps prevent homelessness and aims to assist people considered to be in priority need including:

- a pregnant woman
- someone with dependent children
- someone who is vulnerable because of old age or a physical or mental impairment

5.11.2 The scheme aims to help those families at risk of repossession (that is, their lender is actively seeking possession of the property through the courts) who can no longer afford their repayments and who would be entitled to homelessness assistance if repossessed. Help is available if people are :

- are struggling to pay your mortgage
- missed mortgage payments
- are being threatened with repossession
- being told to go to court

5.12 **Private Sector leasing scheme (PSL)**

5.12.1 Private sector leasing is a competitive market; privately owned empty accommodation is rented to tenants through Wolverhampton Homes (WH), who take full responsibility if the tenant does not pay. 50 properties have been signed up to the scheme so far, which has fallen short of the 200 envisaged at the start of the scheme. These properties, however, boost housing supply and allow the Council/WH to work with investor landlords to provide a service and decent affordable homes.

5.12.2 The landlords indicated that the WH scheme has 20% management fees, which is deemed to not be financially attractive to landlords. They suggested that if the management fees reduce to 10% it would be more attractive and the number of properties becoming available to WH may increase. The review group considered that for the 20% fee the landlord is guaranteed rent even when property is empty. A letting agent charging 10% management fee does not provide anywhere near the same level of service. The Wolverhampton PSL offer is better than some other PSL schemes (and even Council housing) because 'white goods' and carpets are included. WH continues to promote PSL and is looking to develop a social letting agency type approach to advertising privately rented property.

5.12.3 The review group recognised the need for stability for families in their homes and want to see longer leases, such as 5-7 years and to consider options to make the leasing offer more attractive on a case by

case basis. WH is currently undertaking a complete review of its PSL business model.

5.12.5 Later in the evidence sessions the Council received confirmation from the Homes and Communities Agency to proceed with the Empty Homes Leasing Scheme which will seek to identify and lease 30 residential dwellings which have been empty for over 6 months, for a period of 5 years. Those who take up the scheme may benefit from lower costs associated with refurbishment to bring them back into use; something previously flagged as a barrier by landlords to accessing the existing Private Sector Leasing Scheme operated through WH.

5.12.6 It was further considered that a 5 year leasing term would be more stable for a family and to ensure the family could settle to the surrounding infrastructure (schools, GPs, employment etc.)

5.13 Migration and Displacement

5.13.1 The review group were informed that some authorities (especially in London) are not fulfilling their duties under homelessness criteria and displacing families in Wolverhampton. The legislation (Section 203 of the Homelessness (suitability of accommodation) (England) Order 2012, does say that Authorities can transfer to a different place and London Boroughs use this to place around the Country. Officers have acted to notify the London Boroughs, and any other area that places homeless people and asylum seekers in Wolverhampton, that they have a duty to notify the local Local Authority (LA) when placing a person or family out of borough.

5.13.2 There is some data about migration but little is known about numbers of migrants in PRS accommodation / HMOs in the City. It is estimated that 75% of migrants migrate to the rented sector nationally. In relation to inter-Authority migration, anecdotal evidence indicates that authorities have used the Localism Act to implement additional criteria to deter displacement and migration, such as Sandwell Council 5 year residency criteria or 2 year payment of Council Tax. Residential qualifications relate primarily to Council housing and cannot be done lawfully within the PRS, however this may be an issue that the Council may want to consider in the future.

5.13.3 There is anecdotal evidence that refugees and migrants have been directed towards Wolverhampton from other areas such as Liverpool, either by hostels, volunteers advice or acquaintance and that many have no knowledge of or connection with Wolverhampton. Wolverhampton Housing Tenancy Sustainment Team works closely with the RMC to prevent homelessness. Wolverhampton Homes and the Standards team also call the RMC to assist in cases where there are language and cultural barriers. Indeed WH has now developed a formal partnership with RMC.

5.13.4 Other points raised as anecdotal evidence gives an indication of the issues migrants have reported to the advisors at the RMC centre, as follows:

- The number of enquiries from migrants to the RMC has increased to 40% this year. This may not be reflective of an increase in number of migrants to the City, records are not kept to demonstrate the type of visit / repeat visits etc.
- Many migrants have never owned a computer and do not know how to use one.
- Internet access and support is available at RMC but very limited in the migrant communities.
- The language and technical barriers, such as online applications and information make it difficult for many to understand or complete applications.
- More work needs to be done with the RMC to map issues and collate data.
- The Government contract G4S to house asylum seekers across the Country, some are situated in properties in Wolverhampton. If the property does not meet decent homes standard the Council has a duty to respond to complaints.
- 78% of migrants will end up in PRS housing or HMOs (legal or illegal).

5.13.4 The review group felt that Additional Licensing (AL) would ensure HMOs would be regulated and that new migrants were not living in overcrowded and unsafe houses.

5.13.5 It has been difficult to gather current hard data on certain issues, EU gateways have opened and anecdotal evidence from the RMC tells us that Wolverhampton has large numbers of people living in HMOs or staying with acquaintances in the City, these people are not registered as homeless and many are working and do not claim benefits. Registering all HMOs would help to map out how many people and where in the City.

5.14 Funding Source

5.14.1 The review group discussed a background paper which highlighted the impact of poor housing on children. The wider impact of not meeting decent homes standards, overcrowding etc. will have a deeper effect on communities and the financial burden in Wolverhampton and in the review group's opinion should be considered as a priority.

5.14.2 The review group discussed that there is a real need for more licensing in the inner City there are hotspots that are potential areas for Selective Licensing (SL). There should be SL and other funding pots to tap into through partnerships and which can address key issues such as the impact of poor quality housing on children and families, anti social behaviour (ASB) and health related issues.

5.15 Legislation

5.15.1 The Housing Act 2004 is not helpful in tackling today's problems and growth in the PRS industry. The legislation can be restrictive, in relation to giving notice of property inspections, and it is not strong enough in other areas. The regulation and accreditation schemes are voluntary and letting agents do not have to be qualified. The review group identified that certain elements of the legislation should be reviewed by the PRS Improvements Select Committee.

5.15.2 Some interpretation of the legislation by landlords and solicitors has uncovered a need for more guidance. The PRS team are working with the Local Government Association (LGA) to put together evidence that will lead to better guidance for magistrates in relation to the level of fines for private rented sector cases.

5.15.3 The select committee report 'Improving the private rented sector' was published during the review and several of the issues reflected locally are being highlighted nationally.

5.15.4 There is a recent move to register all private landlords in Wales; the Welsh Bill suggests registration of agents and landlords. It is expected that this will come to the UK in 3 or 4 years.

5.15.4 The review group were advised of a current parliamentary consultation papers relating to property standards in the PRS and Selective Licensing.

- ["Property conditions in the private rented sector"](#)
- [Selective licensing consultation](#)

The PSH team have provided responses to the consultations as necessary.

5.16 Best Practice

5.16.1 During the review the group considered several background papers to consider best practice which are listed in section 8 of the report.

5.16.2 'What works? Tackling Rogue landlords and improving the private rented sector' ([Shelter 2013](#)) was of particular relevance as it considers how Local Authorities can use the following actions to tackle rogue landlords and improve conditions in their private rented sector:

- Proactively manage and proactively inspect properties to make sure that they are appropriate homes for renters.
- Adequately resource and support their local enforcement teams.
- Take tough enforcement action against rogue landlords. And publicise their tough stance in the local press.
- Advise renters and give them the support they need to bring complaints to the council.

- Implement a clear complaints procedure and harness the skills of other agencies.
- Proactively manage their local private rented sector through accreditation and licensing schemes.
- Work to educate tenants and landlords of their rights and responsibilities.

The review found that many of the steps referred to above were already planned or being carried out in Wolverhampton which was very encouraging.

5.16.2 Crucially, the review group found that one element will usually not make the difference. It is important to develop a combination of different initiatives and interventions to address issues in the PRS. Equally important is a willingness to try new, innovative approaches, even when facing increasing resource constraints. Many of the examples within the guide prove how possible this is.

5.16.3 [House-proud](#) - How Councils can raise the standard of private rented sector (LGiU 2013). This document was considered and referred to through out the evidence gathering sessions.

5.17 Councillor Working Group

5.17.1 The review group suggested that a steering group should be formed to consider the issues that are affecting Wolverhampton and which need to be tackled in relation to the PRS. Group members felt that this is a serious and long term issue that must be monitored by an Advisory Board at least on a quarterly basis. The review group agreed that there should be a mechanism in place to continuously monitor and review all housing policies, including developments with the PRS and to examine housing organisational structures and their ability to respond to changes in demand and market forces.

5.17.2 The decent homes stock in the City is another area to imbed into reporting and action planning. A dashboard of housing indicators which cover strategic housing matters would give early indication of pressures in the City

6. Conclusions and Recommendations

6.1 The Review Group focused on gathering evidence to respond to the questions identified through scoping exercise.

1. What more can the Council do to engage landlords, ensure processes relating to PRS are right, properties are safe and that the homelessness duty is discharged to the PRS?

[Recommendations 1 - 6]

2. What are the implications for the Council of the rising trend of homelessness and growth of the growth of the PRS?
[Recommendations 7 - 11]
3. What is the extent and impact of displacement and Migration on PRS housing in the City?
[Recommendation 12]

6.2 Following evidence gathering the review group evaluated the findings and came to the following conclusion and recommendations:

1. Rent with Confidence

The review group agreed that the 'Rent with Confidence' campaign offers solutions to tackle a number of complex and interrelated problems in a growing Private Rented Sector (PRS): The review group recognised the importance of targeting resources into the Private Sector Team and how enforcing differently could have a large impact on the PRS landlords, the quality of accommodation and the people who use their services.

The review group felt that more regulation is needed to back up the voluntary accreditation scheme and Selective Licensing in the City, and the resources to be able to move forward with the RWC campaign should be further considered. The review group expressed concern about PSH team capacity to enforce and challenge against rogue landlords and implement RWC with proposed reduction in FTE posts in the team.

The review group shared the view that the PSH team are working in very difficult circumstances and cautioned that the Council should be thinking about the situation in five years' time when PRS housing has grown substantially and further into the future with at least 50% PRS housing anticipated by 2030. The group repeated the call for better legislation at National or EU level without which they felt Wolverhampton could be in a very difficult place due the expected growth of the PRS with reduced enforcement capability, the impact of UC changes to benefits and the potential growth in homelessness applications due to evictions.

Recommendation 1

(a) That Cabinet approve in principle the draft 'Rent with Confidence' (RWC) campaign (appendix 1) as a positive way forward to encourage a more professional private rented sector and allow potential tenants to exercise choice when selecting property and a reliable landlord or agent, and ask employees to consult in greater detail.

(b) That consideration is given to the future resources required to move forward with the 'Rent with Confidence' (RWC) campaign and agree the need to implement RWC when resources become available for effective enforcement to help drive improvement in PRS housing in the City.

2. Review the PRS Enforcement Procedure

The review group were aware of the importance of audit and enforcement for property issues and were minded that there has to be effective enforcement to support any inspection regime. The review group identified the need to review the enforcement procedure, to make it fairer to the different types of landlord, recognising a landlord with two houses will probably not have the same resource, knowledge or experience as a landlord with 30 properties, some of which are HMOs. It was felt the review should identify where resources need to be re-aligned or strengthened.

The review group felt it important to raise awareness about tenants' rights, rogue landlords, illegal evictions and other problem areas or areas of concern to the public. It was agreed there is a need to strengthen and maximise publicity about these issues and also about prosecutions. It was felt that the messages should be concise and strong to get the message out to tenants and landlords.

Recommendation 2

That a review of PRS enforcement procedure is carried out with the aspiration to strengthen the processes, make them fairer across the range of landlords, to improve the quality of accommodation in the City, to promote processes and to identify where resources need to be re-aligned or strengthened.

3. Additional Licensing of all Houses of Multiple Occupation (HMOs)

It is not known where or how many HMOs there are, but the review group considered this a concern and want to make recommendations to address the issue. In particular to address the risks related to overcrowding, the health and wellbeing of individuals, the property layout, fire escapes and fire prevention measures.

The impact of poor and overcrowded housing and the associated problems on individuals, families and communities can be enormous and proposal needs to be fully explored with regards resource implications.

Recommendation 3

That Cabinet approves Additional Licensing as a mechanism to licence and regulate all Houses of Multiple Occupation (HMOs) locally and across the City as an alternative and more cost effective way of addressing problems with HMOs.

4. More Selective Licensing in Inner City Areas

Other initiatives had been tried to improve the PRS over a number of years, but where there are recurring problems or high concentration of incidents that impact on a community, the review group found that Selective Licensing is a solution that compels landlords to meet certain standards that addresses all sorts of issues. The review group, Police and the Council would like to see

more use of Selective Licensing in inner City areas as soon as possible, to work in partnership with landlords and Fire Service to improve safety and the housing offer. There may be funding available for start-up of another SL scheme, however it is recognised that resources have to be identified for sustaining the scheme.

Recommendation 4

That Cabinet gives consideration to tackling problems associated with poor housing standards and overcrowding in inner areas of the City, and to consider the use of Selective Licensing, such as the All Saints Selective Licensing scheme, in other priority areas as identified by the Police and the Housing Standards Team.

5. Regulation of Letting Agencies

Lettings agencies and lettings agents do not have a professional qualification or regulator.

Recommendation 5

That Cabinet recommend to the Local Government Association that there is a need to regulate letting agencies and to highlight the need to the Housing Minister, Shadow Housing Minister and Parliamentary Select Committee.

6. Parliamentary consultation papers

Much of the evidence received by the review group will inform recent and future consultation responses. The issues raised by the review group are also becoming headline issues for the Government as nationally there is a growth of the private rented sector. The PRS housing market is not currently regulated and public sector housing is well regulated

Recommendation 6:

That Cabinet note that a response has been submitted to the parliamentary consultation paper relating to property standards in the PRS and the need to consider a reformed approach, taking into account the evidence and findings of this review with regard

7. Establishment of a Housing Working Group

The review group recognised that to effectively develop the PRS it cannot be looked at in isolation, it is necessary to look at all housing issues and also wider issues that impact on landlords, home owners and tenants, such as debt, benefit changes, ASB and homelessness. It was felt that there was a need to have oversight of all issues associated with homes and tenants taking into consideration the findings of the review.

It was suggested that the steering group could develop a dashboard of indicators which cover strategic housing and associated matters.

Recommendation 7:

That a working group is established to monitor and review all housing matters, which would give a holistic view of Housing and an early indication of pressures in the City.

8 Review of the current Private Leasing Scheme

The review group found that landlords were not signing up to the WH PSL scheme because a 20% blanket fee for all landlords was deemed to be not attractive by the landlords. It seemed that landlords were not taking into account that for a 20% fee WH takes all the risk and the landlord gets security of a regular fixed income and all of the other benefits that the Council scheme offers.

The review group felt that there should be a review of the current scheme to see if it can be made more competitive, to consider a wider range of offers with better conditions for landlords and tenants, included creating longer term sustainable tenancies, and to make more of the publicity to the landlords for them to see the benefits and security of joining the PSL scheme as a secure option.

The review group suggested that the Council should consider developing a letting agent service, with expertise and resource of Wolverhampton Homes.

Recommendation 8

That a review of the current Private Sector Leasing (PSL) Scheme is carried out in light of rising demand for PRS housing in the City and consider financial incentives, such as Homes and Communities Agency funding, for encouraging landlords with empty properties to join the scheme.

9. Universal Credit (UC) rent adjustment period

Universal credit will be introduced before the end of 2017. It had been planned to slowly introduce the changes, giving time to tenants and landlords to adjust to monthly payments, in arrears. The review group were mindful that it is most likely that vulnerable people and those who are currently in short term tenancies in the City who will have difficulty with the change.

During the review there has been indication from PRS that some short term tenancies will not be renewed and more vulnerable people could be evicted. WH service level agreement (SLA) with the Council relating to rent arrears does not tolerate non-payment of rent and evidence has shown an increase in non-payment of rent and evictions since welfare reforms have been

introduced. Finding alternative accommodation in PRS will require a deposit or a security bond and many vulnerable people will need support.

The review group concluded that working with landlords to sustain tenancies during implementation of UC could reduce spend and stabilise a potential growth item in the budget over the next 5-10 years.

Recommendation 9

That Cabinet and Welfare Reform Programme Board agree that the Council and Wolverhampton Homes should work together with landlords to keep people in their homes during the introduction of Universal Credit.

10. Homelessness Prevention Team funding

The review group recognised that the prevention team demonstrated 1305 preventions during 2012/13 a saving of £3,393,000 and are predicted to make more savings in 2013/14. The main reasons for homelessness are due to the end of assured short-hold tenancy, followed by young people moving out and domestic violence. Whilst welcoming a one year grant extension for the preventing homelessness team the review group felt it would be better for a longer period, for five years, to embed changes to benefits, stabilise vulnerable people and families impacted by UC and help to increase availability and standard of PRS housing.

Recommendation 10:

That Cabinet note that DCLG funding for the Housing Options Homelessness Prevention Team ends March 2015 and give consideration of funding options for a five year period to embed changes to benefits.

11. Other Funding Sources to Improve the PRS

The correlation between child poverty and high concentrations of private sector housing is made in the Child Poverty Strategy. Poor living standards, overcrowding and unhealthy environments can be evidenced through prosecution files and photographic evidence. Improving the standards of PRS housing will improve health and wellbeing of vulnerable individuals and families.

Recommendation 11

That Cabinet give consideration to other funding sources to improve PRS Housing in Wolverhampton in relation to the impact of poor housing on children, educational attainment and anti-social behaviour, and that Cabinet further consider the wider impact that not meeting decent home standards has on the most vulnerable residents, mental and environmental health issues, overcrowding, the impact on

communities and the financial burden of these implications on the Council.

12. Displacement of Homeless people

The review group acknowledged that there are people and families placed in the City by other Local Authorities. The Localism Act 2012 enables authorities to discharge the homelessness duty to the PRS in other areas of the Country and they must notify the Authority concerned. Often the lower rents influence where the person is placed. Following the short term placement the families should be re-housed by the other Authority. Officers have acted to notify the London Boroughs, and any other area that places homeless people and asylum seekers in Wolverhampton, that they have a duty to notify the Local Authority.

Recommendation 12

That Cabinet note that displacement of homeless people was raised as a concern by the Review Group. More evidence is needed to establish the number of cases and the impact on the City more statistical evidence and data.

8. Appendix

Contributors to the review

Membership:

Cllr Wendy Thompson (Con)
Cllr Dr Michael Hardacre (Lab)
Cllr Michael Heap (Lib Dem)
Cllr Linda Leach (Lab)
Cllr Neville Patten (Con)
Cllr Rita Potter (Lab)

Witnesses:

Don Robbie	National Landlords Association
Andy Burton	Residential Landlords Association
Aki Ellahi	Chair of the Landlords Steering Group
Lyndon Whitehouse	WMBUS – Private Rented Sector
Lesley Williams	Service Manager, Private Sector Housing
Dominic Towey	Section Leader, Housing Standards
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Christopher Hale	Head of Housing
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Mark Henderson	Wolverhampton Homes

Popsi Singh Citizens Advice Bureau
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Scrutiny Link Officers:

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Nick Edwards Assistant Director, Regeneration

Scrutiny Officer:

Deb Breedon

9. Schedule of background papers

- Placement of Homeless Households Outside of London (CLG 6.2.14)
- Residents' Opinion Survey (Scrutiny Board 21.1.14)
- Welfare reform impact analysis November 13 (Scrutiny Board 21.1.14)
- Review of Property Conditions in the Private Rented Sector (LGiU 17.3.14)
- Localism Act 2011 - Discharging the statutory homelessness duty into the private rented sector
- Housing Act 1996 (Part 7 Homelessness)
- Housing Act 2004
- Reapplication Duty 2012
- CMIS links to Scrutiny Review of Housing – Private Rented Sector
- House Proud
- 'What works? Tackling Rogue landlords and improving the private rented sector' [Shelter report September 2013](#)
- How many homes – assumptions
http://howmanyhomes.org/resources/Choice_of_Assumptions.pdf
- Housing allocations policy March 2013 - [here](#)
- Housing strategy, performance and policy -
http://www2.wolverhampton.gov.uk/housing/strategy_performance/default.htm
- Scrutiny review progress on implementations of recommendations – (currently being updated)
- Re-application duty 2012 - [here](#)
- Good practice: Birmingham social letting model – [Birmingham Home Choice](#)
- Other pages from Birmingham: [Birmingham finding a home](#) and [Birmingham Private sector housing](#)
- [January 2012 A&C Scrutiny update - Homelessness](#)
- Legislation:
 - Localism Act 2011
 - Housing Act 1996 (Part 7 Homelessness)
 - Discharging the statutory homelessness duty into the private rented sector
 - Reapplication Duty 2012

- Government extract: 'The government is helping local councils and developers work with local communities to plan and build better places to live for everyone. This includes building affordable housing, improving the quality of rented housing, helping more people to buy a home, and providing housing support for vulnerable people':
<https://www.gov.uk/government/topics/housing>
- Laying the foundations a Housing Strategy for England (2011)
<https://www.gov.uk/government/publications/laying-the-foundations-a-housing-strategy-for-england--2>
- Housing and migration : network guide
[http://www.cih.org/publication-free/display/vpathDCR/templatedata/cih/publication-free/data/Housing and migration A UK guide to issues and solutions](http://www.cih.org/publication-free/display/vpathDCR/templatedata/cih/publication-free/data/Housing%20and%20migration%20A%20UK%20guide%20to%20issues%20and%20solutions)
- UK Migrants and the private rented sector: HACT
<http://www.jrf.org.uk/sites/files/jrf/migrants-private-rental-sector-full.pdf>
- Chartered institute Housing <http://www.cih.org/>

Appendix 1

RENT WITH CONFIDENCE DRAFT PROPOSALS (V1)

Aim/Outline

The aim of Wolverhampton's "Rent with Confidence" campaign is to encourage a more professional private rented sector and allow potential tenants to exercise choice with regards to selecting property and a reliable landlord or agent. It is hoped that by adopting an approach of ranking landlords and agents who operate across the city, the Council will see an increase in the numbers of reputable landlords coming forwards to take up a more significant share of the market. This in turn will drive up standards in property condition and management, and it will also provide the Council with a reliable process for discharging homelessness duty into the private rented sector (PRS).

This is in line with the "educate, encourage, enforce" hierarchy as described below and will be included into the revised enforcement policy (subject to approval following consultation).

The basic principle for "Rent with Confidence" follows on from investigative work into poor management practise and illegal conversion of houses in multiple occupation (HMOs) by landlords who have undertaken accreditation and are purporting to be reputable, and looks to be able to distinguish between good landlords and those who need to improve by means of a fair and transparent self-selection process with minimum resources from the Council. This in turn will leave the Council to focus on tackling the poorest property conditions and the very worst and criminal landlords.

The Council has five key priorities within its Housing Strategy; one of those is to improve standards in the private rented sector. The Council recognises the importance of this sector in providing accommodation for our residents; however, the Council has to balance that to ensure that the health, safety and wellbeing of residents (many of whom may be vulnerable) are met. Therefore Wolverhampton Council has adopted and maintains an approach of effective enforcement where engagement is not effective, and also works across agencies with the Police, UK Border Agency and the Fire Service to help to identify where poor standards and overcrowding exist in the private rented sector. The Council is currently considering a number of strategic interventions to address identified issues and this may include Additional, and further use of, Selective Licensing schemes and a review of our policies with regard to engagement and support of the sector including the continuing role of enforcement. The Council will be consulting on any proposals with all partners, including landlords, in due course.

Background

Nationally the PRS has grown rapidly; more than doubling in size over the past ten years. This is the situation in Wolverhampton (see appendix 1 for more statistical detail). However, there has been a rise in the "Rogue" Landlords/criminal element and this has been evidenced by the numbers and types of complaints received, and following joint partner operations as described above. Wolverhampton Council has

pledged its support to the Shelter “Tackling Rogue Landlords” campaign and continues to align its services in able to advise and assist landlords to provide good quality accommodation and takes appropriate action where landlords then fail to comply.

Wolverhampton City Council’s Private Sector Housing Service is has taken the following enforcement action to date:

YEAR	PROSECUTIONS	CAUTIONS	FORMAL WARNINGS
2010/11	0	1	1
2011/12	0	1	1
2012/13	4	3	1
2013/14 (to end August)	6	2	2

Educate, encourage, enforce

It is proposed to review the current enforcement policy to reinforce the Council’s “educate, encourage, enforce” stance and see it link into the “Rent with Confidence” proposals thus:

Educate – the Council encourages all landlords regardless of the size of their rental portfolio or whether they use Letting Agents or not to be accredited through the Midland Landlord Accreditation Scheme (MLAS), the National Landlords’ Association (NLA) or the Residential Landlords’ Association (RLA). The Council will seek to promote Rent with Confidence and encourage landlords to voluntarily register their properties in order to obtain a star rating

Encourage – the Council will always look to encourage landlords to operate within the law and to the highest standards, and will look to provide a certain level of guidance and assistance with respect to legal obligations, access to resources and information, and appropriate signposting wherever possible (at the same time this cannot be used by landlords as a free service or a means of by-passing any legal processes so this detail needs to be very carefully worked through).

Enforce – where landlords do not comply with the law the Council will use whatever enforcement route is necessary to achieve legal compliance and will further ensure that any landlords prosecuted are identifiable by means of links to the details of convictions for any potential tenants to see.

The processes for enforcement will be revised to take account of the type of landlord the Council is taking action on: a letting agent or portfolio (professional) landlord should be fully compliant with the legal requirements of property management and therefore any action should be appropriately charged. Initial proposals on this are:

- 1-4 properties = amateur landlord**
- 5-19 properties = semi-professional landlord**
- 20-upwards = professional landlord, letting agent or registered social landlord. If any notices are required within this limit are automatically charged for as this action should not be necessary. Any schedules and repeat visits should also be charged.**

(The Council would not normally expect to have to take enforcement action against any social or registered landlord, however, the enforcement policy ensures that the welfare of residents in the City are protected regardless of tenure/landlord and that the professional status of the landlords are appropriately acknowledged).

Proposals for “Rent with Confidence”

The scheme is proposing to use an easily recognised **Star Rating**. Landlords will only be able to obtain the ranking of scores using the following criteria:

0 stars = an unknown landlord (not known to the Council). The descriptor for this is that this landlord has no track record with the council at all; has not applied for any licenses that may be applicable, is not accredited through the NLA/RLA/MLAS or one that has been the subject of a complaint to the service during the past 5 years

1 star = a licence holder (or registered with the Council in some way). One star will automatically be awarded to any landlord that has come forward for mandatory/additional/selective licensing as applicable. If the landlord is not accredited/NLA/RLA/MLAS accredited or has had any standards intervention during the last 5 years they will remain at 1 star until Housing Standards are satisfied that they have improved (i.e. following a full and detailed property inspection)

2 stars = an accredited landlord and/or a member of the NLA or the RLA. 2 stars will go to any accredited landlord in recognition of the training element they have undertaken providing Housing Standards have not had to issue any notices – **if they are accredited and have had a valid notice served since accreditation (to remain in force for 5 years) they go back to 1 star only**

3 stars = a three star landlord recommended by the Council with a “rent with confidence” status. For this the landlord will be as a minimum accredited to the 2 Star standard and **have had no Housing Standards interventions and meet further conditions** to demonstrate the level of service and property standards being offered

X (a black cross landlord) = a landlord that has been prosecuted for Housing Act Offences (or similar which means they do not meet the not fit and proper test)

and for the period or the prosecution and a link to the details of the offence (no longer than 5 years or subject to the Rehabilitation of Offenders guidance).

Process for Letting Agents

It is proposed to operate a similar score rating for letting agents who can chose to sign up and will have to meet requirements. Currently, complaints about Letting Agents make up nearly 50% of all complaints to Trading Standards and from 1 April 2014 Letting Agents will have to be members of a Redress Scheme in the same way that Estate Agents are regulated. Trading Standards Officers are currently visiting all Wolverhampton company registered Letting Agents to offer advice and guidance on “getting it right;” particularly with regards to rent deposits, hidden fees and contractual matters. Rent with Confidence for Letting Agents could be a simple process of auditing and checking for complaints and breaches following these visits.

Implementation

It is suggested that this proposal is considered by Scrutiny and subject to wider consultation prior to implementation (and is referred to as an area for development within the Private Sector Housing Strategy).

Implementation will need to be incremental in three key stages:

Review and consult on “**educate, encourage and enforce**” including a review of the Enforcement Policy which will need to be agreed by Cabinet to be completed by 01/06/14.

Develop and consult proposals for “**Rent with Confidence**” including monitoring and complaints/arbitration process to be completed and operational by 01/10/14

Develop and consult on proposals for “**Additional Licensing of all HMOs**” including formal designation for scheme to become operational by 01/04/15.

Once implemented it will be the responsibility of the PSH team to maintain the records through a process of proactive checks and monitoring of service requests through the Council’s IDOX system. Prosecutions can be linked and flagged to be removed five years after the offence in line with current legal requirements.

Monitoring

A robust monitoring mechanism will need to be developed in place and information prior to implementation of each phase and regularly updated.

Lesley Williams (ext. 0553) – January 2014

Appendix 2

EXECUTIVE RESPONSE: Scrutiny Review of Housing – Private Rented Sector

Recommendation 1 Rent with Confidence		
<p>a) That Cabinet approve in principle the draft 'Rent with Confidence' (RwC) campaign (appendix 1) as a positive way forward to encourage a more professional private rented sector and allow potential tenants to exercise choice when selecting property and a reliable landlord or agent, and ask employees to consult in greater detail.</p> <p>b) That consideration is given to the future resources required to move forward with the 'Rent with Confidence' (RwC) campaign and agree the need to implement RwC when resources become available for effective enforcement to help drive improvement in PRS housing in the City.</p>		
Comment	Timescale/progress so far	Officer Responsible
<p>a) RwC proposals are only in very draft form and the detail needs to be worked up and consulted on.</p>	<p>Consultation with the Landlord Steering Group has begun with regards to the draft RwC proposals. Aim to introduce RwC from October 14</p>	<p>Lesley Williams</p>
<p>b) The resourcing of the RwC confidence proposals will be considered as part of the approach to the delivery of services to improve the private rented sector. It is likely this will require a reconfiguration of existing priorities and partnerships. This will be considered as part of the delivery of wider housing services.</p>	<p>As above.</p>	<p>Chris Hale</p>

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<p>Recommendation 2 Review the PRS Enforcement Procedure</p> <p>That a review of PRS enforcement procedure is carried out with the aspiration to strengthen the processes, make them fairer across the range of landlords, to improve the quality of accommodation in the city, to promote processes and to identify where resources need to be re-aligned or strengthened.</p>		
Comment	Timescale/progress so far	Officer Responsible
<p>The aim is to ensure that the enforcement policy is clear and fair towards all landlords by allowing employees to target persistently bad landlords sooner and by charging them earlier.</p>	<p>New proposals are being considered in partnership with the Landlord Steering Group and National Landlord Association (NLA)/Registered Landlord Association (RLA) representatives. Cabinet will be required to formally adopt any changes; this will be complete by October 2014.</p>	<p>Lesley Williams</p>
<p>Recommendation 3 Additional Licensing of Houses of Multiple Occupation (HMOs)</p> <p>That Cabinet approves Additional Licensing as a mechanism to licence and regulate all Houses of Multiple Occupation (HMOs) locally and across the city as an alternative and more cost effective way of addressing problems with HMOs.</p>		
Comment	Timescale/progress so far	Officer Responsible
<p>There is a lot of challenge about “blanket” licensing policies i.e. City wide from the NLA and employees will take this into account when consulting on proposals to additionally licence all HMOs. These proposals will not be welcomed by landlords; however providing the scheme aims to tackle to worst offenders and is fair and transparent. Any proposals to introduce licensing schemes over and above the mandatory requirements must be supported by appropriate evidence including the potential outcomes to be achieved.</p>	<p>Initial scoping has been carried out, and Officers are continually finding evidence to support the case. We have begun to consult with some landlords and the proposal to Additionally Licence forms part of the wider RWC proposals. The Council has the opportunity for independent, free research to be undertaken by a Master of Science (MSC) student from University of Birmingham (June – September 14). A full consultation will run with a proposed implementation of April 15 if the evidence is supported and Cabinet then approve of the designation.</p>	<p>Lesley Williams</p>

<p>Recommendation 4 More Selective Licensing in Inner City Areas</p> <p>That Cabinet gives consideration to tackling problems associated with poor housing standards and overcrowding in inner areas of the City, and to consider the use of Selective Licensing, such as the All Saints Selective Licensing scheme, in other priority areas as identified by the Police and the Housing Standards Team, providing the case for licensing is fully made in line with legislative guidance.</p>		
Comment	Timescale/progress so far	Officer Responsible
<p>Selective Licensing powers are always under review in order to tackle problematic areas of the City. Park Village, Blakenhall, Pennfields and Whitmore Reans remain in focus as areas of concern for the Council and its partners (i.e. the Police). As with Additional Licensing any proposals to introduce licensing schemes over and above the mandatory requirements must be supported by appropriate evidence including the potential outcomes to be achieved.</p>	<p>Ongoing In addition, the all Saints scheme is nearly half way through and a review will be completed at the three year point. An exit strategy and resilience proposal may be brought before Cabinet nearer to the end of the scheme for consideration</p>	<p>Lesley Williams</p>
<p>Recommendation 5 Regulation of Letting Agencies</p> <p>That Cabinet recommend to the Local Government Association that there is a need to regulate letting agencies and to highlight the need to the Housing Minister, Shadow Housing Minister and Parliamentary Select Committee.</p>		
Comment	Timescale/progress so far	Officer Responsible
<p>This is a matter of national policy debate and the Council will continue to provide evidence to support this debate wherever practicable. In addition, Trading Standards continue to work with Letting Agents on contractual matters, and the RWC proposals could easily be extended to incorporate a rating of Letting Agents (though the detail is to be further explored)</p>	<p>Ongoing</p>	<p>Lesley Williams</p>

Recommendation 6 Parliamentary consultation papers		
That Cabinet note that a response has been submitted to the parliamentary consultation paper relating to property standards in the PRS and the need to consider a reformed approach, taking into account the evidence and findings of this review with regard		
Comment	Timescale/progress so far	Officer Responsible
The PSH team give an undertaking to respond to all further correspondence and consultation relating to the PRS	Ongoing as required	Lesley Williams

Recommendation 7 Establishment of a Housing Steering Group		
That a steering group is established to monitor and review all housing matters, which would give a holistic view of Housing and an early indication of pressures in the city.		
Comment	Timescale/progress so far	Officer Responsible
Wolverhampton has a Housing Executive Board (HEB) and Housing Operational Group (HOG) with Task and Finish Groups considering specific work areas as part of its approved governance arrangements. It is proposed that the issues raised in this review will inform the work programme of both the HEB and HOG.	Ongoing as part of the governance and development and delivery of the city Housing Strategy	Chris Hale

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Recommendation 8 Review of the current Private Leasing Scheme		
<p>That a review of the current Private Sector Leasing (PSL) Scheme is carried out in light of rising demand for PRS housing in the city and consider financial incentives, such as Homes and Communities Agency funding, for encouraging landlords with empty properties to join the scheme.</p>		
Comment	Timescale/progress so far	Officer Responsible
<p>It is intended that the existing PSL is reviewed including the engagement of wider participants to consider the market drivers for owners of properties who may wish to make use of the service. Opportunities may exist to consider other more commercially viable services tailored to owner's requirements.</p>	<p>By April 2015</p>	<p>Lesley Williams</p>
Recommendation 9 Universal Credit (UC) rent adjustment period		
<p>That Cabinet and Welfare Reform Programme Board agree that the Council and Wolverhampton Homes work together with landlords to keep people in their homes during the introduction of Universal Credit.</p>		
Comment	Timescale/progress so far	Officer Responsible
<p>The agreed work programme with Housing Managing Agents is to continue to work to assist tenants to maintain their tenants, and there has been and continues to be a particular emphasis on providing support to households adversely impacted by welfare reforms. Housing Allocations policies and investment programmes consider welfare reform impacts as part of the option appraisal processes.</p>	<p>On going</p>	<p>Chris Hale</p>

Recommendation 10 Homelessness Prevention Team funding		
That Cabinet note that DCLG funding for the Housing Options Homelessness Prevention Team ends March 2015 and give consideration of funding options for a five year period to embed changes to benefits.		
Comment	Timescale/progress so far	Officer Responsible
The specific Homelessness Prevention Grant from DCLG is currently subject to single year allocation. Work will be undertaken to review the services across housing options and the wider housing service to reduce any impact of any reduction or loss of this Grant. The Council will continue to provide sound evidence base to DCLG to demonstrate the most effectiveness of prevention work on homelessness and the wider impacts on the City.	Ongoing	Chris Hale
Recommendation 11 Other Funding Sources to Improve the PRS		
That Cabinet give consideration to other funding sources to improve Private Rented Sector Housing in Wolverhampton in relation to the impact of poor housing on children, educational attainment and anti-social behaviour, and that Cabinet further consider the wider impact that not meeting decent home standards has on the most vulnerable residents, mental and environmental health issues, overcrowding, the impact on communities and the financial burden of these implications on the Council.		
Comment	Timescale/progress so far	Officer Responsible
Employees will continue to work across all partnerships to maximise the impact of private sector housing interventions to the wider outcomes for individuals and the city as a whole and bid for funding both from within the Council and external sources to maximise the impact. The evidence base of the impact of intervention will continue to be strengthened and used to demonstrate the wider impacts and benefits to the city of having a stronger and vibrant private rented housing offer.	On going	Chris Hale

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Recommendation 12 Displacement of Homeless people		
That Cabinet note that displacement of homeless people was raised as a concern by the Review Group. More evidence is needed to establish the number of cases and the impact on the City more statistical evidence and data.		
Comment	Timescale/progress so far	Officer Responsible
Employees will consider how further evidence can be provided demonstrating the wider impact of work to prevent homelessness and the impact of the threat of homelessness on residents.	December 2014	Anthony Walker

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Cabinet Meeting

23 July 2014

Report title	Refreshed Joint Dementia Strategy and Implementation Plan 2014-2016	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Steve Evans Cabinet Member for Adult Services	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All	
Accountable director	Sarah Norman, Community Directorate	
Originating service	Commissioning – Older People	
Accountable employee(s)	Steve Brotherton Tel Email	Head of Commissioning – Older People 01902 555318 steve.brotherton@wolverhampton.gov.uk
	Grace Forrester Tel Email	Joint Commissioning Officer 01902 551167 Grace.forrester@wolverhampton.gov.uk
Report to be/has been considered by	Adult and Community Scrutiny Panel Health and Wellbeing Board Clinical Commissioning Board Group	8 July 2014 9 July 2014 3 September 2014

Recommendation(s) for action or decision:

The Cabinet is recommended to:

Approve the refreshed Joint Dementia Strategy and Implementation Plan 2014 -2016.

1.0 Purpose

- 1.1 To seek approval from Cabinet for the draft Refreshed Joint Dementia Strategy and Implementation Plan 2014-2016.

2.0 Background

- 2.1 The National Dementia Strategy was published in February 2009, setting out a vision for transforming dementia services by achieving better awareness, early diagnosis and high quality treatment at whatever stage of the illness and in whatever setting.
- 2.2 In 2010/11 the Department of Health set four priority areas to support local delivery of the Strategy. These areas provided a focus on activities that are likely to have the greatest impact on improving quality outcomes for people with dementia and their carers.

- 1. Good quality early diagnosis and intervention for all**
- 2. Improved quality of care in general hospitals**
- 3. Living well with dementia in care homes**
- 4. Reduced use of antipsychotic medication**

- 2.3 These areas provided a focus on activities that are likely to have the greatest impact on improving quality outcomes for people with dementia and their carers.
- 2.4 In response to the above requirements Cabinet approved a two year Joint Dementia Strategy on the 23 March 2011. This strategy has now been reviewed with an updated implementation plan in response to current drivers. The Draft Refreshed Joint Dementia Strategy is attached to this report attached to the report.

3.0 Progress

- 3.1 The Health and Social Care Act (2012) set out a new responsibility for the National Institute for Clinical Excellence (NICE) to develop guidance and associate quality standards in order to better serve people with dementia. These standards are also supported by the Social Care Institute for Excellence (SCIE).
- 3.2 In 2012, the Prime Minister issued a dementia challenge setting the goal of ensuring that the diagnosis, treatment and care of people with dementia in England should be among the best in Europe. A Central Government Mandate to NHS Commissioning Boards followed focusing on tackling barriers that stop services working together to serve people with dementia.
- 3.3 A number of actions have been completed from the current strategy:
- Development of health and social care managers and staff across the city in the care economy to becoming leaders and champions of dementia
 - Dementia ward and outreach service at New Cross Hospital
 - A Dementia Friendly Communities Conference in response to the Prime Minister's Challenge on dementia
 - Established Wolverhampton's local Dementia Action Alliance Forum

- Evaluation and Value for Money Review of Inpatient/Residential Facilities for People with Dementia
- Improving standards in care homes in response to quality concerns
- Raising awareness for GP through a GP education event
- Wolverhampton Arts and Culture Services (WAVE) engage and support people living with dementia to access arts and cultural activities
- Development of six Dementia Cafés across the city, one for people who speak Asian languages and one for the Black African/Caribbean community
- A two year programme raising public awareness of dementia
- Development of pilot project using ‘Smart Technology’ and smartphones to raise awareness of dementia and local services

3.4 Consultation and review

3.4.1 The current strategy has been subject to the following consultation process:

- Alzheimer’s Society consulted with people living with dementia and their carers regarding their experiences and views on the services they receive and the support they require as their journey with dementia progresses
- GP’s and other health care professionals were consulted at the GP Education Event
- A local Dementia Review was carried out by Public Health for Wolverhampton

4.0 Financial implications

4.1 The recommended strategy is consistent with the approved Medium Term Financial Strategy; there are therefore no financial implications arising from the report. Any additional actions ensuing from the strategy will be subject to the normal governance requirements, including if appropriate, budget approvals.
[DK/19062014/A}

5.0 Legal implications

5.1 There are no legal implications associated at this stage with the report.
[RB/23062014/G]

6.0 Equalities implications

6.1 This report has equality implications and Equalities Analysis has been undertaken. It will continue to be reviewed and monitored as part of the future implementation plan

7.0 Environmental implications

7.1 There are no environmental implications associated at this stage with the report.

8.0 Human resources implications

8.1 There are no human resources implications associated at this stage with the report

9.0 Corporate landlord implications

9.1 There are no corporate landlord implications associated at this stage with the report

10.0 Schedule of background papers

10.1 There are no additional supporting papers

Refreshed Joint Dementia Strategy for Wolverhampton

2014- 2016

Wolverhampton
City Council



Wolverhampton City
Clinical Commissioning Group

Black Country Partnership 
NHS Foundation Trust

The Royal Wolverhampton 
NHS Trust

Foreword

Currently one of the biggest challenges facing health and social care is dementia. Here in Wolverhampton we have developed our first Joint Dementia Strategy to reflect the significant national and local vision for transforming dementia services. However, bearing in mind the range of needs of people and families, the increasing prevalence of dementia and the pressure on finances, it is critical that we identify and harness all the resources to serve people with dementia well.

I'm really pleased with the work we've done so far and the commitment we've seen from individuals and organisations to improve services for people with dementia. Now we want to take things one step further by becoming, and being recognised as, a dementia-friendly city. To do this we need the help and support of local businesses, religious groups and other organisations, including health and social care, which everyone, including people with dementia need to access on a daily basis.

As described in the strategy we are setting up a framework and programme for delivering improvements over the next two years. Throughout this time we will be searching for good practice and innovation and checking with people with dementia and their families that we are achieving the outcomes they expect.

I look forward to seeing all of these aspirations become a reality.

Wolverhampton
City Council



NHS

**Wolverhampton City
Clinical Commissioning Group**

Black Country Partnership **NHS**
NHS Foundation Trust

The Royal Wolverhampton **NHS**
NHS Trust

Introduction

This Refreshed Joint Dementia Strategy brings together the learning from the previous strategy along with the outcomes of locally commissioned research to effect change over the next eighteen months.

The strategy strives to deliver:

- Commitment and energy – to generate enthusiasm from all partners
- A person centred approach in response to people with dementia
- A standard of excellence and quality improvements

This Strategy is inclusive of all citizens, including those of working age, adults who may have a learning disability or other long term health conditions that impact on their cognitive abilities.

This strategy should be read in conjunction with the Joint Carers' Strategy; Joint Intermediate Care and Reablement Forward Plan, and Living Well in Later Life.

What is Dementia?

Dementia is an umbrella term used to describe many different types of dementia. The following are the most prevalent:

- *Alzheimer's Disease*
- *Vascular Dementia*
- *Dementia with Lewy bodies*

All dementias produce a decline in a person's cognitive (intellectual) abilities, affecting memory, language, understanding, reasoning, problem solving, and concentration, but each person's dementia is unique and will impact on individual lives in very different ways.

The prevalence of dementia increases with age with 1 in 50 people between the ages of 65 and 70 having a form of dementia, compared to 1 in 5 people over the age of 80. However, there are a number of people under 65 living with dementia and this number is increasing.

Dementia makes demands on families, local support networks and communities, and services supporting the person with dementia need to be flexible and responsive to the individual needs being presented.

Person Centred Approach

Professor Tom Kitwood (1997) pioneered a new culture approach to dementia care, developing an enriched model of support that moved the focus away from the neurological impairment (brain damage) and back on the person.

Kitwood's emphasised the need to consider and protect all of the things that make every person, including people with dementia, unique human beings:

- Personality
- Biography
- Social Psychology
- Health
- Fitness

These are described as the things that enrich everyone's life and represent the elements that need to be supported in order to retain a healthy, positive well-being.

Brooker (2007) further developed this new person centred culture as a VIPS model:

V = a *value* base that asserts the absolute value of all human lives

I = an *individualised* approach, recognising uniqueness

P = Understanding the world from the *perspective* of the person with dementia

S = Promotion of a positive *social psychology* in which the person living with dementia can experience relative well-being

This is the person-centred value base adopted by the Department of Health and is the foundation of Wolverhampton's Joint Dementia Strategy.

A key objective for this strategy is to ingrain this approach across all pathways and journeys serving people with dementia. In short,

'A person centred approach towards people with dementia is what we do.'

What are the key drivers for change?

Demographic Growth/Prevalence

In the context of a 26% contraction in budgets, serving the needs of a growing number of people with dementia is a high priority item for all public sector organisations. This driver can be summarised as more people to serve with less money.

The following are the main headlines in relation to demographic growth:

- 21 million people in the UK know a close friend or family member with dementia – 42% of the population
- Dementia costs the UK economy £23 billion a year, more than cancer and heart disease combined (Alzheimer's Society, 2014)
- In the 65 plus population, the likelihood of developing dementia doubles every 5 years and 1 in 3 will have dementia by the time they die
- There is a new case of dementia every four seconds and by 2020 there will be 70 million people living worldwide with the condition (World Health Organisation)

A 2014 Public Health review of dementia in Wolverhampton has highlighted the following:

- The 'Putting Dementia on the Map' tool estimates 3,600 people living with dementia in the city
- 1,604 people are registered with a formal diagnosis, a diagnosis rate of 44.5% similar to the national average
- The above figures mean that 2000 people with dementia do not have a formal diagnosis
- An estimated 68% of people with dementia live in the community, whilst 32% live in residential care
- The population of people with dementia living in Wolverhampton will increase by 61 people per year between 2015 and 2020

State of the Nation Report

In 2013 the Department of Health (DH) published '*Dementia: A state of the nation report on dementia care and support in England*'. This report included data from a range of organisations and delivered an interactive online map to show the quality of dementia care and support in local areas – <http://dementiachallenge.dh.gov.uk/map/>

The report highlights the following:

1. The scale of the challenge

- a. There are approximately 670,000 people in England living with dementia
- b. This number will double in the next 30 years
- c. Dementia in England costs the economy £19 billion a year
- d. There are an estimated 550,000 carers of people with dementia

2. Prevention and diagnosis

- e. More needs to be done to prevent dementia through the impact of healthy lifestyle choices; for example, smoking, alcohol and obesity can affect many types of dementia, in particular vascular dementia
- f. Timely diagnosis is important as it helps people with dementia and their families to get the support they need and to plan for the future

3. Living with dementia

- g. Two thirds of people with dementia live in the community, which means services need to be tailored towards enabling people to continue living independently and avoid crisis situations which can lead to unnecessary hospital or care home admission
- h. Where admission to hospital cannot be avoided, people with dementia should receive high-quality compassionate in-patient care
- i. One third of people with dementia live in residential care (*two thirds of the care home population*), which means there is need for *all* care homes to provide high quality, personalised care, helping individuals to live as fulfilling a life as possible
- j. It essential to ensure that antipsychotic drugs are appropriately prescribed, and, if prescribed, reviewed on a regular basis
- k. People with dementia should receive early support to discuss palliative and end of life care as part of planning for their future

4. Dementia education and training

- l. All staff involved in the care of people who may have dementia should have the necessary knowledge and skills to provide the best quality of care

5. Dementia friendly communities

- m. The development of dementia friendly communities should be a priority
- n. Communities should be addressing and raising public understanding, challenging attitudes which prevent people with dementia living life to the full

What are the national and local priorities?

The National Dementia Strategy was published in February 2009, setting out a vision for transforming dementia services by achieving better awareness, early diagnosis and high quality treatment at whatever stage of the illness and in whatever setting.

In 2010/11 the Department of Health set four priority areas to support local delivery of the Strategy. These areas provided a focus on activities that are likely to have the greatest impact on improving quality outcomes for people with dementia and their carers.

Good quality early diagnosis and intervention for all – Two thirds of people with dementia never receive a diagnosis; only a third of GPs feel they have adequate training in diagnosis of dementia

Improved quality of care in general hospitals – 40% of people in hospital have dementia; compared to the general population, people with dementia have worse outcomes, stay longer as an inpatient; have higher mortality rates and are at increased risk of becoming institutionalised

Living well with dementia in care homes – One-third of people with dementia live in care homes and at least two-thirds of all people living in care homes have a form of dementia; dependency is increasing; behavioural disturbances are highly prevalent and are often treated in-appropriately with antipsychotic drugs

Reduced use of antipsychotic medication – There are an estimated 180,000 people with dementia on antipsychotic drugs. In only about one third of these cases are the drugs having a beneficial effect, with 1800 excess deaths per year as a result of this prescription

The Health and Social Care Act (2012) set out a new responsibility for the National Institute for Clinical Excellence (NICE) to develop guidance and associate quality standards in order to better serve people with dementia. These quality standards are contained in the Appendices of this strategy and cover the care and support provided by all staff, including a range of quality statements intended to improve the structure, processes and outcomes across health and social care. These standards are also supported by the Social Care Institute for Excellence (SCIE).

Also in 2012, the Prime Minister issued a dementia challenge which, whilst recognising dementia as the most feared illness in England by those over 65, accepted it had not received

the attention and resources it deserves. To rectify this position, the Prime Minister set the goal of ensuring that the diagnosis, treatment and care of people with dementia in England should be among the best in Europe. This was followed by the Central Government Mandate to NHS Commissioning Boards which included a focus on tackling barriers that stop services working together to serve people with dementia.

What have we done so far?

To implement the first Joint Dementia Strategy, a multi-agency steering group was charged with the delivery of a number of actions in response to national and local priorities:

Developing Leaders and Champions

In 2012, the University of Worcester, Association of Dementia Studies were commissioned to deliver bespoke training for managers and frontline care staff from across health and social care. The work undertaken by Wolverhampton City Council is providing the Action Learning Sets in Leadership and in Dementia Champions and has been a real innovation in helping staff involved in the care of people living with dementia across the city, to skill-up to an advanced level of practice. Of particular benefit has been including staff from health, social care, third sector and private providers in coming together for an extended period to learn and develop practice using the same frame-work. This has led to real added value in breaking down barriers between services at the same time developing knowledge and skills in working with people with dementia and their families.

This commission resulted in 80 dementia leaders and champions working across the city to deliver a number of local projects: For example,

- A care home developed their business plan by involving residents, resulting in a much improved physical environment.
- A story book approach was introduced in a care home, providing staff with the information about the person, helping in the delivery of a person centred approach
- A Day Centre introduced 'History Life Books' that captured memories and stories about a person's life.
- A Nursing Home underpinned the work from the leaders and champions training with the gold standards framework, incorporating the principles of VIPS across their life care pathway. This is embedded in the nursing home's statement of purpose, training and supervision
- A work book approach was developed in a Community Resource Centre giving members of staff the opportunity to reflect on their care practice before and after the dementia training workshops

- I-Pads have been introduced in a Resource Centre , giving people with dementia the opportunity to access movies and music from the past and to research local areas and topics of interest – this content is used in subsequent group and one-to-one discussions
- iPods; headphones and docking stations have been introduced in care homes, enabling people with dementia to access music of choice for use in group activities; reminiscence therapy or simply individual, private enjoyment and relaxation

Dementia Ward and Outreach Service

In 2009, a dementia ward and outreach service was commissioned at New Cross Hospital.

This project developed and delivered a range of interventions to improve in-patient outcomes for people with dementia and their families: For example,

- A Care Bundle approach for patients with dementia – ensuring that information was gathered from families to maximise communication, nutrition & hydration, and the physical environment for each individual patient
- A specialist dementia acute medical ward providing an appropriate environment for people with dementia where staff can implement the care bundle
- A Dementia Outreach Team identifying patients for admission to the specialist ward and supporting use of the care bundle on other wards caring for people with dementia
- Trained volunteer buddies supporting staff and patients on the specialist ward by following the principles of the care bundle approach;
- Staff training and development: The Dementia Training Programme providing courses for all staff at all levels
- Dementia-friendly physical environment implementing dementia-friendly design principles in the specialist ward and across the wider hospital
- The integrated dementia pathway ensuring people with dementia and their families receive a quality service from beginning to end
- Organisational leadership and commitment to implementing excellence in dementia support and engagement to make the delivery of high quality care a priority and bring about a culture change at all levels across the Trust

In June 2012 The University of Worcester was commissioned to evaluate the project by the Strategic Health Authority and Royal Wolverhampton Hospitals.

This was followed in 2013 by an independent evaluation in by Dementia Care Matters, including a comparator inpatient experience perspective of other wards at New Cross Hospital and two wards at Queen Elizabeth Hospital in Birmingham. This evaluation delivered the following recommendations:

- Setting the minimum standards for all wards regarding dementia specific design and costs would begin to prepare for the projected increase of people living with dementia using acute services and in the longer term might lead to less need for a hub ward of excellence
- Expanding opportunities for an increased Outreach team into the hospital and also into the community/other care services would likely achieve the greatest cost savings on bed usage in hospitals
- Investing in enhanced dementia care training across the hospital, but not at an awareness raising level but at a measurable skills level, would continue to improve the quality of lived experience on wards
- Examination of a comprehensive range of dementia services joining together acute services, mental health services and rehabilitation and reablement is required as there are gaps in community base services

The Prime Minister's Challenge on Dementia

The local response to the Prime Minister's challenge was launched at a one day Dementia Friendly Communities conference held at Wolverhampton Science Park in October 2012.

The focus of the conference was to encourage and involve a number of commercial sector companies and religious organisations to do more to help and support people with dementia in Wolverhampton. With this in mind, 300 invitations were sent to banks, building societies, retailers, churches, temples. Over 200 people attended the event.

People with dementia were at the forefront of the day, speaking from the main stage about their lives, delivering the message that it is possible to lead a fulfilling life with care and support that is both sensitive and flexible.

A number of organisations, including Asda, Costa Coffee; Wolverhampton Interfaith Network, West Midlands Police; West Midlands Fire Services all declared their support for the campaign and their aspiration and intention to become more dementia friendly – A number of organisations in Wolverhampton have registered their commitment and Action Plan towards becoming a dementia friendly city.

There were several key messages and recommendations that emerged from the conference:

- Wolverhampton City Council will bring together organisations from across the city by hosting a Dementia Action Alliance Forum
- Receiving a diagnosis of dementia is a major life event and ignorance of dementia among family and friends as well as the general population may mean that others respond negatively. A better awareness and understanding on the condition needs to be well publicised reaching out to every section of the communities including institutions such as schools, universities and places of worship

- Everyday community activities can be challenging such as withdrawing money at the bank, paying bills, shopping and using public transport, and trying to carry on daily life as before becomes more difficult and problematic. Commercial sector businesses need to ensure that they make the necessary adjustments and train all their frontline staff in order to deliver a flexible sensitive service
- People with dementia can feel disconnected from groups, friends, activities and places. A public awareness campaign needs to ensure that the information on dementia reaches all sections of the community and individuals in their spoken language
- A major incentive for businesses to become more dementia friendly is the increase in the numbers of people with dementia over the next twenty years and their purchasing power. If people with dementia are not welcomed into everyday activities or organisation the loss will be felt by the commercial sector

Wolverhampton Dementia Action Alliance Forum

A Wolverhampton Dementia Action Alliance Forum has been established, which is open to all organisations operating in Wolverhampton wanting to become dementia friendly. The first meeting was held in April 2014 attended by sixteen commercial sector business organisations and Terms of Reference on the purpose of the group has been agreed. All participating organisations will develop their Action Plans to improve services for people living with dementia.

Organisations were asked to encourage other businesses in their network to join the dementia friendly campaign for Wolverhampton.

Evaluation and Value for Money Review of Inpatient/Residential Facilities for People with Dementia

Community Gateway, an independent sector organisation was commissioned to undertake an evaluation and value for money review on inpatient and residential facilities across the City for people with dementia.

This evaluation was completed in February 2013 and reached the following recommendations:

- A refreshed joint commitment to deliver the priorities of the Dementia Strategy should be made by all key stakeholders
- The Memory Service should be formally commissioned
- The GP register should be brought up to date and a study undertaken to understand the reasons for the wide variation of diagnostic rates for people with dementia

- A market review and commissioning plan should be completed to improve care homes and day care experience for people with dementia, particularly for people with more challenging needs
- Consideration should be given to better alignment of services across health and social care, including a care pathway
- Reablement and rehabilitation services need to be more accessible for people with dementia

Improving Standards in Care Homes

In response to safeguarding and quality concerns, in 2012 the University of Bradford (School of Dementia) were commissioned to work with a number of care homes to evaluate and improve practice with the use of Dementia Care Mapping (DCM).

DCM delivers the perspective of the person with dementia on the quality and impact of the care received, including how they spend their time; the impact of intervention and their levels of well-being. The following was delivered as part of this commission:

- Each home received a six hour map of a formal care environment by 2 mappers
- Using the data collected and Action Plan was produced for the home to improve person centred care and well-being
- A follow-up six hour review map was completed three months later to check progress against the Action Plan
- A second Action Plan was produced

The general recommendations for care homes across the city from this work can be summarised under three themes:

People with dementia

- To have increased opportunities for interaction meaningful activities and occupation and have access to objects in the environment and enhance opportunities for engagement
- To have opportunities to go outside into the garden areas and engage in community outings

Staff

- To work with residents and their families to develop life stories and apply their knowledge of the person's life story to assist individuals to engage in life in a meaningful way

- To develop personalised rummage boxes for individuals based on knowledge of their life history
- To eliminate care practices which risk undermining people's psychological needs and understand how to enhance psychological well-being for residents
- To look at reasons why people are disengaged, in low mood or in distress
- To review sleep patterns for the residents

The environment

- To enhance orientation throughout the homes by use of appropriate signage and contrasting colour
- To look at ways of making the units less noisy and consider provider alternative stimulation and relaxation for residents instead of the television
- To consider how to make mealtimes a social, calm and enjoyable experience for people

Wolverhampton Arts and Culture Services

In 2013, Wolverhampton Arts and Culture Services (WAVE) in partnership with the Grand Theatre and the English Touring Opera Company were commissioned to deliver the following:

1. Engage and support people living with dementia to access arts and cultural activities
2. Raise awareness of people living with dementia participating in normal and enjoyable activities in the local community
3. Improve the wellbeing and quality of life of older people and those living with the various forms of dementia
4. Raise the profile of the Arts and Social Care Programme at WAVE
5. Contribute towards making Wolverhampton a Dementia Friendly City

Inspired by objects in the collection of Wolverhampton's Arts and Heritage Service, 30 people with dementia came together and worked with a writer, composer and musicians to write their own songs and deliver a staged opera in front of a specially invited audience of family and friends at the Grand Theatre on 17 April 2013. The publicity surrounding this event helped to raise awareness demonstrating that by providing the right support, people with dementia can continue to take part in activities and lead fulfilling lives.

In addition, the 'Memories in the Making' work undertaken by Wolverhampton's Arts and Heritage service (WAVE) has sought to integrate people with dementia into activities at the Art Gallery and Bantock House Museum: for example,

- Conversation groups have been designed and delivered for people with dementia

- The sculpture gallery includes poetry written by people with dementia – a powerful reminder to visitors that people with dementia are capable of creative, insightful and personal interpretation of works of art
- People with dementia living in care homes have taken part in art and reminiscence activities including the innovative use of iPads – evaluation showing that these activities improved participants' concentration, mood and general wellbeing

In total, 30 sessions have been delivered in 4 care homes. By creating a familiar combination of gentle exercise, memory games, reminiscence sessions and creativity, participants are encouraged to rediscover their prior selves within a safe setting.

Dementia Cafes in Wolverhampton

Wolverhampton City council has commissioned the Alzheimer's Society to facilitate six Dementia Cafes held at carefully selected venues throughout the city.

Three of the Cafes were opened in 2011 and a further three in April 2013.

Two Cafes offer a specialist provision – one for people who speak Asian languages and one for the Black African/Caribbean community.

The Cafes provide an opportunity for people with dementia to socialise in a friendly peer group atmosphere, with a variety of guest speakers delivering information and advice, talks, reminiscence and entertainment therapies.

A critical part of the Cafes remit is the support it provides for carers, and carers have said that their relative with dementia is much calmer; it lifts their mood, they don't feel so isolated and it is great to have somewhere to go where they can 'fit in' and be themselves.

In addition, the cafes are supported by a Dementia Support Worker to work with individuals requiring more detailed or emotional support on either a 1:1 or group basis. These interventions are issue-based and help to avoid crisis situations developing for either the person with dementia or their carer.

The following table highlights a steady rise in Café attendance figures for 2013;

April	May	June	July	August	Sep	Oct	Nov	Dec
67	78	79	99	106	90	126	140	119

This service is growing in Wolverhampton and the feedback from service users and professionals is overwhelmingly positive.

Raising Public Awareness in Dementia

In 2013, Alzheimer's Society was commissioned to deliver an Information Awareness Programme across the city, including an improved understanding of dementia and signposting

to appropriate services; strategies to reduce stigma, promote the benefits of early diagnosis and provide sections of the community with targeted advice.

An Information Worker was engaged to work with schools, GPs, professionals, organisations (including churches, temples and mosques), businesses and community groups. The campaign began with a letter to all medical practices and meetings are under-way with practice managers to discuss ways to improve diagnosis rates and support patients with dementia and their carers. Schools are also being invited to book awareness sessions and the '*Dementia 4 Schools Resource Pack*' is being introduced as a teaching aid.

Information and awareness sessions have already been held for Age UK; Heath Town Senior Citizens Welfare Project; care homes; community support officers from the Police; local churches and tenant's groups. Further sessions are scheduled for the Police; Mander Centre staff; Pensioners Convention; Women of Wolverhampton Group; Wolverhampton's Interfaith Network, and several older people's friendship groups. An information stand was displayed at the carers' forum and will be deployed across the year in libraries, community centres, Civic Centre, Mander Centre, and at events such as the City Show and 'One 4 All' health event. A bilingual volunteer has been recruited to help engage with the Punjabi-speaking community and more volunteers are being sought from the university's active volunteer programme and the voluntary sector council.

During Dementia Awareness Week, a media campaign was deployed by the Council's communications team to promote the information project and its programme of events across the City.

Smart Technology

In partnership Wolverhampton City Council and the University of Wolverhampton have developed a pilot project using Near Field Communication (NFC) smartphone technology to increase awareness of dementia. The project will be supported at all stages by service users and other experts in dementia care and will be subject to independent evaluation, resulting in a report on the project findings together with recommendation of future applications. The project is targeted towards people of all ages within the community and the workforce who may be involved in providing universal services. The aims of the project are as follows:

1. To improve awareness of dementia within the community, public and private sector workforce
2. To improve public awareness of dementia
3. To give information about support services

Posters will be presented at public locations operated by local organisations involved with the project including Asda, Costa Coffee, Lloyds Bank, West Midlands Travel, local telecommunication stores, and Wolverhampton University, schools, colleges and the council.

GP Education Event

In 2013, the University of Wolverhampton were commissioned to deliver a workshop for eighty-two health and social care professionals, including twenty-one GPs, with the purpose of achieving the following outcomes:

1. An improved awareness of a range of dementia related issues: for example, end of life care, delirium, carer perspectives, early diagnosis, managing distress
2. A platform for discussion about the progress of the joint strategy and an opportunity to inform future developments
3. An opportunity to raise questions and ideas regarding future strategies to improve the person's life style and journey with dementia
4. An opportunity to discover local support services through a 'market style' promotion.

The following suggestions were made for inclusion in the refreshed strategy:

- There needs to be an increase in psychology services for people with dementia
- More home based respite should be developed
- Joint research should be completed regarding reasons for re-admission to hospital
- More research is needed about the use of advanced directives; what system works well and why this has not been taken up in Wolverhampton
- Improved awareness training needs to be delivered to all levels of staff, particular in relation to working with people in distress and reducing the use of anti-psychotic medication
- There needs to be wider participation in the development and delivery of the strategy, with a shared commitment.

Consultation event with People with Dementia

As part of the evaluation and refresh of the Joint Strategy, in August 2013 Wolverhampton City Council commissioned Alzheimer's Society to consult with people living with dementia and their carers in order to seek their experiences and views on the services they receive and the support they require as their journey with dementia progresses.

The workshop was attended by 24 people with dementia and the results of participant's responses grouped into six themes:

Emerging concerns and seeking a diagnosis

'I was in denial'
'We did not know what was going on'
'It took too long (12 months) to find out what was wrong'
'Memory clinic pointed us to the right direction but that was after we had waited to see them'

The diagnosis process

'Frightened when specialist said dementia'
'Had to pay to get a diagnosis as no-one was listening' (person with younger onset)
'GP not interested one diagnosis made'
'Language confusing'
'Don't just give out books – need someone to talk to instead'

Post diagnosis Support

'Need more public awareness'
'Schools information programme would be good'
'Tell the carer more about the progression of dementia'
'People talk about dementia more now'
'We were told – you are just getting old'
'Dementia swept under the carpet in some communities' (Afro Caribbean)
'Was ashamed of myself before I went to the dementia café'

On-going Support Needs

'Dementia friendly accreditation scheme so we know where to go'
'More groups needed where we can talk about dementia'
'Training programme for carers would be useful'
'Need support service where we can call and you are there when needed'
'Assistive technology is a great help'
'Respite when I need it'

Other issues

'More money needs to be spent on dementia research'

Progress over the last 2 years

There is an acknowledgement that awareness of dementia in Wolverhampton is improving but that more needs to be done particularly as some of the misconceptions about dementia are deep rooted. The speed of recognition of symptoms and the diagnosis process remains a concern and would be the area most would choose to invest any additional funds

What do we need to do next?

The Joint Dementia Strategy 2014-2016 will be underpinned by a person centred philosophy and approach across all journeys and pathways. For example, Wolverhampton City Council's Citizen's Journey:

The strategy will focus on the delivery of six priority outcomes:

- To deliver good quality early diagnosis and intervention
- To deliver improved quality of care
- To deliver a Dementia Friendly City
- To deliver an Integrated Dementia Pathway
- To deliver Home as the Hub
- To deliver Better Care Fund Work Streams

These priorities will be delivered through the Better Care Fund.

Better Care Fund

The Better Care Fund will ensure that the Wolverhampton health and social care economy is working in an integrated way to deliver the most efficient and effective response to the needs of all users and patients. It recognises and protects early stage interventions and the contribution they make to restoring and maintaining independence; reducing unnecessary hospital admissions; facilitating discharges back home and improving the quality of care for all.

Health and Social Care partners have agreed a vision for the delivery of the Better Care Fund under the heading 'Wolverhampton, One Ambition, Working as one, for everyone'.

Strategic Objective	One Ambition	Working as One	For Everyone
What Are We Trying To Do?	Single Plan Sharing everything Prevention & Recovery	Integrated Pathways All Partners Working Together Shared Sustainable Outcomes	Each Individual Keeping People Well Self-caring Communities
	Right Care	Right Place	Right Time

Building on the success and learning of the Joint Dementia Strategy 2012-14 the Better Care Fund will include a focus on dementia with the following dementia related work streams:

Dementia Services	To provide holistic services that keep people with dementia well and independent	<ul style="list-style-type: none">• Single Assessment Process• Increased access To Resource Centres	<ul style="list-style-type: none">• Dementia Hub• Improved diagnosis and recording rate in Primary Care
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Priority Actions and Implementation Plan

In addition, from the analysis of the current strategy, there are a number of priority actions going forward:

Outcome	Actions	By
To deliver the Better Care Fund Work Streams	<ul style="list-style-type: none"> • Deliver a Single Assessment Process • Deliver improved access to rehabilitation services • Deliver a Dementia Hub • Deliver improved diagnosis and recording rate 	<p>Mar 2016</p> <p>Mar 2015</p> <p>Mar 2016</p> <p>Mar 2016</p>
To deliver Wolverhampton's Public Health Dementia Review recommendations	<ul style="list-style-type: none"> • Clarify joint commissioning arrangements • Complete a comprehensive review of health and social care spend • Develop a comprehensive directory of statutory and voluntary services 	<p>Sept 2014</p> <p>Sept 2014</p> <p>Dec 2014</p>
To deliver and Promote the Independence Programme	<ul style="list-style-type: none"> • Delivery of person centred approach enabling independence living • Increasing options for independence living 	<p>Oct 2015</p> <p>Oct 2015</p>
To deliver Dementia Leaders and Champions across all sectors and stakeholders	<ul style="list-style-type: none"> • Develop and deliver a training programme for all stakeholders to become either dementia leaders or Champions • Deliver an Action Planning Programme, bringing together all leaders and champions 	<p>Mar 2015</p> <p>Nov 2015</p>
To deliver a Dementia Friendly City	<ul style="list-style-type: none"> • Each member of the local Dementia Action Alliance (DAA) to produce an action plan • Continue to support and monitor progress of DAA action plans 	<p>Mar 2015</p> <p>Mar 2015</p>

In relation to the delivery of a dementia friendly city, the outcomes and actions outlined in Appendix One need to be delivered by April 2015.

Finally, this refreshed Joint Dementia Strategy will retain a focus on the delivery of a person centred approach for people with dementia, utilising the NICE quality standards to measure its success – see Appendix Three – and guided by the following principles:

Principles Framework

<p>Principle One</p> <p>'I was diagnosed early'</p>	<p>Principle Two</p> <p>'I was treated with dignity and respect'</p>
<p>Principle Three</p> <p>'I understand, so I make good decisions and provide for future decision making'</p>	<p>Principle Four</p> <p>'I get the treatment and support which are best for my dementia and my life'</p>
<p>Principle Five</p> <p>'I am confident that my end of life wishes will be respected'</p>	<p>Principle Six</p> <p>'I receive a quality service'</p>
<p>Principle Seven</p> <p>'I get the treatment and support which are best for my dementia and my life'</p>	<p>Principle Eight</p> <p>'I know what I can do to help myself and who else can help me'</p>
<p>Principle Nine</p> <p>'I can enjoy life; I feel part of a community and I'm inspired to give something back'</p>	<p>Principle Ten</p> <p>'Those around me & looking after me are well supported'</p>

Dementia Friendly City

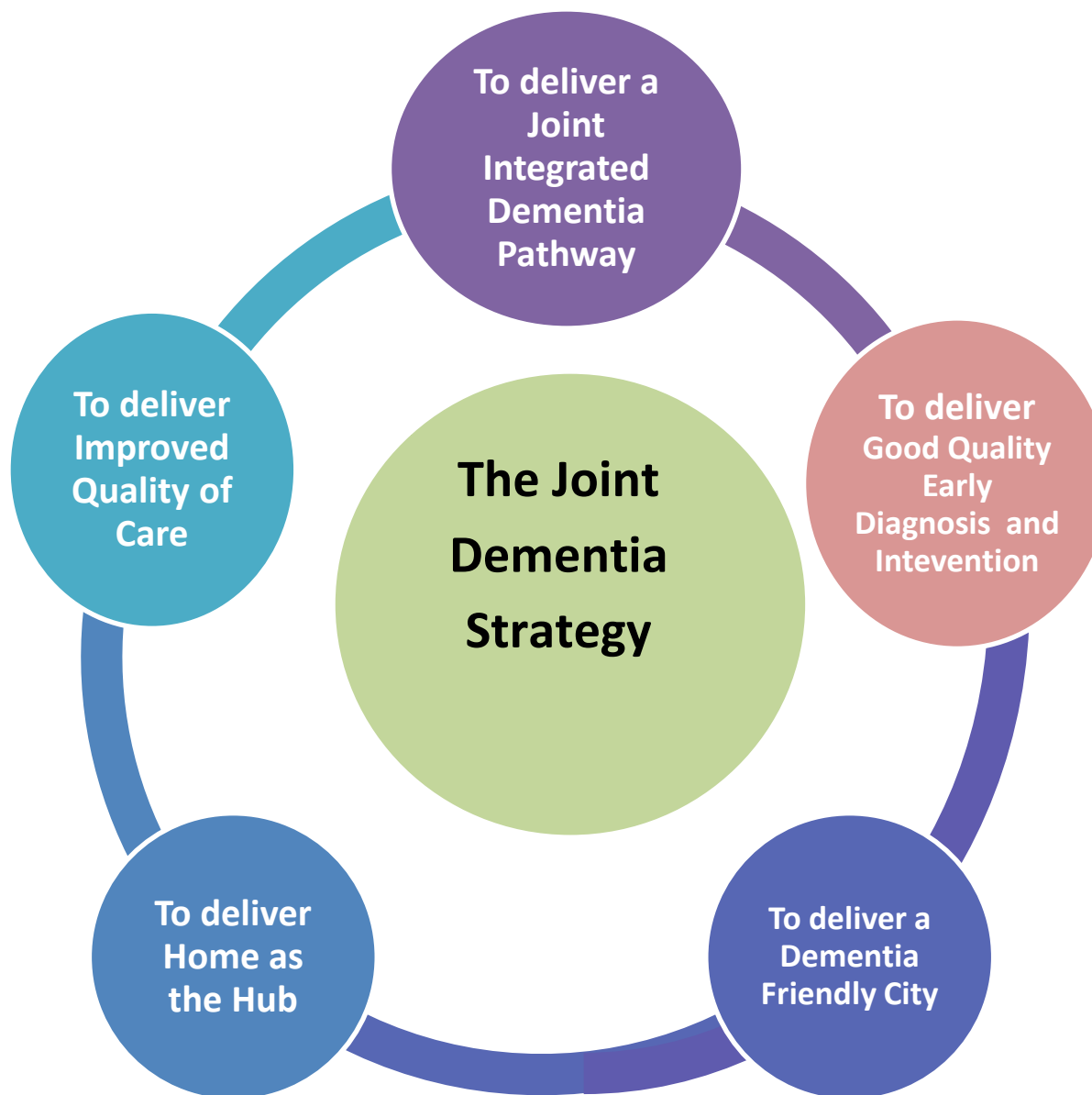
Outcomes	Actions
A local structure to maintain a sustainable dementia friendly community	Establish a local Dementia Action Alliance Forum, including police, fire, transport, religious organisations, commercial sector, the local media, public sector; people with dementia
Identify a person or people to take responsibility for driving forward the work to support and ensure individuals, organisations and business are meeting their stated commitments	Establish a key named individual (s) to take responsibility for driving forward the work to make Wolverhampton community dementia friendly; all sectors supported to complete action plans
Have a plan to raise awareness about dementia in key organisations and businesses within the community which are a priority that support people with dementia	Deliver awareness programme for all members of the community, elected members, friends, neighbours; public services, emergency services, shops, banks, businesses, schools, colleges, universities, community groups, leisure and cultural facilities, hospitals, care homes, housing associations Deliver 'Dementia Friends' across all sectors
Develop a strong voice for people with dementia living in your communities ensuring the focus is on areas people with dementia feel are most important	Engagement with people with dementia and carers will be a continuous process in all areas of development. They will also be part of the Local Dementia Action Alliance Forum
Raise the Profile of Dementia Friendly Community movement to increase reach and awareness to different groups in the city	Dementia awareness raising events; Media articles; Public meetings
Prioritise key areas that have been identified locally	Identify three priority areas in consultation with People with dementia and their carers
Update the progress after six months and one year	6/12 progress report to include: focus groups; interviews with all participants in programme; A 'mystery shopper' style exercise; views of staff from all sectors; Participation in the Alzheimer's Society annual survey

Joint Dementia Strategy - Plan on a Page

Metrics

- Reduce avoidable emergency admissions
- Reduce admissions to care homes
- Reduce the number of delayed transfers of care from hospital
- Patient/service user experience
- Measure the effectiveness of post diagnosis care in sustaining independence and improving quality of life
- Increase the number of people with dementia have a formal diagnosis
- Reduce the waiting time to be seen by memory clinic
- Reduce the waiting time to receive results from a memory clinic
- Reduce the number of people with dementia prescribed an anti-psychotic drug within the 1st year of diagnosis

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Principle One
'I was diagnosed early'
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Principle Ten
'Those around me & looking after me are well supported'

QUALITY STANDARD FOR DEMENTIA

NATIONAL INSTITUTE FOR EXCELLENCE: QUALITY STANDARDS

Number	Quality Statements – QS30
1	People worried about possible dementia in themselves or someone they know can discuss their concerns, and the options of seeking a diagnosis, with someone with knowledge and expertise.
2	People with dementia, with the involvement of their carers, have choice and control in decisions affecting their care and support.
3	People with dementia participate, with the involvement of their carers, in a review of their needs and preferences when their circumstances change.
4	People with dementia are enabled, with the involvement of their carers, to take part in leisure activities during their day based on individual interest and choice.
5	People with dementia are enabled, with the involvement of their carers, to maintain and develop relationships.
6	People with dementia are enabled, with the involvement of their carers, to access services that help maintain their physical and mental health and wellbeing.
7	People with dementia live in housing that meets their specific needs.
8	People with dementia have opportunities, with the involvement of their carers, to participate in and influence the design, planning, evaluation and delivery of services.
9	People with dementia, with the involvement of their carers, to access independent advocacy services.
10	People with dementia are enabled, with the involvement of their carers, to maintain and develop their involvement in and contribution to their community.

April 2013

QUALITY STANDARD FOR DEMENTIA
NATIONAL INSTITUTE FOR EXCELLENCE: QUALITY STANDARDS

Number	Quality Statements – QS1
1	People with dementia receive care from staff appropriately trained in dementia care.
2	People with suspected dementia are referred to a memory assessment service specialising in the diagnosis and initial management of dementia.
3	People newly diagnosed with dementia and/or their carers receive written and verbal information about their condition, treatment and the support options in their local area.
4	People with dementia have an assessment and an ongoing personalised care plan, agreed across health and social care that identifies a named care coordinator and addresses their individual needs.
5	People with dementia, while they have capacity, have the opportunity to discuss and make decisions, together with their carer/s, about the use of: <ul style="list-style-type: none"> • Advance statements • Advance decisions to refuse treatment • Lasting Power of Attorney • Preferred Priorities of Care.
6	Carers of people with dementia are offered an assessment of emotional, psychological and social needs and, if accepted, receive tailored interventions identified by a care plan to address those needs.
7	People with dementia who develop non-cognitive symptoms that cause them significant distress, or who develop behaviour that challenges, are offered an assessment at an early opportunity to establish generating and aggravating factors. Interventions to improve such behaviour or distress should be recorded in their care plan.
8	People with suspected or known dementia using acute and general hospital inpatient services or emergency departments have access to a liaison service that specialises in the diagnosis and management of dementia and older people's mental health.
9	People in the later stages of dementia are assessed by primary care teams to identify and plan their palliative care needs.
10	Carers of people with dementia have access to a comprehensive range of respite/short-break services that meet the needs of both the carer and the person with dementia

2010

Outcomes Framework	Source Documents
Deliver Better Care Fund	Better Care Fund Work Streams
An increase in the number of formal diagnosis	State of the Nation Report
Reduction in delayed transfers of care	Adult Social Care Outcomes Framework
Reduction in avoidable hospital admissions	NHS Outcomes Framework
A reduction in the number of patients prescribed an anti-psychotic drug within the first year of diagnosis	State of the Nation Report
A measure of effectiveness of post-independence and improving quality of life	Adult Social Care diagnosis care in sustaining and NHS Outcomes Framework
Estimating the diagnosis rate. Diagnosis care in sustaining	Adult Social Care diagnosis care in sustaining and NHS Outcomes Framework
Enhancing quality of life with long term conditions	NHS Outcomes Framework
Living with dementia – better information and support after diagnosis	State of the Nation Report
Improving the care environment	Dementia Care Mapping Outcome
A joint critical performance indicator between the CCG and Council to strengthen the joint strategic management of services for people with dementia	Review of Dementia Services
Training programme for stakeholders to become either dementia leaders or champions	Prime Ministers Challenge
Continuous support to the members of Wolverhampton's Dementia Action Alliance	Prime Ministers Challenge



Cabinet Meeting

23 July 2014

Report title	Residential Short Breaks Service for Disabled Children and Young People.	
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	Joint Commissioning Team, Disabilities	
Accountable employee(s)	Kathy Roper	Joint Commissioning Team Manager, Disabilities Tel 01902 550975 Email kathy.roper@wolverhampton.gov.uk
	Beth Wynn-Williams	Commissioning Officer Tel 01902 551966 Email beth.wynn- williams@wolverhampton.gov.uk
Report to be/has been considered by	Community Directorate Management Team	30 June 2014

Recommendation(s) for action or decision:

The Cabinet is recommended to:

Approve the decommissioning of short breaks services for disabled children at Windmill Lane and Stowheath House and to commission a six bed short breaks residential unit, with outreach and domiciliary care.

Recommendation(s) for noting

The Cabinet is recommended to note:

That this service model takes into account the outcome of further consultation with families, an analysis of the social care market's capacity to deliver the new model, and is the most cost effective option being deliverable within the available resources of £863,000

1.0 Purpose

- 1.1 The purpose of the report is to outline the revised short breaks service for disabled children, developed following further involvement of families of disabled children.
- 1.2 This report also describes the work undertaken to test the capacity and competency of the external market to deliver this new more flexible and responsive service.

2.0 Background

- 2.1 The review of short breaks for disabled children was completed in 2013 and reported to Cabinet in July 2013. The report highlighted a number of issues with the current residential short breaks service: the units were running under-capacity, there were issues in relation to the quality of the service and the service was inflexible. Cabinet agreed that the service should be re-shaped and externalised.
- 2.2 Ongoing dialogue with families during the transformation process resulted in Stowheath House being identified as a potential medium term solution to deliver a single service while the new service was being commissioned.
- 2.3 The Office for Standards in Education Children's Services and Skills (Ofsted) carried out inspections of the services at Stowheath House and Windmill Lane in February 2014 and as a result the decision was made to de-register Stowheath House as a provider of overnight residential short breaks. At present Stowheath House is not offering overnight short breaks; however they are providing daytime, teatime and early evening activities for children instead.
- 2.4 Ofsted has recently re-visited Windmill Lane and has agreed a further extension to allow it to remain registered for overnight stays until 8 September 2014. The service is working with families to identify alternative overnight provision. The service will continue to provide day time and evening support for families who wish to use it beyond 8 September.
- 2.5 Following the Ofsted inspections it was decided to reconsider the options for future residential short breaks services. Further work has been undertaken with families to review their options in the short term and to work with us to shape the new model.
- 2.6 An exercise has been undertaken to see how responsive the external market is to the new commissioning model. A commissioning prospectus has been developed which sets out the commissioner's intentions for the re-shaping of the service. External providers have been invited to submit a response outlining their expertise.

3.0 Involvement of parents

- 3.1 All the families who use the residential service were invited to an individual meeting with a member of staff from the short breaks service or their social worker from the Disabled Children and Young People's Team (DCYPT). The purpose of this was to update them on the service, inform them of next steps and gather their views on what support they

needed now and in the future. All 29 families who currently use or have recently used the residential service were contacted in May 2014 and 24 families attended meetings. Further details of comments received from parents and carers are included in Appendix 1.

3.2 Key themes from the involvement with parents

- 3.2.1 It is clear from these responses that parent's value and need the overnight short breaks provision and some families have stated that without it their families would suffer or not be able to cope. Where there is greatest need, alternative residential short breaks provision will need to be sourced through external providers or overnight provision for an interim period while the new service is being commissioned.
- 3.2.2 Parents and carers are now willing to try other methods of support, such as day time or evening provision and direct payments. This may be as a result of the changes in services at Stowheath House and Windmill Lane. Families are starting to recognise that a more flexible service can meet their needs.
- 3.2.3 Families are very keen to have a high quality service that is based in Wolverhampton. They have also said that planned activities for children, facilities including a sensory room and garden are important as well as a service that offers a home from home experience.
- 3.3.4 The information from families about the proposed new model of service will help to shape the service specification. The comments from families are consistent with information collected from other areas, and confirm that the model needs to be flexible and offer a variety of options, rather than a more traditional service that offers little flexibility or choice.
- 3.3.5 There is increased interest in direct payments and a move towards personalisation, which needs to be developed further through continued work with families. Two events are planned for July; these will give families the opportunity to find out how personalisation works in other areas and to talk to families who have experienced more personalised services.

4.0 Market warming exercise

- 4.1 A commissioning prospectus has been produced which outlines the Local Authority's commissioning intentions. This process will enable the commissioners to gain a wider understanding of the market interest in the new service model before the service is tendered. The prospectus was disseminated to all organisations that are registered on Due North for this type of service. It was also circulated to those organisations who are known to provide services within this sector. This is the first time this method has been used to test the market.
- 4.2 Six organisations responded to the commissioning prospectus, each offering a very different type of service. Each of the providers has been visited by a team of professionals from the Council to gain further insight into their provision, expertise and capacity. This is a precursor to a full tender exercise.

4.3 The meetings with the external providers have demonstrated that it is possible to provide the model of service we are proposing. The key themes from the visits are:

- Provision is more flexible and families have the option of how they receive their service - at home, in the community, in a residential unit, or other residential setting (e.g. hotel or holiday) that meets the needs of the child and family.
- Children have a smaller package of residential overnight stays, but these can be taken when they are needed most, for instance during school holidays.
- Packages are outcome focused and centre on how to support families to improve resilience and are seen as a short/medium term intervention.
- Residential units are smaller and offer a home from home experience for children. They cater for all the range of disabilities and needs in one setting through the individual assessments of needs, and co-ordination of bookings.

4.4 We also know from information gathered from other local authorities that many have moved away from the more traditional model of residential short breaks and now offer a more varied package of support to families through a range of options.

5.0 Options appraisal

5.1 Commissioners have contacted a number of other local authorities and the research has shown that they have been successful in reducing the amount of overnight residential short breaks provision they use. No local authorities have a short breaks model without any beds, most areas use a mixture of internal and external provision combined with community based and home based services. Based on our current provision, the Council has more in-house residential provision than most other areas. This could also explain why the local external market is underdeveloped within the city. However there are a number of external providers in the Black Country and neighbouring areas who have previously expressed an interest in developing provision within the city.

5.2 Based on the options appraisal and the outcomes of the information gathered for the market, the proposed model of service provision will include:

- De-commissioning the existing in-house services at Windmill Lane and Stowheath House
- A 6 bed residential unit, which will provide 2148 nights of provision
- Develop more options for families to have a combination of provision through outreach and home based support that is flexible and outcome focused
- Develop more shared care placements
- The residential unit will be part of the service commissioned from an external provider who will provide the building and the services delivered from it

- The unit will need to be provided within Wolverhampton.

Table 1 : Summary of costs for options appraisal

Option	79 nights (current average allocation) £	63 nights (Current average usage Dec 13 –Feb 14) £	50 nights (potential allocation based pilot of revised eligibility criteria) £
1. Update Stowheath as single 8 bed unit (fixed costs)	676,280	676,280	676,280
2. 6 Bed Residential unit and mix of provision	741,104	639,512	610,280
3. 4 Bed Residential Home and mix of provision	794,962	694,210	613,714
4. <u>Spot purchasing external Provision</u> (mix of residential provision, shared care and home based care)			
- 50% residential/ 50% shared care/home support	1,018,613	998,613	663,410
- 75% residential/ 25% shared care/home support	1,183,565	954,045	767,810
- 86% residential/ 14% shared care/home support	1,238,549	997,893	802,610

6.0 Financial implications

- 6.1 The Medium Term Financial Strategy includes a savings target of £500,000 (£375,000 in 2014/15 and £125,000 in 2015/16) for residential short breaks for children with disabilities. The current controllable budget for 2014/15 (net of the 2014/15 savings target) is £988,000. Following the full year effect of the savings proposal the base budget for 2015/16 would be £863,000.

6.2 Initial work has been carried out to cost a number of options (summary at table 1 above 2). Options two and three have been calculated using the cost of running similar in-house facilities as no data is currently available as to what the external market would charge for externally owned residential units. Option four has been calculated using the current charging rates for spot purchasing from the external market. This exercise has indicated that a six bed residential unit would be the most cost effective and would provide sufficient capacity and allow for the development of a broader range of services. Information from the market warming exercise has indicated that the model proposed is achievable within the budget available. [AS/10072014/O]

7.0 Legal implications

7.1 There will be legal implications for staffing due to the decision to re-provide the residential service.

7.2 The appropriate legal requirements will be followed in the procurement processes to externally commission the residential service. [RB/1007204/Q]

8.0 Equalities implications

8.1 An Equalities Analysis was carried out for the last report submitted to Cabinet on November 13 2013 , which is still relevant to this report.

9.0 Environmental implications

9.1 There are no environmental implications

10.0 Human resources implications

10.1 There may be implications for staff under the Transfer of Undertakings (Protection of Employment) Regulations through re-commissioning the service to an external provider.

10.2 Human Resources and Trade Unions will be involved in discussions with the staff affected.

11.0 Corporate landlord implications

11.1 The recommendation to close the Stowheath House and Windmill Lane assets once a new service is commissioned will involve the transfer of the surplus assets to the Corporate Landlord pending disposal.

11.2 Once surplus the assets will be disposed of on the open market by private treaty, tender or auction.

12.0 Schedule of background papers

12.1 Cabinet Reports:

- Review of commissioning plan of short breaks services for disabled children 19 June 2013
- Short Breaks Residential Provision for Disabled Children and Young People 13 November 2013

Appendix A: Key themes from the involvement with parents

Main requirements of a residential service:

- Parents need the time to re-charge their batteries, spend time with other family members and have a break
- Overnight provision is essential
- Weekend and day care provision should also be included
- Lack of residential service provision would have a major impact on some families

- **Support required by families if overnight provision at Stowheath House and Windmill Lane is not available:**
 - Daytime, evening and weekend provision at Stowheath House/Windmill Lane
 - Direct Payments
 - Overnight provision in another setting
 - Community based provision
 - More support for families

- **How can families be offered more choice and control in the short breaks they receive?**
 - Staff needs to be skilled and consistent in terms of routines and relationships with children and families
 - Have direct payments
 - Provide overnight provision in another setting
 - Offer a package of support under one roof and that offers more flexibility
 - Service should be in Wolverhampton
 - Provide a good environment with sensory room and garden
 - Community based provision

- **What type of provision would need to be included in the new service model?**
 - Overnight provision
 - Daytime/weekend provision
 - Holiday provision
 - Safe spacious environment
 - Outreach
 - Good activities

- **What are your top priorities to include in the service in the future?**
 - Overnight (residential) provision
 - Holiday and day time provision
 - Based in Wolverhampton
 - Good quality activities
 - Include a sensory room and garden
 - Skilled and well trained workforce
 - Direct Payments

- **How can we involve parents/carers in the future?**
 - The majority of parents said that they valued the one to one meetings, rather than group meetings
 - The staff involved also said that they had found these meetings very useful and informative
 - Regular communication with families in a variety of formats is important
 - Some families said that they also wanted group meetings

- **Other concerns raised:**
 - Families concerned that Windmill Lane is closing
 - The need for openness and honesty with parents, more communication
 - What will happen in emergencies?
 - The need for a residential service in Wolverhampton

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Cabinet Meeting

23 July 2014

Report title	West Midlands Employers Organisation	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Roger Lawrence Leader of the Council	
Key decision	No	
In forward plan	No	
Wards affected	None	
Accountable director	Keith Ireland	
Originating service	Democratic Support	
Accountable employee(s)	Dereck Francis Tel Email	Democratic Support Officer 01902 555835 dereck.francis@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 Cllr Paul Sweet as the Council's representative on the West Midlands Employers organisation (formerly West Midlands Leaders Board) in the place of Cllr Roger Lawrence.

1.0 Purpose

- 1.1 To approve a revision to the Council's representative on the West Midlands Employers (formerly the West Midlands Leaders Board).

2.0 Background

- 2.1 The Annual Council meeting on 4 June 2014 appointed Councillors to serve on various executive, scrutiny, regulatory and outside bodies for the current municipal year. The Leader of the Council was appointed as the Council's representative on the West Midlands Leaders Board'. The name of the body has changed to 'West Midlands Employers' but continues to be governed by elected councillors, through a full body with representatives nominated from each local authority in membership. It is anticipated that the nominated representative would be either the portfolio holder responsible for Resources and or Employment, or alternatively the Leader.
- 2.2 In light of the terms of reference of the Board the Labour Group has indicated that it wishes to make an adjustment to the appointment and appoint Cllr Paul Sweet as the Council's representative.

3.0 Financial implications

- 3.1 There are no financial implications associated with the recommendation in this report.
[GE/11072014/Z]

4.0 Legal implications

- 4.1 There are no legal implications contained in this report.
[K/10072014/R]

5.0 Equalities implications

- 5.1 There are no equalities implications contained in this report .

6.0 Environmental implications

- 6.1 There are no environmental implications contained in this report.

7.0 Human resources implications

- 7.1 There are no human resources implications contained in this report.

8.0 Corporate landlord implications

- 8.1 There are no corporate landlord implications contained in this report.

9.0 Schedule of background papers

- 9.1 Annual Council Meeting Report on Appointment of Executive, Scrutiny, Regulatory Bodies etc