

Council Meeting

24 January 2024

Time 5.45 pm **Public Meeting?** YES **Type of meeting** Full Council

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

Membership (Quorum for this meeting is 15 Councillors)

Mayor Cllr Dr Michael Hardacre (Lab)

Deputy Mayor Cllr Linda Leach (Lab)

Labour

Cllr Obaida Ahmed
Cllr Qaiser Azeem
Cllr Mary Bateman
Cllr Philip Bateman MBE
Cllr Ciaran Brackenridge
Cllr Greg Brackenridge
Cllr Paul Brookfield
Cllr Paula Brookfield
Cllr Chris Burden
Cllr Alan Butt
Cllr Jenny Cockayne
Cllr Craig Collingswood
Cllr Jacqui Coogan
Cllr Lovinyer Daley
Cllr Claire Darke

Cllr Jasbinder Dehar
Cllr Steve Evans
Cllr Val Evans
Cllr Jane Francis
Cllr Bhupinder Gakhal
Cllr Sally Green
Cllr Jeszemma Howl
Cllr Carol Hyatt
Cllr Jasbir Jaspal
Cllr Jaspreet Jaspal
Cllr Milkinderpal Jaspal
Cllr Rashpal Kaur
Cllr Lamina Lloyd
Cllr Asha Mattu
Cllr Barbara McGarrity QN

Cllr Louise Miles
Cllr Rohit Mistry
Cllr Anwen Muston
Cllr Rita Potter
Cllr John Reynolds
Cllr Susan Roberts MBE
Cllr Zee Russell
Cllr Stephen Simkins
Cllr Harbinder Singh
Cllr Tersaim Singh
Cllr Paul Sweet
Cllr Jacqueline Sweetman
Cllr Iqra Tahir
Cllr Gillian Wildman

Conservative

Cllr Paul Appleby
Cllr Simon Bennett
Cllr Jonathan Crofts
Cllr Wendy Dalton
Cllr Christopher Haynes
Cllr Stephanie Haynes
Cllr Sohail Khan
Cllr Bob Maddox
Cllr Andrew McNeil
Cllr Paul Singh
Cllr Udey Singh
Cllr Wendy Thompson
Cllr Ellis Turrell

Independent

Cllr Celia Hibbert

Information for the Public

If you have any queries about this meeting, please contact the Democratic Services team:

Contact Jaswinder Kaur
Tel/Email 01902 550320 or jaswinder.kaur@wolverhampton.gov.uk
Address Democratic Services, Civic Centre, 1st floor, St Peter's Square,
Wolverhampton WV1 1RL

Copies of other agendas and reports are available from:

Website <http://wolverhampton.moderngov.co.uk>
Email democratic.services@wolverhampton.gov.uk
Tel 01902 550320

Please take note of the protocol for filming, recording, and use of social media in meetings, copies of which are displayed in the meeting room.

Agenda

Item No. *Title*

MEETING BUSINESS ITEMS

- 1 **Apologies for absence**
- 2 **Declarations of interest**
- 3 **Minutes of previous meeting** (Pages 5 - 14)
[To receive minutes of the previous meeting held on 6 December 2023]
- 4 **Communications**
[To receive the Mayor's announcements]

DECISION ITEMS

- 5 **Report of Leader of the Council**
[To receive a report from the Leader of the Council]
- 6 **Questions by Members of the Public** (Pages 15 - 16)
[That the relevant Executive Members respond to questions received]
- 7 **Housing Revenue Account Business Plan 2024 - 2025 including Rent and Service Charges** (Pages 17 - 64)
[To approve the Housing Revenue Account Business Plan 2024-2025 including rent and service charges]
- 8 **Annual Auditors Report** (Pages 65 - 108)
[To receive the annual auditors report.]
- 9 **In Year Appointments for the 2023-2024 Municipal Year** (Pages 109 - 112)
- 10 **Written Questions by Councillors** (Pages 113 - 116)
[That the relevant Executive Members respond to questions received]
- 11 **Motions on Notice** (Pages 117 - 118)
[That Council consider the motion received]

This page is intentionally left blank

Attendance

Mayor Cllr Dr Michael Hardacre (Lab)
Deputy Mayor Cllr Linda Leach (Lab)

Labour

Cllr Obaida Ahmed
Cllr Qaiser Azeem
Cllr Mary Bateman
Cllr Philip Bateman MBE
Cllr Ciaran Brackenridge
Cllr Greg Brackenridge
Cllr Paul Brookfield
Cllr Paula Brookfield
Cllr Chris Burden
Cllr Alan Butt
Cllr Jenny Cockayne
Cllr Craig Collingswood
Cllr Jacqui Coogan
Cllr Lovinyer Daley

Cllr Claire Darke
Cllr Jasbinder Dehar
Cllr Steve Evans
Cllr Val Evans
Cllr Jane Francis
Cllr Bhupinder Gakhal
Cllr Sally Green
Cllr Jeszemma Howl
Cllr Carol Hyatt
Cllr Jasbir Jaspal
Cllr Jaspreet Jaspal
Cllr Rashpal Kaur
Cllr Lamina Lloyd
Cllr Asha Mattu

Cllr Barbara McGarrity QN
Cllr Louise Miles
Cllr Rohit Mistry
Cllr Anwen Muston
Cllr Rita Potter
Cllr Susan Roberts MBE
Cllr Zee Russell
Cllr Stephen Simkins
Cllr Harbinder Singh
Cllr Paul Sweet
Cllr Jacqueline Sweetman
Cllr Gillian Wildman

Conservative

Cllr Paul Appleby
Cllr Simon Bennett
Cllr Jonathan Crofts
Cllr Wendy Dalton
Cllr Sohail Khan
Cllr Bob Maddox

Cllr Andrew McNeil
Cllr Paul Singh
Cllr Udey Singh
Cllr Wendy Thompson
Cllr Ellis Turrell

Independent

Cllr Celia Hibbert

Employees

Tim Johnson
David Pattison
John Denley
Ian Fegan
Richard Lawrence
Claire Nye

Chief Executive
Chief Operating Officer
Director of Public Health
Director of Communications and Visitor Experience
Director of Regeneration
Director of Finance

The proceedings opened with Prayers

Item No. *Title*

- 1 **Apologies for absence**
Apologies for absence were received from Deputy Mayor, Councillor Linda Leach, Councillor Christopher Haynes, Councillor Stephanie Haynes, Councillor John Reynolds, Councillor Tersaim Singh and Councillor Iqra Tahir.

- 2 **Declarations of interest**
Councillor Louise Miles declared a non-pecuniary interest in item 6 - Capital Programme 2023-2024 to 2027-2028 Quarter Two Review, as a ward councillor for a capital programme detailed within the report.

- 3 **Minutes of previous meeting**
The Mayor proposed, Councillor Paula Brookfield seconded, and it was resolved:

 That the minutes of the previous meeting, held on 8 November 2023, be agreed as a correct record and signed accordingly by the Mayor.

- 4 **Communications**
 1. **Christmas Jumpers**
The Mayor thanked everyone who was wearing a Christmas jumper this evening and thanked everyone for donating to the Mayor's charitable fund so generously.

 2. **Mayoral Engagements**
The Mayor advised since the last Full Council meeting, he had attended 30 engagements as Mayor.

The Mayor reported he had attended three memorial events over the course of Remembrance Weekend, all five of the Christmas lights switch-Ons in the City Centre, Wednesfield, Bilston, Tettenhall and Bantock Park and a Diwali celebration at the Arena Theatre.

The Mayor reported he was proud to attend both the Transgender Day of Remembrance flag-raising event on 20th November and the launch of the Orange Campaign to combat violence against women and girls.

 3. **Windrush Generation Proposals**
The Mayor was pleased to announce that he was working with the EDI Team and other partners to propose a series of events and educational initiatives celebrating the Windrush community and broader diverse communities in the city. Several proposals were being considered and progress will be reported at the next meeting of Full Council meeting.

 4. **Charity Fundraising**
The Mayor reported his efforts to raise funds for his chosen charities continue apace. Following his visit to the Grand Slam of Darts last week, the organisers had kindly donated some memorabilia which was now on sale on eBay. The Mayor encouraged all to view the items and to bid generously.

 5. **The Great Mayoral Christmas Bake-Off**
The Mayor reported, the Great Mayoral Christmas Bake-Off was taking place on Thursday 7 December 2023, where our employees had been hard at work baking cakes, after judging a winner they would be sold off.

6. Childrens Christmas Party

The Mayor reported he would be hosting two Christmas parties in the City Suite for children from City schools, and was aimed at the most deserving of youngsters. The Mayor thanked Tesco, Penn Road and our Markets Department led by Joanne Huntbatch who donated presents and prizes to enable the parties to take place and also our MC for the day, Dickie Dodd.

7. Mayoral Christmas Card

The Mayor reported his Christmas card this year, featured a photo of the beautiful Bantock Park in the snow and was sponsored by two local businesses who have made donations to his charitable fund: Collins Aerospace, as organised by former councillor Beverley Momenabadi, and Revolver Records, run by former councillors Paul and Olivia Birch. The Mayor placed on record his thanks to these two companies for their generosity.

8. Mayoral Quiz Night

The Mayor reported his charity quiz night would be taking place in early February. Full details would be announced in due course but as usual it would be for teams of up to four people with prizes, a raffle and questions set by the Mayoral team.

5 Report of Leader of the Council

The Leader of the Council, Councillor Stephen Simkins, provided Council with an update on the Cost of Living.

The Leader of the Opposition Group, Councillor Wendy Thompson responded to the update.

Councillor Stephen Simkins replied to the response.

6 Capital Programme 2023-2024 to 2027-2028 Quarter Two Review

The Cabinet Member for Resources, Councillor Louise Miles presented the report on Capital Programme 2023-2024 to 2027-2028 Quarter Two Review for approval.

The report provided an update on the 2023-2024 financial performance of the General Fund and Housing Revenue Account (HRA) capital programmes, whilst also providing a revised forecast for 2023-2024 to 2027-2028 as at quarter two 2023-2024.

The report also recommend revisions to the current approved capital programme covering the period 2023-2024 to 2027-2028.

The Cabinet Member for Resources, Councillor Louise Miles proposed the recommendations and The Leader of the Council, Councillor Stephen Simkins seconded the recommendations.

The report was debated by Council. Councillor Louise Miles replied to the debate.

Resolved:

1. That the revised, medium term General Fund capital programme of £358.8 million, an increase of £9.0 million from the previously approved programme, and the change in associated resources be approved.

2. That the revised, medium term Housing Revenue Account (HRA) capital programme of £523.5 million, a net decrease of £5.0 million from the previously approved programme, and the change in associated resources be approved.

7 Treasury Management Activity Monitoring - Mid Year Review 2023-2024

The Cabinet Member for Resources, Councillor Louise Miles presented the report on Treasury Management Activity Monitoring - Mid Year Review 2023-2024 for approval.

The report provides a monitoring and progress report on treasury management activity for the second quarter of 2023-2024 as part of the mid-year review, in line with the Prudential Indicators approved by Council in March 2023.

The Cabinet Member for Resources, Councillor Louise Miles proposed the recommendations and The Leader of the Council, Councillor Stephen Simkins seconded the recommendations.

The report was debated by Council. Councillor Louise Miles replied to the debate.

Resolved:

1. That it be noted, a mid-year review of the Treasury Management Strategy Statement had been undertaken and the Council had operated within the limits and requirements approved in March 2023.
2. That it be noted, that revenue underspends of £793,000 for the General Fund and £1.5 million for the Housing Revenue Account (HRA) were forecast from treasury management activities in 2023-2024.

8 Final polling district and polling station proposals

The Cabinet Member for Governance and Equalities, Councillor Paula Brookfield, presented the report Final polling district and polling station proposals for approval.

The report sought approval for the final proposals for the polling district and polling place scheme for 2024 until the next statutory review in five years time.

The Cabinet Member for Governance and Equalities, Councillor Paula Brookfield proposed the recommendations and the Chair of Governance and Ethics Committee, Councillor Rita Potter seconded the recommendations.

Resolved:

1. That the polling district and polling place scheme contained in Appendix 1 to this report be approved and adopted in relation to all elections.
2. That the necessary amendments to polling districts for the publication of the revised register on 2 January 2023 be approved.
3. That it be approved, authority be delegated to the Returning Officer and Chief Operating Officer in consultation with the Cabinet Member for Governance and Equalities, Leader and Leader of the Opposition to make minor alterations to the polling station scheme prior to the next compulsory statutory review in five years.

4. That it be noted, the annual publication of the revised register had been delayed from 1 December to 2 January 2024 due to a by-election taking place during the annual canvass period.
5. That it noted, the submissions made to the Council as part of the polling district and station consultation, and the Returning Officer response to these were contained in Appendix 2 to this report.
6. That it be noted, there had been an increase of 2 schools to 17. 1 of these schools stays open on polling day and 7 currently plan for polling day as either an inset day or remote learning day. Comparatively, Wolverhampton uses the least number of schools across the region. From analysis carried out in September 2022, the number of schools used by other metropolitan councils in the region was detailed in this report. All of these councils would also be carrying out their own statutory polling district review and many have boundary reviews so the situation may change.

9 **Appointment of Section 151 Officer and Other Senior Vacancies**

The Leader of the Council, Councillor Stephen Simkins, presented the report on Appointment of Section 151 Officer and Other Senior Vacancies for approval.

The report sought approval from Council for the interim arrangements put in place following the resignation of the Director of Finance and imminent departure of the Director of Adults, this would ensure a smooth transition and a clear understanding of responsibility and accountability for the statutory Section 151 officer and statutory DASS function.

The Leader of the Council, Councillor Stephen Simkins proposed the recommendations and Councillor Paula Brookfield seconded the recommendations.

Council placed on record thanks to the Director of Finance, Claire Nye, for her service to the Council and wished Claire all the very best. Council gave applause to Claire.

Resolved:

1. That it be approved, with effect from 6 December 2023 the statutory Section 151 Officer function would be assumed by the Deputy Chief Executive as part of the transitional arrangements following the resignation of the Director of Finance.
2. That it be approved, the implementation of the job allocation outcome for the Chief Accountant post from Grade 12 to Grade 13 with effect from 10 August 2023.
3. That it be approved, following the job allocation review that the Chief Accountant (Deputy Section 151 Officer) be redesignated to Deputy Director of Finance as per the current structure for Grade 13 posts, retaining the Deputy Section 151 Officer responsibility.
4. That it be approved, to appoint with immediate effect, James Howse, Interim Director of Finance, as a further Deputy Section 151 Officer.
5. That it be approved, that interim arrangements would be considered to ensure a smooth transition for the Director of Adults post pending the secondment to the vacancy - any interim Director of Adults would assume the statutory DASS responsibility.

6. That it be approved, the redesignation of the vacant Executive Director of Families post to Executive Director with effect from 6 December 2023.
7. That it be approved, the funding for the vacant Executive Director post (detailed at para 1.5 to this report) would be funded from corporate budgets should that be required, following the review by the Chief Executive of strategic capacity.
8. That it be noted, the Director of Finance, currently the Section 151 Officer leaves the Council on 26 January 2024.
9. That it be noted, interim arrangements had been made to ensure a smooth transition for the Director of Finance post pending the permanent recruitment to the vacancy, with James Howse, an experienced Section 151 Officer, as interim Director of Finance.
10. That it be noted, the Director of Adults, currently the statutory DASS would be leaving the Council in the new year (2024).
11. That it be noted, the 12 month secondment opportunity for the Director of Adults (including the DASS function) post would be subject to a Special Appointments Committee as per the Constitution.
12. That it be noted, the dedication, commitment and positive impact that both the Director of Finance and Director of Adults have had on our Council and city.
13. That it be noted, the Chief Executive would be carrying out a review of strategic capacity within senior officers and in the event that the vacant Executive Director role is required it would subject to a Special Appointments Committee as per the Constitution and have responsibility for portfolios as determined by the Chief Executive.

10

Written Questions by Councillors

The Cabinet Member for City Environment, Councillor Craig Collingswood responded to a question put to him by Councillor Harbinder Singh on Carbon Reduction Activities. He also responded to a supplementary question on the same matter.

The question on Grand Slam of Darts was withdrawn.

The Cabinet Member for Children and Young People, Councillor Chris Burden responded to a question put to him by Councillor Zee Russell on Child Poverty. He also responded to a supplementary question on the same matter.

The Cabinet Member for Jobs, Skills Education, Councillor Jacqui Coogan responded to a question put to her by Councillor Celia Hibbert on Wolverhampton University. She also responded to a supplementary question on the same matter.

The Lead Member for the West Midlands Police and Crime Panel, Councillor Jasbir Jaspal responded to a question put to her by Councillor Wendy Dalton on Merry Hill Policing Hub. She also responded to a supplementary question on the same matter.

The Cabinet Member for Children and Young People, Councillor Chris Burden responded to a question put to him by Councillor Wendy Thompson on Youth Activity. He also responded to a supplementary question on the same matter.

The Cabinet Member for Governance and Equalities, Councillor Paula Brookfield responded to a question put to her by Councillor Udey Singh on Councillor Support Unit. She also responded to a supplementary question on the same matter.

Resolved:

That the responses to written questions be noted.

11 **Motions on Notice**

The Leader of the Council, Councillor Stephen Simkins, moved a motion on City Centre Review:

“Council notes that earlier this year, a local business owner commissioned an ‘independent review’ of Wolverhampton City Centre. Although not convinced that such a review was required, Council nevertheless offered its full support to the consultants appointed and were eventually provided a verbal update on the work they had undertaken. Council does not expect the report of this ‘independent review’ to provide any new insight into the challenges faced by city centre businesses in Wolverhampton and indeed, across the country (e.g. factors beyond the council’s control such as the impacts of the pandemic /Brexit, soaring energy costs, emergence of online shopping, out of town retail parks etc). Irrespective of the findings of the ‘independent review’, Council reaffirms its ongoing commitment to supporting local businesses to thrive and establishing Wolverhampton as a destination city for years to come.

Furthermore, Council calls upon the Metro Mayor and the Government for local authorities to be given greater powers, freedoms and adequate funding to keep our city centres thriving, after years of Tory under-investment.”

The Leader of the Council, Councillor Stephen Simkins outlined the rationale for the motion. The Deputy Leader of the Council, Councillor Steve Evans seconded the motion and outlined the rationale for supporting the motion.

The motion was debated by Council.

Councillor Simon Bennett moved the following amendment to the motion:

“Council notes that earlier this year, a well-respected local business owner commissioned a much-needed independent review of Wolverhampton City Centre. An open invitation to the summary presentation of this independent review at the Wolverhampton Business Forum meeting on Thursday 16th November was attended by many local businesses and stakeholders, including the City Council’s Chief Executive.

This Council recognises and appreciates the time, money and immense effort over a number of years by Henry Carver to make this review happen.

Irrespective of the findings of the independent review, Council will look seriously at the conclusions once the full report is published and work with Wolverhampton Business Forum members and the wider business community in Wolverhampton to implement the tangible recommendations required, in order for local businesses to thrive and establishing Wolverhampton as a destination city for years to come.

Furthermore, Council commits to continue working with the West Midlands Mayor and the Government on expanding the powers, freedoms and funding for local

authorities, while noting that since 2019 alone, Wolverhampton has received more than £2.2 billion direct investment from central Government.

Therefore, Council resolves that the Leader of the Council will:

- Send a letter of thanks to Henry Carver for commissioning such a thorough review that benefits the city, its businesses, and its residents, while recognising Mr Carver's dedication to our city over many years*
- Send a letter of thanks to Wolverhampton Business Forum for their efforts to help revive the city's economy and business environment, after decades of decline under consecutive Labour administrations*
- Create a working group to implement the findings and recommendations of the independent review in full, including a comprehensive review of vacant land and floorspace in the city centre and identifying sites where compulsory purchase orders should be used to bring them back into use.*

Councillor Simon Bennett outlined the rationale for the amended motion. Councillor Ellis Turrell seconded the amended motion and outlined the rationale for supporting the amended motion.

The motion was debated by Council.

Upon being put to the meeting, and a division having been demanded and taken voting thereon was as follows:

City Centre Review (Amendment)	
Councillor Dr Michael Hardacre	Against
Councillor Linda Leach	Against
Councillor Obaida Ahmed	Against
Councillor Paul Appleby	For
Councillor Qaiser Azeem	Against
Councillor Mary Bateman	Against
Councillor Philip Bateman MBE	Against
Councillor Simon Bennett	For
Councillor Ciaran Brackenridge	Against
Councillor Greg Brackenridge	Against
Councillor Paul Brookfield	Against
Councillor Paula Brookfield	Against
Councillor Chris Burden	Against
Councillor Alan Butt	Against
Councillor Jennifer Cockayne	Against
Councillor Craig Collingswood	Against
Councillor Jacqui Coogan	Against
Councillor Jonathan Crofts	For
Councillor Lovinyer Daley	Against
Councillor Wendy Dalton	For
Councillor Claire Darke	Against
Councillor Jasbinder Dehar	Against
Councillor Steve Evans	Against
Councillor Valerie Evans	Against
Councillor Jane Francis	Against
Councillor Bhupinder Gakhal	Against
Councillor Sally Green	Against
Councillor Celia (CeeCee) Hibbert	Abstain
Councillor Jeszemma Howl	Against
Councillor Carol Hyatt	Against
Councillor Jasbir Jaspal	Against
Councillor Jaspreet Jaspal	Against
Councillor Rashpal Kaur	Against
Councillor Sohail Khan	For
Councillor Lamina Lloyd	Against
Councillor Robert Maddox	For
Councillor Asha Mattu	Against
Councillor Barbara McGarrity QN	Against
Councillor Andrew McNeil	For
Councillor Louise Miles	Against
Councillor Rohit Mistry	Against
Councillor Anwen Muston	Against
Councillor Rita Potter	Against
Councillor Susan Roberts MBE	Against
Councillor Zee Russell	Against
Councillor Stephen Simkins	Against
Councillor Harbinder Singh	Against
Councillor Paul Singh	For
Councillor Udey Singh	For
Councillor Paul Sweet	Against

Councillor Jacqueline Sweetman	Against
Councillor Wendy Thompson	For
Councillor Ellis Turrell	For
Councillor Gillian (Jill) Wildman	Against
Rejected	

The amended motion was LOST by 39 votes.

The substantive motion was debated by Council.

Resolved:

1. That the motion on City Centre Review be agreed.
2. That the motion on Green Innovation Corridor be deferred to the next meeting and be the first motion considered.

CITY OF WOLVERHAMPTON COUNCIL	Meeting of the City Council 24 January 2024
--	--

Report title	Questions by Members of the Public	
Referring person	Mr Adam Wood Miss Teresa Carter	
Wards affected	All Wards	
Cabinet Member with lead responsibility	Councillor Stephen Simkins, Leader of the Council Councillor Steve Evans, Cabinet Member for Housing	
Accountable director	David Pattison, Chief Operating Officer	
Originating service	Governance	
Accountable employee	David Pattison	Chief Operating Officer
	Tel	01902 550320
	Email	David.pattison@wolverhampton.gov.uk

Recommendation for decision:

The Council is recommended to:

That the relevant Executive Members respond to the questions received in accordance with Council's procedure rules for a maximum of 30 minutes.

1.0 Purpose

1.1 For the Cabinet Members to respond to the questions received:

a. Wolverhampton College

Mr Adam Wood to ask the Leader of the Council:

Given the proposals in Park Ward to allow the construction of new dwellings on the site of Wolverhampton College (Paget Road Campus) when the site officially closes and relocates, what infrastructure plans are in place; particularly in relation to traffic, access, school places (as the local schools are already oversubscribed), as well as green spaces for the wellbeing of existing residents? How does the Council plan to minimise disruption on an already busy road that has seen a number of "police incidents" in recent weeks?

b. Housing List Delegations

Miss Teresa Carter to ask the Cabinet Member for Housing:

Labour changed the policy on delegating houses, which in turn ignores whether people were born or have lived in the area for years. The majority of Council homes are now being allocated to people who have only joined the housing list for a matter of months; how is this fair? My daughter has been bidding for years; before you changed the policy, she would have already been allocated a house. How did the residents of Residents benefit from the change of policy?

CITY OF WOLVERHAMPTON COUNCIL	Meeting of the City Council 24 January 2024
--	--

Report title	Housing Revenue Account Business Plan 2024-2025 including Rent and Service Charges	
Referring body	Cabinet – 17 January 2024	
Councillor to present report	Councillor Steve Evans, Deputy Leader: City Housing	
Wards affected	All Wards	
Cabinet Member with lead responsibility	Councillor Steve Evans, Deputy Leader: City Housing Councillor Louise Miles, Resources	
Accountable director	John Roseblade, Director of Resident Services James Howse, Interim Director of Finance	
Originating service	Housing, Finance	
Accountable employee	Jenny Lewington	Deputy Director of Housing Tel 01902 554845 Email Jenny.Lewington@wolverhampton.gov.uk
	Jo McCoy	Finance Business Partner Tel 01902 554415 Email Jo.McCoy@wolverhampton.gov.uk
Report to be/has been considered by	Scrutiny Board Cabinet	12 December 2023 17 January 2024

Recommendations for decision:

The Council to be recommended to:

1. Adopt the Business Plan set out at Appendix 1 to the report as the approved Housing Revenue Account Business Plan including:
 - a. The revenue budget for 2024-2025 at Appendix 1 to the report.
 - b. The Capital Programme for 2024-2025 to 2028-2029 at Appendix 2 to the report that includes the following among the proposed investment plans:
 - £100 million for new homes
 - £67 million provision for estate remodelling

- 41 million to complete the refurbishment of the Heath Town estate
 - £46 million remediation works to non-traditional properties including energy efficiency improvements
 - £141 million for programmes to high rise estates to include building safety improvements, infrastructure replacement, and external works to include energy efficiency
 - £34 million for low and medium rise infrastructure improvements
2. Approve the implementation of an increase of 7.7% to social housing rents in accordance with the Rent Standard and the Welfare Reform and Work Act 2016 and to give 28 days notice to all secure and introductory tenants of the rent increase from 1 April 2024.
 3. Approve the rates for garage rents and service charges set out in Appendix 3 to the report and formally notifies tenants.
 4. Approve an increase to Shared Ownership rents of 7.7%.
 5. Approve allowances to Managing Agents as follows:
 - Wolverhampton Homes £47,700,000
 - Bushbury Hill Estate Management Board £2,070,000
 - Dovecotes TMO £1,280,000
 6. Delegate authority to the Deputy Leader: City Housing in consultation with the Director of Resident Services to approve managing allowances to New Park Village Tenant Management Cooperative to allow for further work on costs relating to the redevelopment of the estate and management responsibilities.
 7. Delegate authority to the Deputy Leader: City Housing in consultation with the Director of Resident Services to approve the equity sale of Shared Ownership properties.

1.0 Purpose

- 1.1 To present an updated Housing Revenue Account (HRA) Business Plan 2024-2025 which is intended to balance the continuing maintenance of and investment in the existing Council housing stock, improving, and redeveloping housing estates and the provision of new homes for rent.
- 1.2 The report also provides, as an integral part of that Business Plan, a proposed HRA budget for 2024-2025, including proposed rents and service charges to take effect from 1 April 2024, and a proposed HRA Capital Programme for the period 2024-2025 to 2028-2029 recommended for approval.

2.0 Background

- 2.1 On 17 January 2024, Cabinet are to consider a report on Housing Revenue Account Business Plan 2024-2025 including Rent and Service Charges.
- 2.2 Cabinet has been recommended to recommend that Council:
 1. Adopt the Business Plan set out at Appendix 1 to the report as the approved Housing Revenue Account Business Plan including:
 - a. The revenue budget for 2024-2025 at Appendix 1 to the report.
 - b. The Capital Programme for 2024-2025 to 2028-2029 at Appendix 2 to the report that includes the following among the proposed investment plans:
 - £100 million for new homes
 - £67 million provision for estate remodelling
 - 41 million to complete the refurbishment of the Heath Town estate
 - £46 million remediation works to non-traditional properties including energy efficiency improvements
 - £141 million for programmes to high rise estates to include building safety improvements, infrastructure replacement, and external works to include energy efficiency
 - £34 million for low and medium rise infrastructure improvements
 2. Approve the implementation of an increase of 7.7% to social housing rents in accordance with the Rent Standard and the Welfare Reform and Work Act 2016 and to give 28 days notice to all secure and introductory tenants of the rent increase from 1 April 2024.
 3. Approve the rates for garage rents and service charges set out in Appendix 3 to the report and formally notifies tenants.
 4. Approve an increase to Shared Ownership rents of 7.7%.
 5. Approve allowances to Managing Agents as follows:

• Wolverhampton Homes	£47,700,000
• Bushbury Hill Estate Management Board	£2,070,000

- Dovecotes TMO £1,280,000

6. Delegate authority to the Deputy Leader: City Housing in consultation with the Director of Resident Services to approve managing allowances to New Park Village Tenant Management Cooperative to allow for further work on costs relating to the redevelopment of the estate and management responsibilities.
7. Delegate authority to the Deputy Leader: City Housing in consultation with the Director of Resident Services to approve the equity sale of Shared Ownership properties.

3.0 Financial implications

- 3.1 The financial implications are detailed in the Cabinet report of 17 January 2024.

4.0 Legal implications

- 4.1 The legal implications are detailed in the Cabinet report of 17 January 2024.

5.0 Equalities implications

- 5.1 The equalities implications are detailed in the Cabinet report of 17 January 2024.

6.0 All other implications

- 6.1 All other implications are detailed in the Cabinet report of 17 January 2024.

7.0 Schedule of background papers

- 7.1 Housing Revenue Account Business Plan 2024-2025 including Rent and Service Charges, Cabinet, 17 January 2024.

CITY OF WOLVERHAMPTON COUNCIL	Cabinet 17 January 2024
--	--

Report title	Housing Revenue Account Business Plan 2024 - 2025 including Rent and Service Charges	
Decision designation	RED	
Cabinet member with lead responsibility	Councillor Steve Evans, Deputy Leader: City Housing Councillor Louise Miles, Resources	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All Wards	
Accountable Director	John Roseblade, Director of Resident Services James Howse, interim Director of Finance	
Originating service	Housing, Finance	
Accountable employee	Jenny Lewington Tel Email	Deputy Director of Housing 01902554845 Jenny.Lewington@wolverhampton.gov.uk
	Jo McCoy Tel Email	Finance Business Partner 01902 554415 Jo.Mccoy@wolverhampton.gov.uk
Report to be/has been considered by	Strategic Executive Board Cabinet Member Briefing Scrutiny Board	28 November 2023 5 December 2023 12 December 2023

Recommendations for decision:

The Cabinet recommends that Council:

1. Adopts the Business Plan set out at Appendix 1 to this report as the approved Housing Revenue Account Business Plan including:
 - a. The revenue budget for 2024-2025 at Appendix 1 to this report.
 - b. The Capital Programme for 2024-2025 to 2028-2029 at Appendix 2 to this report that includes the following among the proposed investment plans:
 - £100 million for new homes
 - £67 million provision for estate remodelling

- £41 million to complete the refurbishment of the Heath Town estate
 - £46 million remediation works to non-traditional properties including energy efficiency improvements
 - £141 million for programmes to high rise estates to include building safety improvements, infrastructure replacement, and external works to include energy efficiency
 - £34 million for low and medium rise infrastructure improvements
2. Approves the implementation of an increase of 7.7% to social housing rents in accordance with the Rent Standard and the Welfare Reform and Work Act 2016 and to give 28 days notice to all secure and introductory tenants of the rent increase from 1 April 2024.
 3. Approves the rates for garage rents and service charges set out in Appendix 3 to this report and formally notifies tenants.
 4. Approves an increase to Shared Ownership rents of 7.7%.
 5. Approves allowances to Managing Agents as follows:
 - Wolverhampton Homes £47,700,000
 - Bushbury Hill Estate Management Board £2,070,000
 - Dovecotes TMO £1,280,000
 6. Delegates authority to the Deputy Leader: City Housing in consultation with the Director of Resident Services to approve managing allowances to New Park Village Tenant Management Cooperative to allow for further work on costs relating to the redevelopment of the estate and management responsibilities.
 7. Delegates authority to the Deputy Leader: City Housing in consultation with the Director of Resident Services to approve the equity sale of Shared Ownership properties.

Recommendations for noting:

The Cabinet is asked to note:

1. From 1 April 2020 the Regulator of Social Housing has regulated social rents charged by Local Authorities as set out in the Rent Standard 2020. Local authorities are able to apply a rent increase below the maximum set out in the standard but the decision would be taken in the context of the affordability in terms of a balanced HRA business plan that ensures service delivery and investment can be maintained over the lifetime of the business plan.
2. That, in the opinion of the Director of Finance (Section 151 Officer) the current levels of reserves and provisions is appropriate and adequate for the forthcoming financial year.

3. The increasing cost pressures from policy and legislative changes; Building Safety Act (2022), Fire Safety (England) Regulations 2023, the Regulator and the Social Housing Ombudsman, and a shift from reactive to a proactive regulatory regime.
4. The HRA revenue budget includes provision of £300,000 for those tenants who may experience financial hardship due to the rent increase.

1.0 Purpose

- 1.1 This report presents an updated Housing Revenue Account (HRA) Business Plan 2024-2025 for recommendation to Full Council which is intended to balance the continuing maintenance of and investment in the existing Council housing stock, improving, and redeveloping housing estates and the provision of new homes for rent.
- 1.2 The report also provides, as an integral part of that Business Plan, a proposed HRA budget for 2024-2025, including proposed rents and service charges to take effect from 1 April 2024, and a proposed HRA Capital Programme for the period 2024-2025 to 2028-2029 for recommendation to Full Council.

2.0 Background

- 2.1 Since the implementation of Housing Revenue Account self-financing in 2012, the Council has been required to set out its Housing Revenue Account (HRA) Business Plan. The Business Plan is monitored quarterly and reviewed annually to ensure that assumptions remain robust and resources within the plan are sufficient to meet expenditure requirements. Appendix 4 to the Business Plan provides more detail on HRA self-financing.
- 2.2 In February 2019, the Secretary of State for Housing, Communities and Local Government gave a direction which set out the government's rent policy for social housing for the next five years and the requirement for the Regulator of Social Housing to undertake the regulation of Local Authority Social Housing Rents, aligning the regulation with that of private-registered providers. The resulting Rent Standard came into force on 1 April 2020.
- 2.3 Key elements of the direction are to restrict rent increases on social and affordable rent properties by up to Consumer Price Index (CPI) plus 1% annually from 2020 for a period of at least five years. CPI is based on the published figure for September of the previous year. The direction also allows discretion over the rent set for individual properties with a 5% flexibility for general needs stock.
- 2.4 However, CPI in September 2022 was 10.1% which under the government's policy could have resulted in rent increases of up to 11.1%. Therefore, as part of the Autumn Financial Statement issued by the government in November 2022 the rent increase from 1 April 2023 was capped at 7%.
- 2.5 CPI in September 2023 was 6.7% so the rent increased proposed is 7.7% in line with the Rent Standard. The rent standard exists to allow housing providers to increase rents annually in line with inflation to maintain service delivery, meet the investment needs of their homes and replace properties sold to right to buy.
- 2.6 Shared Ownership rents are not covered by the rent standard, as set out in the terms of most lease agreements, rents are permitted to increase by a maximum of the Retail

Prices Index (RPI) for a given month plus 0.5%. However, it is proposed that Shared Ownership rents also increase by 7.7%.

- 2.7 The HRA borrowing cap was abolished completely in October 2018 enabling local authorities to borrow for housebuilding and other HRA capital investment in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code.

3.0 The HRA Business Plan 2024-2025

- 3.1 The Business Plan has been reviewed in 2023 and updated to revise planning assumptions on rent increases, interest rates, right to buy sales, rent collection rates and inflationary increases to management and maintenance costs including pay awards.

3.2 Table of Assumptions

Assumptions	2023- 2024	2024- 2025	2025- 2026	2026- 2027	2027- 2028	2028- 2029
General Assumptions						
CPI inflation	11%	5%	2%	2%	2%	2%
Inflation of capital expenditure	10%	5%	2%	2%	2%	2%
Increase in Rent	7%	7.7%	3%	3%	2%	2%
Interest Rates	3.8%	3.73%	3.73%	3.5%	3.5%	3.5%
Rent collection rates	98.7%	98.8%	98.9%	99.0%	99.0%	99.0%
Right to Buy sales	(153)	(100)	(100)	(100)	(100)	(100)
Property Numbers						
Average Number of social homes	20,940	20,890	20,750	20,630	20,530	20,430
Average Number of affordable homes	477	557	687	858	895	1,035
Average number of shared ownership	42	50	60	60	60	60
Average number of Total Homes	21,459	21,497	21,497	21,548	21,485	21,525

- 3.3 The number of HRA dwellings is currently around 21,600; of which around 11,800 are houses and bungalows, 5,000 are in medium and high-rise blocks and 4,800 are low rise flats. This includes around 100 that are held for demolition as part of regeneration schemes.
- 3.4 The focus of the business plan is on balancing the revenue pressures and the pressures on tenants whilst also maximising resources available to finance capital expenditure to meet the needs of the existing stock, improve and redevelop estates and provide much needed additional social and affordable housing units. There are currently 6,334 people on the waiting list for a council home in Wolverhampton.

- 3.5 The Business Plan is based on applying a rent increase of 7.7 % to social and affordable rents, commencing 1 April 2024, followed by increases based on inflation forecasts. The government have not indicated whether it will continue with a CPI plus 1% rent increase for future years in line with the policy set out in the Rent Standard 2020. The same increases assumed for dwelling rents are applied to garage rents.
- 3.6 Inflationary increases to budgets have been applied where appropriate and a prudent provision for increases to the bad debt provision, taking into account the challenge Universal Credit has brought to rent collection and the additional impact that the cost-of-living crisis may bring.
- 3.7 Data indicates that around 77% of tenants have full or partial housing costs covered by Housing Benefit or Universal Credit and therefore will receive government support to pay all or part of the rent increase. For those tenants who may experience financial hardship due to the rent increase the HRA revenue budget includes a provision for support of £300,000. This will be kept under review during 2024-2025, with usage and adequacy reported to councillors through quarterly budget monitoring reports.
- 3.8 In terms of service charges, pay and price inflation has necessitated that most charges need to increase to recover full costs. These increases have been limited to 6.7% in line with the September 2023 CPI figure.

4.0 HRA Revenue Budget

4.1 The number of right-to-buy properties since discounts were increased in 2012 has had an impact on stock numbers, with around 800 sales over the last five years however, the rate of decrease has slowed due to the success of the new build and acquisitions programme in providing around 445 additional homes. Table 1 below illustrates the decrease in stock numbers over the last five years, an overall decrease of 2.5%.

4.2 Table 1 – Stock numbers over five years

Stock Numbers	2019-2020 Outturn	2020-2021 Outturn	2021-2022 Outturn	2022-2023 Outturn	2023-2024 Forecast
Opening	21,995	21,926	21,808	21,680	21,511
Right to Buy Sales	(228)	(155)	(198)	(169)	(153)
Other disposals	-	(9)	(12)	(31)	(37)
Additions	159	46	82	31	127
Closing	21,926	21,808	21,680	21,511	21,448
Cumulative reduction	(69)	(187)	(315)	(484)	(547)

4.3 Managing Agents allowances amount to 71% of the supervision and management budgets and 99% of and repairs and maintenance budgets. These allowances are linked to property numbers going forward to ensure that costs remain affordable over the life of the business plan. Inflationary increases to cover cost increases and pay awards are applied as appropriate.

- 4.4 High levels of inflation, particularly impacting on repairs and maintenance costs and fuel costs have been experienced since 2022 and the local government pay awards settlements have equated to around 6% in each of the previous two years. The true level of inflation affecting the housing sector is 9.4% for repairs and 16.4% for housing management according to sector wide research (Savills). The HRA revenue forecast for 2023-2024 that was reported to Cabinet as part of the Quarter 2 Performance and Revenue Monitoring Report in November 2023 approved an included additional allowance of £1.5 million to Wolverhampton Homes to support repairs and maintenance costs. Base budgets have therefore been uplifted by £1.5 million before consideration of inflationary increases to budgets for 2024-2025.
- 4.5 Further pay awards are expected in 2024-2025 further increasing costs to managing agents, who also continue to experience pressures from contractors and increased costs in materials. Therefore, revenue budgets include provision for management allowances per property to be increased by up to 5% to cover a blend of the increase in pay and general inflation.
- 4.6 Further consideration needs to be given to managing allowances for the New Park Village estate, managed by New Park Village Tenant Management Committee, to reflect the number of void properties awaiting demolition which are being managed as part of the regeneration project and it is proposed that this decision is delegated for further work to be done around the costs.
- 4.7 The revenue budget also provides for provision for financial support and a contingency for inflation.
- 4.8 The Council is incurring increased costs from the regulatory role of around £300,000 including additional staff resources which have been reflected in the revenue budget. The retained element of the budgets includes an annual budget of £70,000 for Tenants Scrutiny, and a budget for payment to the Housing Ombudsman of £120,000. The Regulator of Social Housing is also proposing a charge based on the number of properties managed by local authorities which is expected to be over £100,000.
- 4.9 The Council continue to work with the managing agents to identify efficiencies where possible. Quarterly meetings with the Director of Finance scrutinise budget performance, efficiencies and pressures. The Council is assured through external validation that the largest managing agent, Wolverhampton Homes, is relatively lean in terms of staffing. Identifying efficiencies has proved challenging, however additional expenditure on auxiliary services has been restricted.

5.0 The HRA Capital Programme

Capital Investment Context

- 5.1 The Council plans to use capital resources to maximise the provision of additional homes as far as possible but also needs to consider and prioritise the needs of the existing stock

with particular emphasis on enhancing building safety, maintaining decency and improving energy efficiency.

- 5.2 There is a need for proactive capital maintenance programmes which provide better value for money than ad hoc replacements. By ensuring components do not fail this takes the pressure off response repair budgets and causes less disruption to tenants.
- 5.3 As part of a long term, estate-based approach to asset management the remaining life of stock will be taken into account when making investment decisions and alternatives to refurbishment considered where appropriate.
- 5.4 Because construction activity, particularly in high risk buildings is now so highly regulated and must meet all current and future standards there is significant time and resource allocated to the design process and also in appointing specialist contractors and material suppliers with knowledge and experience to meet the required competency standards. This is pushing up programme costs along with general inflationary cost pressures. Despite recent falls in CPI, market conditions for the construction are still challenging with regional pressures affecting the supply chain and shortages of technical and professional staff.
- 5.5 An increase in demand is being experienced for internal improvements such as kitchens, bathrooms, heating and electrical systems. The Decent Homes programme invested £314 million of improvements from 2007 until 2015 and due to the passage of time further demand is anticipated. There has been an increased number of void properties requiring significant investment, with average costs around £25,000. This is due to age related deterioration of the properties which often require replacements of major components. There has also been a significant increase in demand for disabled adaptations, reflecting the needs of tenants.
- 5.6 Based on a 7.7% rent increase, the HRA will have sufficient resources for work programmes currently in progress and meet expected standards but indications are that it will be challenging to meet all the required stock investment needs and fund stock decarbonisation works in the long term. Work is therefore continuing in terms of the longer term capital programme and asset management planning.
- 5.7 Making provision in the longer term capital programme to reduce the carbon impact of the housing stock in line with the Council's strategic priority and to meet Government targets to bring all greenhouse gas emissions to net zero by 2050, it is likely to add in the region of £476 million to future investment costs. External funding contributions will need to be sought in order to achieve this and all the other priorities. The government will expect councils to have maximised their own rental income streams before seeking external funding contributions.

New Homes Programme

- 5.8 The government has demonstrated that it expects councils to play a major part towards the delivery of new social and affordable homes through allowing the retention of right to

buy receipts, and lower HRA borrowing rates through the Public Works Loan Board. However new homes can only be delivered if rental income is maximised to fund the borrowing required.

- 5.9 The programme includes new homes provision of £100 million for the next five years from 2024-2025 for around 500 new homes, including £44 million set aside for future new build schemes. £26.5 million is to fund the next phase of the new homes at Heath Town which will deliver 160 homes on top of the 40 homes that were completed in 2023.
- 5.10 The Council's development programme seeks to prioritise the type of housing stock developed in order to increase homes available for those with priority need under the allocations policy, alleviate homelessness and help people to live independently in their own homes. It is likely that the future development programme will need to focus on building accessible homes and larger family homes where there is a particular shortage of these types of properties, whilst also reflecting the need to develop at an appropriate density to increase stock numbers.
- 5.11 Alongside the application of HRA capital borrowing and capital receipts, homes will be delivered utilising grant opportunities where appropriate, as well as applying Section 106 commuted sums for affordable housing arising from private developments in the city. Grant funding for new homes will fund a proportion of the cost with the balance funded from HRA borrowing.

Improvements to Existing Homes

- 5.12 The Heath Town estate refurbishment managed by Wolverhampton Homes is expected to be completed in 2027 with a budget of £41.5 million. Works now being undertaken include window replacement and external wall insulation works and structural repairs. Work on the new energy centre has commenced.
- 5.13 The work programmes being carried out on the high-rise estates to install external wall insulation, upgrade balconies and windows, renew the mechanical and electrical infrastructure and improve fire safety and retrofit sprinklers have combined budgets of £141 million. This work will deliver improvements to over 1,300 homes and significantly reduce the cost of heating for the residents, helping to reduce the incidences of fuel poverty. Delivery has been accelerated in response to increased customer need and the costs of living crisis.
- 5.14 A medium-rise and low-rise block improvement programme of £34 million is being introduced to deliver external wall insulation, cladding, cavity wall insulation and improved ventilation. Windows, doors and roofs will be replaced and upgraded heating solutions installed. Funding of £2.1 million has been secured via from the Social Housing Decarbonisation Fund (SHDF) towards energy efficiency works.
- 5.15 The budget includes £46 million for Remedial Works to non-traditional properties which will also include decarbonisation measures. A bid to the next round of SHDF will, if successful result in further grant funding. These enhancements that prioritise the homes

needing them most bring forward investment planned in future years and will help reduce fuel costs to tenants. Decarbonisation measures improve the energy efficiency of properties and reduce the energy costs for tenants.

- 5.16 The budget also includes £65 million for major works to void properties and £55.5 million for internal decency improvements. It is expected that the scale of this capital investment will result in a reduction in response repairs costs in future years.

Estate remodelling

- 5.17 The programme includes a budget of £67 million for estate remodelling which will fund the redevelopment at New Park Village and the City Wide Non-Traditional replacement programme, the first phase of which will replace the Tarran bungalows at Bushbury, Wednesfield and Portobello.
- 5.18 The redevelopment at New Park Village will replace around 200 poor energy performing properties and replace with modern, energy efficient homes to meet the needs of the local community and there may be opportunity to increase the number of homes once fully designed, in consultation with the community.
- 5.19 The replacement of the Tarran Bungalows is currently at the procurement stage with delivery of the new homes to commence during the next 12-18 months. The 127 prefabricated bungalows built in the 1940s, have reached the end of their life and will be replaced with similarly designed modern, energy efficient bungalows on the same plots. After consultation with existing residents the phased redevelopment of each estate will be managed sensitively to meet the needs of vulnerable residents.
- 5.20 These projects above are all reflected in the five-year HRA Capital Programme in Appendix 2 of the Business Plan. The programme will be monitored quarterly and reviewed annually to ensure a balanced budget.
- 5.21 Further phases of the City Wide Non-Traditional property replacement programme are being developed and subsequent reports will be presented to future Cabinet meetings once each programme cost has been evaluated together with a resident communication plan.

6.0 Legislative and Policy Changes

- 6.1 On 14 June 2017, a tragic loss of life occurred when 72 people died as a result of a fire at Grenfell Tower, a high-rise block of flats in North Kensington, London. An extensive inquiry into the tragedy, examined the cause and spread of the fire, the external cladding on the building, inadequate fire safety control and procedures, the regulation of the construction industry and response of the emergency services, but also focused upon the experiences of the residents of the building and their relationship with their landlord.
- 6.2 Grenfell residents, both prior to and following the incident reported a one-way leadership culture from the landlord that did not welcome, listen to, or fully understand their views and concerns.

- 6.3 The tragedy and public inquiry has a continuing impact upon the housing sector, the Social Housing Green Paper (2018) followed by The Charter for Social Housing Residents: Social Housing White Paper (2020) sought to set out the issues facing social housing tenants and the actions that could be taken so they are safe, protected, listened to and able to influence how their homes are managed.
- 6.4 The White Paper detailed new requirements for social housing landlords, in addition to the strengthening of the Regulator of Social Housing, moving them from a reactive to a proactive consumer regulatory regime.
- 6.5 This culminated on 20 July 2023 when the Social Housing (Regulation) Bill received Royal Assent becoming the Social Housing (Regulation) Act 2023 and giving new powers to the Regulator and the Housing Ombudsman.
- 6.6 The powers conferred on the Regulator in moving from a reactive to a proactive regulatory regime, include a new inspection framework for all social housing providers in place from April 2024.
- 6.7 The Housing Ombudsman's Spotlight Report on Damp and Mould in October 2021 and Coroner's Report in November 2022 into the tragic death of two-year old Awaab Ishak, who died following prolonged exposure to mould in his home has resulted in a significant focus and urgency within the sector to respond to reports of damp, mould, and condensation (DMC).
- 6.8 A clause in the Social Housing (Regulation) Act, 'Awaab's Law' will require social landlords to respond to and investigate reports of DMC within specific timescales. In Wolverhampton, DMC is to be included within the 'BIG 7' risks.
- 6.9 The introduction of the Act means that from 1 April 2024, CWC will be subject to four yearly inspections as well as an annual review of newly introduced key performance indicators (KPIs). The Act makes clear that the Regulator will be seeking assurance that where a Council contracts out its housing management service to an Arms-Length Management Organisation (ALMO) or Managing Agent (MA), compliance with the standards remains with the Council.
- 6.10 The TSM standard, a recent addition to the consumer standards from 01 April 2023, requires social housing providers to collect data on Tenant Satisfaction Measures (TSMs) from 1 April 2023, with annual publication starting in Summer 2024.
- 6.11 On 25 July 2023, the Regulator issued four new draft consumer standards for consultation which set out the specific expectations and outcomes that all registered providers will be expected to achieve. A final set of revised standards, in addition to the TSMs will apply from April 2024.
- 6.12 The Housing Ombudsman introduced the Complaint Handling Code for Landlords in 2020. The Code was introduced as part of the Ombudsman's new powers in the revised

Housing Ombudsman Scheme. An updated Code took effect from 1 April 2022 and landlords had until 1 October 2022 to become compliant.

- 6.13 The Code is now statutory under the Housing Ombudsman's powers in the Housing Act 1996, as amended by the Social Housing (Regulation) Act 2023.
- 6.14 By issuing a statutory Code, landlords have a duty to comply with it and the Housing Ombudsman has a duty to monitor compliance against it. This will be delivered through individual investigation findings, submissions of the Code self-assessment and monitoring relevant data, including complaint handling performance. Non-compliance can result in the Ombudsman issuing a Complaint Handling Failure Order.
- 6.15 The Fire Safety (England) Regulations came into force in January 2023, they place an enhanced regulatory regime for all buildings, including a more stringent regime for the design, construction, day-to-day management, and maintenance of higher-risk buildings including high rise.
- 6.16 The Building Safety Act (2022) places significant duties on those who procure, plan, and manage building works, with safety considered at every stage of a building's lifetime. Landlords must ensure that tenants and residents are safe and feel safe, with regulatory powers against those landlords found to be underperforming.
- 6.17 From 1 April 2024, CWC will incur additional annual fees to the Regulator, alongside the existing annual fee to the Housing Ombudsman.
- 6.18 To improve and strengthen the Council's understanding of our compliance with the Consumer Standards and readiness to meet the requirements of inspection by the Regulator, City Housing engaged two external organisations.
- 6.19 In 2021, Savills completed a review of compliance of Wolverhampton Homes (CWC's ALMO) against the Consumer Standards. In 2022 – 23, Campbell Tickell (CT) completed an Independent Strategic Review of Housing services delivered by Wolverhampton Homes.
- 6.20 In October 2023, The Social Housing (Regulation) Act 2023 – Landlord Services Review was reported to Cabinet.
- 6.21 A City Housing Improvement Programme (CHIP) has been established to deliver on the Cabinet endorsed mandate to achieve compliance with the Act, by reviewing the relationship with the ALMO, Wolverhampton Homes. Measures include:
 - An overarching Shareholder Board as a focus for housing governance.
 - Amend the Management Agreement and Partnership Pledge to reflect the Regulatory landscape and strengthen CWC's ability to lead on improvements where necessary.
 - Strengthen the clienting arrangements with defined roles and responsibilities, accountabilities for demonstrating assurance and re-assurance, and clear reporting structures.

- Develop a shared evidence base to demonstrate Regulatory Compliance, to support re-assurance testing, a clear line of sight and single view of the truth. CWC lead on creating a Data Process Strategy that ensures data is being recorded consistently across all teams with associated automated Data Quality and reporting.
 - Align WH business planning cycles with those of CWC, including the objectives of the refreshed Housing Strategy.
 - Review all SLAs and functions delivered by Wolverhampton Homes on behalf of CWC, to ensure services are fit for purpose, that adequate monitoring and oversight is in place which provides assurance to the Council and value for money for residents.
 - Following the implementation of the recommended governance changes, review the effectiveness of the new Management Agreement in strengthening CWC expectations, providing sufficient oversight and whether this has provided the direct line of sight required for Regulatory compliance.
- 6.22 As the expectations of the Social Housing (Regulation) Act and the Regulator of Social Housing become clearer, CWC need to continue to consider whether the ALMO remains the best operational model for our housing services to gain full assurance against Consumer Standards and the regulatory regime and to deliver the best services to the tenants of City of Wolverhampton Council.
- 6.23 A report on progress of the City Housing Improvement Programme (CHIP) will be presented to Scrutiny and Cabinet in October 2024.
- 7.0 Rent Increase 2024 - 2025**
- 7.1 The proposed rent increase of 7.7% is chargeable in line with Government policy set out in the Rent Standard 2020 and the rent cap imposed by the government. Careful consideration has been given to the most appropriate level of rent increase, particularly in light of the cost-of-living increases. There is a difficult balance to be struck in deciding the levels at which rents and services charges are set and the income required to maintain and to improve services and properties.
- 7.2 Not applying the increase, or applying a lower increase, would reduce the resources available to fund core services and the capital programme. The Council would have to reduce the number of new homes and programmes to remediate non-traditional homes and low and medium rise estates would need to be postponed for several years, allowing the condition of the properties to deteriorate. Reducing revenue costs would impact on service standards.
- 7.3 It is proposed to increase service charges by 6.7% in line with CPI to recover increases in inflationary costs. An alternative option could be not to increase, or to reduce the charges, in which case the cost would not be recovered, and a subsidy required from general rents.

- 7.4 The Council understand that any increase in rent and service charges will place an additional burden on many families who are already struggling financially. The Council's Financial Well Being Strategy aims to develop a co-ordinated and coherent strategic response to the increased risk of hardship faced by Wolverhampton citizens due to the far-reaching economic and social implications that were already being experienced and in addition, the increased cost of living.
- 7.5 The strategy maximises support with essential living costs, to gain optimal physical and emotional wellbeing and ensure supportive and connected communities for the people of Wolverhampton. It provides a robust framework that enables a shared understanding of the situation, consolidates, and develops a range of initiatives to mitigate risk and implement early and preventative action, with a single document to ensure that Council Leaders, our partners, and the public are regularly updated on progress.
- 7.6 Tenants who are experiencing financial difficulties and struggling to pay their rent will receive support. We will work collectively across City Housing, our Managing Agents, the Financial Well Being Team, Revenue & Benefits and Welfare Rights to ensure that resources are available and appropriately targeted.
- 7.7 Rent collection performance is within target, at 97.7% in Q2 2023-24, just outside the upper quartile of a sector wide comparison. High levels of rent collection reflect the effectiveness of the income management service, the support provided through Money Smart and supporting services, and the resilience of tenants.
- 7.8 In 2023 – 2024 the Council offered further targeted support funded through the Housing Revenue Account, Financial Assistance Scheme. Provision has been made in the budget for £300,000 to continue to the scheme for 2024 – 2025.
- 7.9 This will be kept under review with usage and adequacy reported to councillors through quarterly budget monitoring reports.

8.0 Evaluation of alternative options

- 8.1 The Council could decide not to increase the rents, or to apply a lower rent increase. This would reduce the resources available to fund core services and the capital programme. The Council would have to reduce the number of new homes and programmes to remediate non-traditional homes and low and medium rise estates would need to be postponed for several years, allowing the condition of the properties to deteriorate. Reducing revenue costs would impact on service standards.

9.0 Reasons for decisions

- 9.1 The Council is asked to approve the 7.7% increase to dwellings rent and garage rents in order to be able to maintain services provided to tenants, meet consumer, building and fire safety standards and finance the capital investment as set out in Section 5 of this report.

9.2 The Council is required to approve a balanced HRA budget which is based on income forecasts, maintains supervision and management expenditure, provides for depreciation and finances borrowing.

10.0 Risk

10.1 The Council is no different to any other organisation and will always face risks in achieving its objectives and priorities. Sound risk management can be seen as the clear identification and management of such risks to an acceptable level.

10.2 In the opinion of the Director of Finance (Section 151 Officer), the proposed levels of reserves and provisions is appropriate and adequate in respect of the forthcoming financial year, having taken into account the risks and pressures facing the HRA.

10.3 The Council will continue to monitor the risks associated with the HRA budget and provide updates to Councillors as part of the quarterly performance and revenue budget monitoring reports.

10.4 A risk matrix is attached at Appendix 5 to the Business Plan. The risk register has been updated to reflect the economic and legislative setting in which it operates.

11.0 Financial implications

11.1 A full listing of non-dwelling rents and service charges is set out in Appendix 3 to the Business Plan.

11.2 The Business Plan model has been reviewed, assumptions updated and additional capital expenditure built in with the aim of providing sufficient resources to maintain existing stock and maximising new build. The assumptions in the model have been externally validated by Savills.

11.3 By increasing the rent the HRA is expected to have sufficient resources to fund over £2 billion of capital works required over the next 30 years, as well as meeting its management and maintenance obligations in the same period and adding to the housing stock. Inflation forecasts have been updated in line with the latest economic forecasts. Due to the possible forthcoming period of economic uncertainty, it will be necessary to closely monitor the data underpinning assumptions in the model and forecast the effect of any changes. The five-year revenue budget and 30-year forecasts are summarised at Appendix 1 to the Business Plan.

11.4 The five-year Capital Programme is reviewed quarterly and the latest version is shown in Appendix 2 to the Business Plan. As well as adding a further year to rolling replacement programmes the budget allows for the impact of inflation, increased demand, and bringing forward expenditure to take advantage of Social Housing Decarbonisation grant funding. The budget also includes increased scope to projects where components have deteriorated and to reflect the impact of enhanced regulation.

- 11.5 The Council now has the freedom to borrow to increase the provision of new build housing in line with prudential indicators. HRA borrowing is monitored to ensure that the revenue surplus will always be sufficient to fund forecast interest on debt with a margin built in to allow for interest rate fluctuations.
- 11.6 The Council could decide not to plan to increase capital expenditure and instead use the HRA operating surplus to pay off debt instead of financing the borrowing required to support the capital programme. However, it would not then be using available resources to improve and increase its housing stock as well as the requirement to respond to national building safety standards. Not investing as planned could result in higher investment costs in the long run as assets further deteriorate.
- 11.7 The HRA reserve is currently at £7.0 million, equating to around £324 per unit which in the opinion of the Section 151 Officer is appropriate and adequate in respect of the forthcoming financial year, having taken into account the risks and pressures facing the HRA. However, this benchmarks as relatively low when compared with peer authorities where the average was £1,432 in 2021-2022 (the national average was £2,273) and will therefore be kept under review.
- 11.8 The HRA net surplus available in the proposed budget for 2024-4025 to contribute to capital expenditure or debt repayment equates to around £13.9 million and therefore is at a level that provides additional assurance that the HRA has sufficient resources alongside reserves to provide sufficient contingency.
- 11.9 The HRA Financial Management and Investment Strategy, at Appendix 6 to the Business plan sets out how the HRA borrowing is monitored to ensure that it remains affordable.
[JM/04012024]

12.0 Legal implications

- 12.1 Statutory requirements as to the keeping of a Housing Revenue Account are contained in the Local Government and Housing Act 1989 ('the 1989 Act'). The 1989 Act includes a duty, under Section 76 of the 1989 Act, to budget to prevent a debit balance on the HRA and to implement and review the budget.
- 12.2 Under Section 24 of the Housing Act 1985, local housing authorities have the power to "make such reasonable charges as they may determine for the tenancy or occupation of their houses". Section 24 also requires local authorities, from time to time, to review rents and make such changes as circumstances may require. This provision conferring discretion as to rents and charges made to occupiers, is now subject to further restrictions arising from the provisions of the Welfare Reform and Work Act 2016.
- 12.3 Rent and other charges are excluded from the statutory definition of matters of housing management in respect of which local authorities are required to consult their tenants pursuant to Section 105 of the Housing Act 1985 and Sections 137 and 143A of the Housing Act 1996 in relation to secure, introductory and demoted tenants respectively.

- 12.4 It is further provided by Section 103 of the Housing Act 1985 in relation to secure tenancies, which also applies in respect of introductory tenancies, that its tenants are notified of variation of rent and other charges at least 28 days before the variation takes effect by service of a notice of variation.

[TC/0912024/A]

13.0 Equalities implications

- 13.1 As part of Council's commitment to involving tenants and other service users in the management of housing services, we have contracted TPAS, (Tenant Participation Advisory Service) to work with our Managing Agents, including Wolverhampton Homes, in developing tenant scrutiny models which encourage meaningful engagement and an opportunity to have oversight of housing management and influencing and shaping service delivery. The Housing Tenant Scrutiny and Engagement approach was rolled out across our Managing Agents from April 2023. The approach is independent of the Council and its managing agent and will deliver meaningful consultation and scrutiny of housing services and promote tenant led regulation. TPAS are required to ensure the tenant scrutiny service is representative of all tenants. Adjustments are made in service delivery to ensure the service is accessible to all.
- 13.2 The City Housing Department Equality Plan (DEP) considers and analyses housing services, with the aim to ensure provision is non-biased. During 2023-24, the DEP presented to the Council Equality Advisory Group assessed housing allocations, rent arrears and damp and mould calls/repairs. Ongoing work will be undertaken to continue and build on these assessments to ensure the provision of non-biased housing services.
- 13.3 The Council monitors and reports on the performance of its housing managing agents. The management agreements between the Council and these organisations (Bushbury Hill EMB, Dovecotes TMO, New Park Village TMC and Wolverhampton Homes). The managing agents are required to consider equality of access to their services and have policies in place, which reflect and complement statutory responsibilities and the effective delivery of housing services. Monitoring of the managing agents includes relevant key performance indicators.
- 13.4 The housing service actively engages with the Equality, Diversity and Inclusion team and has an up-to-date equality action plan to promote continuous improvements are made to services and access to those services. Key issues, such as the Councils Housing Allocations Policy and Local Lettings Plans are subject to Cabinet approval and Scrutiny. Areas where poor performance is identified are escalated, reported and action plans developed and monitored to ensure improvement.

14.0 All other implications

- 14.1 The investment and improvement of the city housing stock will have a significant positive impact on the overall city environment. The strategic planning that will take place to

ensure that all council homes are as energy efficient as they will make a major contribution to ensure that the council meets its carbon reduction targets.

- 14.2 The investment and improvement of the current city housing stock and the additional housing created by new build programmes will have a significant positive impact on the health and wellbeing of current and future tenants.

15.0 Schedule of background papers

- 15.1 Welfare Reform and Work Act 2016
15.2 Housing and Planning Act 2016
15.3 The Housing Revenue Account self-financing determinations 2012

16.0 Appendices

- 16.1 Schedule of Appendices

	Housing Revenue Account
1	30 year and medium term business plan
2	Capital Programme
	Recommendations concerning income
3	Non-dwelling rents, service charges and other rents and charges
4	Background to the Housing Revenue Account
5	Risk Analysis
6	HRA Financial Management and Investment Strategy

MEDIUM TERM BUSINESS PLAN 2023-2024 – 2028-2029**Table 1 – Revenue Budget**

2024-2025 to 2028-2029 refer to Years 1-5 in Table 1 below. 2023-2024 is shown for comparative purposes and is the forecast as at Quarter 3.

Payments to Managing agents are funded from Repairs and Maintenance and Supervision and Management budgets. The budget for 2024-2025 has been rebased to reflect the actual spend reported by Wolverhampton Homes.

REVENUE ACCOUNT	2023- 2024	2024- 2025	2025- 2026	2026- 2027	2027- 2028	2028- 2029
	Forecast	Budget	Forecast	Forecast	Forecast	Forecast
	£000	£000	£000	£000	£000	£000
Income						
Dwelling Rents	(98,769)	(108,436)	(109,499)	(114,393)	(117,302)	(120,212)
Other Rents	(600)	(642)	(660)	(678)	(690)	(703)
Service Charges	(6,098)	(6,581)	(6,586)	(6,718)	(6,852)	(6,989)
	(105,467)	(115,659)	(116,745)	(121,789)	(124,844)	(127,904)
Expenditure						
Repairs and maintenance	32,452	31,919	32,407	33,103	33,762	34,392
Supervision and management	23,779	26,965	26,806	27,408	28,021	28,646
Rents, rates and taxes	994	850	800	750	700	650
Financial Support	300	300	-	-	-	-
Increase in provision for bad debts	2,000	2,191	1,995	1,865	1,805	1,741
Depreciation of fixed assets	22,185	22,839	23,608	24,183	24,700	25,116
Contribution to Capital Funding and Debt repayment	12,245	13,940	10,747	10,933	9,598	10,328
Interest Payable	11,512	16,655	20,382	23,547	26,258	27,031
Total expenditure	105,467	115,659	116,745	121,789	124,844	127,904
Balance	-	-	-	-	-	-

Table 2 – Capital Account

Detail of capital programmes can be found at Appendix 2 of the Business Plan

CAPITAL ACCOUNT	2023-	2024-	2025-	2026-	2027-	2028-
	2024	2025	2026	2027	2028	2029
	Budget	Budget	Budget	Budget	Budget	Budget
	£000	£000	£000	£000	£000	£000
Expenditure						
Capital Expenditure	118,691	142,060	128,959	103,920	86,273	63,282
	118,691	142,060	128,959	103,920	86,273	63,282
Financing						
Major Repairs Reserve	(22,185)	(22,839)	(23,608)	(24,183)	(24,700)	(25,116)
Grants, Contributions and Receipts	(12,912)	(5,360)	(5,860)	(5,060)	(5,060)	(5,060)
Borrowing	(83,594)	(113,861)	(99,491)	(74,677)	(56,513)	(33,106)
	(118,691)	(142,060)	(128,959)	(103,920)	(86,273)	(63,282)
Balance	-	-	-	-	-	-

30 YEAR BUSINESS PLAN FORECAST 2024-2025 to 2053-2054

Table 3 - Revenue Account

REVENUE ACCOUNT	Years 1 - 5 £M	Years 6-10 £M	Years 11 - 15 £M	Years 16 - 20 £M	Years 21 - 25 £M	Years 26 - 30 £M
Income						
Total HRA Income	(607)	(674)	(730)	(791)	(859)	(931)
	(607)	(674)	(730)	(791)	(859)	(931)
Expenditure						
Repairs and Maintenance	166	180	196	213	232	253
Supervision and Management	142	155	172	190	210	231
Other charges to revenue account	10	9	10	11	12	13
Depreciation, capital financing and provision for debt repayments	175	182	191	208	226	245
Interest payments	114	148	161	169	179	189
	607	674	719	779	859	931
Balance	-	-	-	-	-	-

Table 4 – Capital Account

CAPITAL ACCOUNT	Years	Years	Years	Years	Years	Years
	1 - 5	6-10	11 - 15	16 - 20	21 - 25	26 - 30
	£M	£M	£M	£M	£M	£M
Expenditure						
Capital Expenditure	525	301	258	270	274	311
Financing						
Major Repairs Reserve	(120)	(132)	(144)	(156)	(169)	(184)
Grants, Contributions and Receipts	(27)	(70)	(64)	(70)	(74)	(79)
Borrowing	(378)	(99)	(50)	(44)	(31)	(48)
	(525)	(301)	(258)	(270)	(274)	(311)
Balance	-	-	-	-	-	-

Appendix 2

Capital Programme Forecasts 2023-2024 to 2028-2029

Programme Budget	2023-2024	2024-2025	2025-2026	2026-2027	2027-2028	2028-2029	Total
	£000	£000	£000	£000	£000	£000	£000
New Build Programme							
Heath Town New Build Phase 1	1,350	-	-	-	-	-	1,350
Heath Town New Build Phase 2	50	500	11,000	7,500	5,000	2,500	26,550
Homes purchased from WV Living	3,151	1,334	107	-	-	-	4,592
Ettingshall Road, Showell Circus and Villiers Avenue	50	5,500	1,150	-	-	-	6,700
Reedham Gardens	100	1,500	2,150	-	-	-	3,750
Additional Social Housing	3,541	2,000	2,500	2,500	2,500	-	13,041
Inkerman St Community Housing Development	91	1,500	-	-	-	-	1,591
Bushbury Hill Community Housing Development	92	1,600	-	-	-	-	1,692
Small Sites Phase 5	1,463	-	-	-	-	-	1,463
Old Fallings Crescent	100	2,700	2,700	-	-	-	5,500
New Build Programme	-	3,000	10,162	10,000	10,000	10,492	43,654
New Build Programme Total	9,988	19,634	29,769	20,000	17,500	12,992	109,883
Estate Remodelling							
Heath Town	30	-	-	-	-	-	30
Estate Remodelling – New park Village	1,000	5,000	12,000	12,000	11,223	-	41,223
Estate Remodelling – City Wide Non -Traditional	2,484	8,000	8,000	7,200	-	-	25,684
Estate Remodelling Total	3,514	13,000	20,000	19,200	11,223	-	66,937
Adaptations for People with Disabilities							
Disabled Adaptations Total	2,600	2,600	2,600	2,600	2,600	2,000	15,000

Appendix 2

Programme Budget	2023- 2024	2024- 2025	2025- 2026	2026- 2027	2027- 2028	2028- 2029	Total
	£000	£000	£000	£000	£000	£000	£000
Decent Homes Stock Condition							
Refurbishment of Voids	13,400	15,000	10,500	9,500	8,500	8,500	65,400
Boiler Replacement Programme	1,000	820	810	830	860	860	5,180
Internal Decency Works	12,300	10,600	10,000	9,400	7,500	5,700	55,500
Heath Town - Refurb of Retained Properties	14,400	16,500	8,400	2,200	-	-	41,500
Bushbury Improvement Programme	158	-	-	-	-	-	158
High Rise M&E	22,700	12,000	9,000	6,500	4,000	-	54,200
Low and Mid Rise infrastructure	3,300	10,500	4,200	4,700	5,500	5,500	33,700
Sustainable Estates Programme	130	300	300	300	300	300	1,630
Non-traditional property surveys	550	300	50	50	300	300	1,550
High Rise External Works	1,300	17,900	16,500	17,000	17,000	17,000	86,700
Decent Homes Stock Condition Total	69,238	83,238	59,760	50,480	43,960	38,160	345,518
Other Stock Condition Improvements							
Structural Works	1,851	1,140	1,140	1,140	1,140	1,140	7,551
Lift and Disability Discrimination Act Improvements - High Rise	500	460	460	460	460	400	2,740
Fire Safety – Medium and Low Rise	3,600	-	-	-	-	-	3,600
Roofing Refurbishment Programme	7,020	3,916	3,400	3,400	2,900	2,900	23,536
Door Entry Security Programme	910	410	250	250	300	300	2,420
Remedial Works to non-traditional properties	16,100	13,600	8,200	3,000	2,800	2,000	45,700
Other Stock Condition Improvements Total	29,981	19,526	13,450	8,250	7,600	6,740	85,547
Other Improvements to the Public Realm							
Pathway Improvement and Safety Programme Total	210	220	220	230	230	230	1,340

Appendix 2

Programme Budget	2023- 2024	2024- 2025	2025- 2026	2026- 2027	2027- 2028	2028- 2029	Total
	£000	£000	£000	£000	£000	£000	£000
Service Enhancements and Miscellaneous							
Right to Buy Sale Administration	60	60	60	60	60	60	360
Wolverhampton Homes Capitalised Salaries	2,100	2,100	2,100	2,100	2,100	2,100	12,600
City Council Capitalised Salaries	800	1,000	1,000	1,000	1,000	1,000	5,800
Commercial to Residential – Bond House	200	-	-	-	-	-	200
Service Enhancements and Miscellaneous Total	3,160	3,160	3,160	3,160	3,160	3,160	18,960
GRAND TOTAL	118,691	142,060	128,959	103,920	86,273	63,282	643,185

This page is intentionally left blank

Appendix 3

This report is PUBLIC –
[NOT PROTECTIVELY MARKED]

Non-dwelling rents

Garage rents

1. The table below sets out recommended garage rents to take effect from 1 April 2024. (before VAT).
2. Under VAT rules, garages that are let along with a dwelling do not attract VAT, whereas those that are let separately do. Furthermore, exemption from VAT only extends as far as two garages per tenant/leaseholder. Therefore, there are three different levels of garage rents

	Rent per week 2023-2024 (excl VAT)	% increase 2024-2025	Rent per week 2024-2025 (excl VAT)	Rent per week 2024-2025 (incl VAT)
Dwelling tenants and leaseholders (No VAT)	£5.13	7.7	£5.53	
Dwelling tenants and leaseholders – three or more garages (VAT)	£5.13	7.7	£5.53	£6.64
Privately let garages	£7.34	7.7	£7.91	£9.49

Appendix 3

This report is PUBLIC –
[NOT PROTECTED]

Service charges

Service Charge	Services funded	Rationale for charge	Charge paid per week 2023-2024	Proposed change	Charge paid per week 2024-2025
Communal Facilities	Communal facilities in former sheltered schemes	Cost Recovery	£2.97	No increase	£2.97
Concierge with CCTV (Phased)	Essential caretaking duties and remote CCTV and door entry	Cost Recovery	£9.72	6.7% increase	£10.37
Concierge with CCTV (full cost recovery)	Essential caretaking duties and remote CCTV and door entry	Cost Recovery	£9.72	6.7% increase	£10.37
Concierge with CCTV	Essential caretaking duties and remote CCTV and door entry	Cost Recovery	£9.72	6.7% increase	£10.37
Communal cleaning	Cleaning services in communal areas in certain properties	Cost Recovery	£3.22	6.7% increase	£3.44
Digital TV	Installation and maintenance of the wiring required to convey digital TV signals to certain high rise blocks	Cost Recovery	£0.64	6.7% increase	£0.68
Fencing	Replacement of boundary fencing delivered by Wolverhampton Homes. All funds raised by this charge are ring-fenced to replacement fencing	Sufficient income raised to fund fencing programme	£1.98	£0.02	£2.00

Appendix 3

This report is PUBLIC –
[NOT PROTECTED]

Service Charges – Heating

Service Charge	Services funded	Rationale for charge	Charge paid per week 2023-2024	Proposed change	Charge paid per week 2024-2025
District Heating maintenance	Maintenance of boilers and district heating at Heath Town	Cost Recovery	£4.46	6.7% increase	£4.76
District Heating maintenance owner occupiers*	As above	As above – annual charge	£231.98 p.a	No increase	£231.98
District Heating maintenance	Maintenance of boilers and district heating at Hickman Estate	Cost Recovery	£4.46	6.7% increase	£4.76
Central Heating – Gas	Servicing, maintenance and replacement of gas central heating systems	Cost Recovery	£3.97	No increase	£3.97
Central Heating - Electric	Servicing, maintenance and replacement of electric heating	Cost Recovery	£0.99	No increase	£0.99

District Heating Usage Charges

The following rates are charged for the provision of heating and hot water through District Heating to recover fuel costs based upon current metered usage

Heath Town Estate	19.2 per kw/h
Lincoln & Tremont House	17.7p per kw/h
Wodensfield and William Bentley Court	18.6 p per kw/h

It is anticipated that these rates are likely to be adjusted from Sept 2024 due to the contract price of gas. Authority to agree the increases is delegated in accordance with general fees and charges.

Appendix 3

Supported Housing Charges

Service Charge	Services funded	Rationale for charge	Charge paid per week 2023-2024	Proposed change	Charge paid per week 2024-2025
Digital TV	Service provision at Trent Gardens	Cost recovery	£1.31	6.7% increase	£1.40
Communal cleaning	Communal cleaning at Tap Works	Cost recovery	£3.54	6.7% increase	£3.78
Communal cleaning	Internal communal cleaning at Trent Gardens	Cost Recovery	£9.64	6.7% increase	£10.29
Communal Heat Light and Water	Tapworks/Trent Gardens	Cost Recovery	£1.75	6.7% increase	£1.87
Fencing	Tap Works boundary fencing	Provision for replacement	£0.31	6.7% increase	£0.33
Capital Replacement – Tap Works	Capital equipment in communal areas	Provision for replacement	£8.25	6.7% increase	£8.80
Capital Replacement – Trent Gardens	Capital equipment in communal areas	Provision for replacement	£16.50	6.7% increase	£17.61
Window Cleaning	Tap Works	Cost Recovery	£0.21	6.7% increase	£0.22
Window Cleaning	Trent Gardens	Cost Recovery	£0.73	6.7% increase	£0.78

Temporary accommodation rents and charges

1. The changes for 2024-2025 relate to self-contained standard rent and service charges.

Temporary Accommodation charges	2023-2024 £pw	2024-2025 £pw
Self-Contained standard rent and service charges	75.93 – 129.57	81.69 - 117.97
Self-contained management fee	35.39	38.12
Self-contained Furniture replacement 1	26.49	28.53
Self-contained Furniture replacement 2	34.10	36.73
Cleaning and safety checks	18.00	19.39
Total minimum charge	150.94	167.72
Total maximum charge	201.92	212.20

Properties are across the council stock, mainly on flatted estates. Rent and service charges consistent with neighbouring properties will vary dependent on location, furniture replacement charge applied dependent on property size.

Charges for Land Enquiries

The following fees are chargeable for land enquiries;

£180 land enquiry processing fee

£350 land valuation fee

This page is intentionally left blank

Appendix 4

The Housing Revenue Account

1. Local authorities are required by the Local Government and Housing Act (1989) to maintain a ring-fenced revenue account containing expenditure and income relating to their housing landlord service. This is known as the Housing Revenue Account (HRA).
2. Statute governs what may be charged and credited to the HRA, the underlying principle being that housing rents and service charges should only pay for the housing landlord service. In particular, it prevents cross subsidy of those income streams and others that the council receives, for example council tax. The main items which are shown in the HRA are:
 - Income from rents and lettings from dwellings and non-dwellings
 - Costs associated with managing and maintaining the rental stock (but not improving it or the Decent Homes programme, which are capital budget items)
 - Costs and income associated with providing landlord services to tenants such as heating and concierge services
 - The net costs of providing Housing Support services including those to Homeless Families and Carelink as well as HRA feasibility work.
3. Authorities have a duty to prepare and make available to rent payers an annual budget for the HRA in advance of the year in question. The budget must identify how all planned expenditure is to be funded. This may include the use of retained surpluses from previous years, but the HRA must never go into an overall deficit.
4. In accordance with the Council's financial procedure rules, the budget, rents and service charges must be approved by Full Council, which receives recommendations from the Cabinet.

Administration of the HRA at Wolverhampton:

5. The Director of Resident Services has responsibility for the overall HRA budget, and administration of
 - The Council's Housing function, which manages central costs and recharges with the General Fund in conjunction with strategic Finance, as well as undertaking housing development, housing strategy, services for rough sleepers and other specialist support.
 - Wolverhampton Homes and the Tenant Management Organisations who manage the rent collection, day to day maintenance and in the case of Wolverhampton Homes, the programme for maintaining properties at decent homes standard, and more recently, the homeless service.

Appendix 4

HRA Subsidy and Self-financing

6. Until April 2012, one of the key factors in the budget preparation process was the Government's annual HRA subsidy determination. HRA subsidy was a housing resource redistribution system administered by the Department for Communities and Local Government. Authorities either paid into or received money from a national pool, based on a formula that assessed their assumed need to spend and assumed income.
7. HRA subsidy was complex and difficult to predict but had significant impacts on the funds available to an authority's HRA, which made it central to the budget process.
8. With effect from 1 April 2012, HRA subsidy was abolished. Instead of annual determinations, authorities paid or received a one-off settlement at the end of March 2012. This settlement was calculated as the net present value of forecast subsidy payments or receipts over the next 30 years. The final HRA subsidy payment was made in 2012-2013.
9. As part of the self-financing process the government imposed a debt cap of £356.8 million on the HRA, this being the higher of the Subsidy Capital Financing Requirement and the self-financing valuation. On 29 October 2018 the government announced the abolition of the debt cap with immediate effect. The government issued a determination that revoked the previous determinations specifying local authority limits on indebtedness. As a result local authorities are now able to borrow for housebuilding in accordance with the prudential code.

Service Charges

10. Service charges are intended to pay for the receipt of services over and above the provision of a standard dwelling, and not provided to all tenants. They should meet the full cost of providing the service in question, but never exceed it.

Garage Sites

11. HRA garages are not let exclusively to HRA tenants and garage sites do not form part of HRA ringfenced services.

Appendix 5

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	Government Legislation	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.	4	5	20	R	<ul style="list-style-type: none"> Monthly monitoring at service level and quarterly monitoring to Members. Close monitoring of developing national position and reporting to Members. HRA balance of £7.0 million 	Director of Finance	Quarterly
2	Income and Funding	General interest rates are higher than forecast.	If interest rates are higher than forecast there will be greater interest payments.	3	5	15	R	<ul style="list-style-type: none"> Prudent estimate of interest rates are used in forecasting. The latest forecasts from the OBR are used. 	Director of Finance	Monthly
3	Income and Funding	Right to Buy sales are higher than forecast.	Less revenue will be received over the life of the plan than has been forecast.	3	4	12	A	<ul style="list-style-type: none"> Prudent estimates of the level of Right to Buy sales are used in forecasting. Review impact of new government policies Weekly monitoring of sales 	Director of Finance	Monthly
4	Income and Funding	Inflation rates are lower than budgeted for.	Rents cannot be raised as much as has been forecast.	2	5	10	A	<ul style="list-style-type: none"> Prudent estimates of inflation rates are used in forecasting based on external economic forecasts. 	Director of Finance	Monthly

Appendix 5

Risk Number	Category	Risk- cause/event	Impact of Risk	Probability of Risk (P) Score 1-5	Impact of Risk (I) Score 1-5	Score (Pxl)	Red (R) Amber (A) Green (G)	Risk Control Measures	Owner	Review Period
5	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 of Managing agents performance at service level and quarterly monitoring to Members. Monitor effect of Universal Credit. Provide support with financial wellbeing 	Director of Resident Services	Monthly
6	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. Monitor Wolverhampton Homes performance through Financial Issues Group 	Director of Resident Services	Monthly
7	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. Monitor through Asset Management Group 	Director of Resident Services	Monthly

Appendix 5

Risk Number	Category	Risk- cause/event	Impact of Risk	Probability of Risk (P) Score 1-5	Impact of Risk (I) Score 1-5	Score (Pxl)	Red (R) Amber (A) Green (G)	Risk Control Measures	Owner	Review Period
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.	2	4	8	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. 	Director of 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. 	Head of ICT	Monthly

Appendix 5

Risk Number	Category	Risk- cause/event	Impact of Risk	Probability of Risk (P) Score 1-5	Impact of Risk (I) Score 1-5	Score (Pxl)	Red (R) Amber (A) Green (G)	Risk Control Measures	Owner	Review Period
10	Financial and Budget Management	HRA borrowing rises to unaffordable levels after abolition of borrowing cap	Inability to borrow to fund future capital projects results in delays or cancellations.	2	3	6	A	<ul style="list-style-type: none"> Close monitoring of capital spend requirements, including monitoring interest cover ratio Business Plan makes appropriate provision for the repayment of debt 	Director of Finance	Monthly
11	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 2022-2023 budget process income budgets were reviewed and revised accordingly. Monthly monitoring at service level and quarterly monitoring to Members. Monitor through Financial issues group 	Director of Finance	Monthly
12	Managing Agent	Performance issues requiring intervention	Income collection Void rent loss Inappropriate use of resources	2	3	6	A	<ul style="list-style-type: none"> Quarterly performance monitoring Financial audits Monitoring of financial position and performance through the Financial Issues and Delivery Plan monitoring groups 	Director of Resident Services Director of Finance	Quarterly Annual

Appendix 5

Risk Number	Category	Risk- cause/event	Impact of Risk	Probability of Risk (P) Score 1-5	Impact of Risk (I) Score 1-5	Score (Pxl)	Red (R) Amber (A) Green (G)	Risk Control Measures	Owner	Review Period
13	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 Members. Strategic Construction Partnership uses two different contractors. 	Budget Holders	Monthly
14	Income and Funding	Lower than anticipated levels of capital funding through receipts and grants.	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	2	4	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. Quarterly monitoring to Members. 	Director of Finance	Monthly

Appendix 5

Risk Number	Category	Risk- cause/event	Impact of Risk	Probability of Risk (P) Score 1-5	Impact of Risk (I) Score 1-5	Score (Pxl)	Red (R) Amber (A) Green (G)	Risk Control Measures	Owner	Review Period
15	Financial and Budget Management	Non pay inflation increase insufficient.	Overspend against budget requiring either in year savings or use of housing revenue account balance.	2	2	4	A	<ul style="list-style-type: none"> Monthly monitoring at service level and quarterly monitoring to Members. 	Director of Finance	Monthly
16	Service Demands	Increased demand for services including the impact of social and demographic pressures on demand for services.	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"> As part of the 2022-2023 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 Members. Monitor at Financial Issues Group 	Budget Holders	Monthly

HRA Financial Management and Investment Strategy

1.0 Introduction

- 1.1 Following the abolition of the HRA debt cap in October 2018 the Council is required to publish Prudential Indicators specific to the HRA.
- 1.2 Local Authorities are required by regulation to have regard to the prudential code. The objectives of the code are to ensure within a clear framework that capital investment plans are affordable, prudent and sustainable.
- 1.3 As the Council continues to increase its capital investment programme supported by an increase in HRA borrowing, it is timely for the council to set out its approach to monitoring the financial capacity and capability of the HRA to deliver on its objectives towards refurbishment, investment, regeneration and new supply.
- 1.4 By identifying future investment capacity potential, the Council can evidence the affordability of its borrowing and investment strategy for council housing.

HRA 30 year borrowing forecasts are illustrated by the graph at Section 7 below

2.0 Interest Rate Chargeable to HRA borrowing

- 2.1 The Council currently operates a one pool approach to financing both the General Fund and the HRA which results in an interest rate being shared between the two Capital Financing Requirements.
- 2.2 Authority will be given to the Section 151 officer to determine a different approach if required, for example additional borrowing for new developments could be separated from the average interest calculation should this be beneficial.

3.0 HRA Debt Repayment

- 3.1 Since the introduction of self-financing in 2012, the Council has adopted a strategy to utilise the annual HRA operating surplus to repay debt. Under the prudential framework authorities are required to set aside money each year from revenue where they borrow to finance general fund capital spending. This is referred to as Minimum Revenue Provision (MRP).
- 3.2 The annual HRA operating surplus refers to the balance remaining after operating expenses, depreciation and financing costs have been charged against income. Borrowing for Social Housing does not require the set aside of MRP so the balance can be used to fund capital expenditure or increase reserves as well as repaying debt. However sufficient debt repayment should be made in order to create headroom for future borrowing.

Appendix 6

- 3.3 The council is required to charge Depreciation to the HRA in order to reflect the costs of providing the asset over the life of the asset. The depreciation effectively sets aside funding for capital works that enhance and prolong the life of the asset (for accounting purposes this is managed through a Major Repairs Reserve).
- 3.3 Authority will be given to the Section 151 Officer to determine the use of the annual HRA operating surplus in the way that is most beneficial to the Council.

4.0 Investment Framework

- 4.1 While there is no theoretical limit to borrowing within the HRA, the existing asset and operating base generates a net income stream that does offer a logical limit on sustainable borrowing levels because it needs to be sufficient to fund services and cover financing costs.
- 4.2 This strategy sets out the framework within which decisions will be taken to ensure that the HRA Business Plan remains sustainable and borrowing affordable.
- 4.3 Reference is made to the Housing Association sector, traditionally funded through long term bank lending secured on the asset base so provides an insight into the viability and sustainability of borrowing as viewed by private lenders.

4.4 Interest Cover Ratio (ICR)

This is the ratio of operating surplus divided by interest costs and represents the cover that the HRA has against its interest cost liabilities in any year; the ICR is set to a minimum which provides comfort that if there were a sudden drop in income or increase in operating costs, there would be sufficient headroom to continue to cover debt interest.

Housing Association lending covenants are generally based on an ICR of between 1.10 and 1.50 with 1.25 being a typical golden rule.

This strategy sets out that the ICR for the HRA should remain at 1.2 or above for the duration of the 30 year plan. The ICR will be monitored on an annual basis by the Section 151 Officer. Authority is given to the Section 151 officer to determine a variation on the minimum ICR

The HRA 30 year Interest Cover Ratio forecast is illustrated by the graph at Section 7 below and demonstrates that financing of the proposed capital programme with the proposed level of debt repayment is affordable.

5.0 Operating Costs

- 5.1 The effective management of operating costs will enable the HRA to sustain borrowing capacity by creating and maintaining headroom.

Appendix 6

5.2 It is the Council’s strategy to ensure that operating costs are linked to property numbers so that they vary as property numbers reduce over time in line with income generated.

6.0 Minimum Balance

6.1 The HRA minimum balance needs to be sufficient to provide a contingency. Currently at a level of £7 million, equating to 7% of turnover.

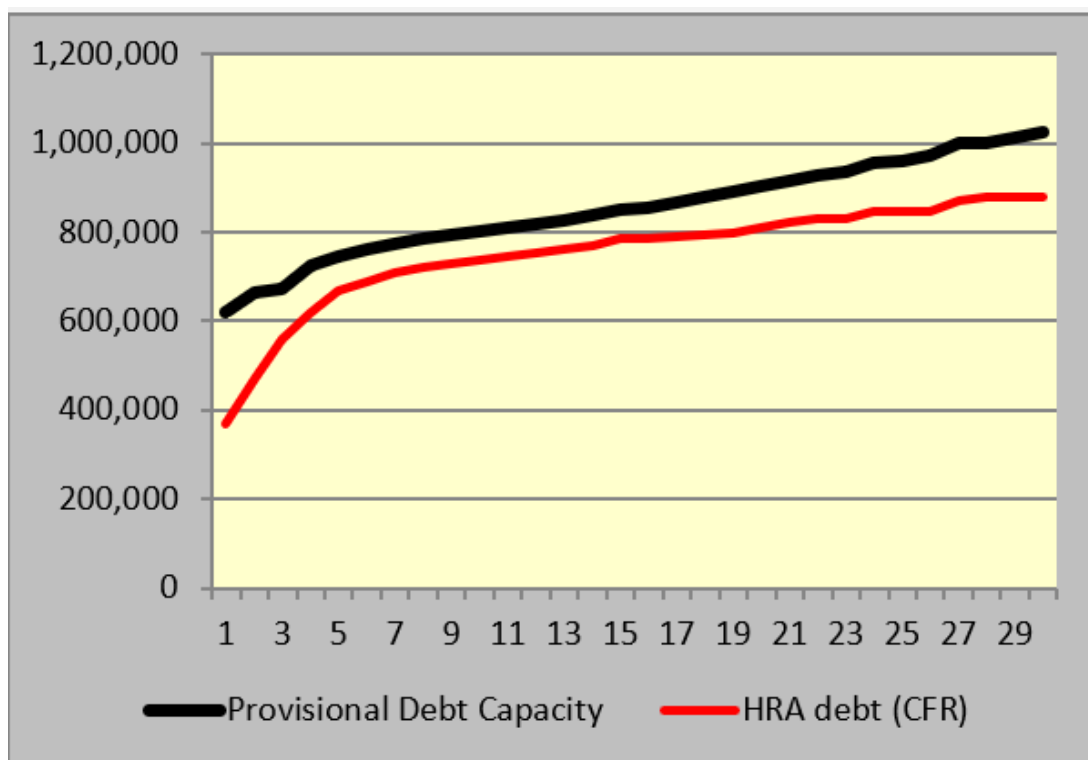
6.2 The Section 151 officer will consider the risks and pressures facing the HRA when determining an appropriate and adequate level of reserve.

6.3 The Section 151 officer will review the minimum balance on an annual basis.

7.0 HRA Borrowing and Interest Cover

7.1 30 year HRA Debt Projection from 2024-2025

The closing Capital Financing Requirement (CFR) is the borrowing need at the end of the financial year.



The provisional debt capacity is created by the minimum ICR

This page is intentionally left blank

CITY OF WOLVERHAMPTON COUNCIL	Meeting of the City Council 24 January 2024
--	--

Report title	Annual Auditors Report	
Referring body	Audit and Risk Committee – 22 January 2024	
Councillor to present report	Councillor Jaspreet Jaspal, Chair of Audit and Risk Committee	
Wards affected	All Wards	
Cabinet Member with lead responsibility	Councillor Louise Miles Resources	
Accountable director	Tim Johnson, Chief Executive	
Originating service	Strategic Finance	
Accountable employee	Claire Nye	Director of Finance
	Tel	01902 550478
	Email	Claire.nye@wolverhampton.gov.uk
Report to be/has been considered by	Audit and Risk Committee	22 January 2024

Recommendations for noting:

The Council is asked to note:

1. The Annual Report from the Council's external auditors, Grant Thornton.

1.0 Purpose

- 1.1 To update members on the Auditor's Annual Report, on City of Wolverhampton Council for 2022-2023.

2.0 Background

- 2.1 Under Section 20(1)(c) of the Local Audit and Accountability Act 2014, Grant Thornton, as the Council's auditor, are required to satisfy themselves that the Council has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources.
- 2.2 The Code of Audit Practice issued by the National Audit Office (NAO) requires Grant Thornton to consider whether the Council has put in place proper arrangements to secure economy, efficiency, and effectiveness in its use of resources. The auditor is no longer required to give a binary qualified/unqualified Value for Money (VFM) conclusion. Instead, they now report in more detail on the Council's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit. Auditors are required to report their commentary on the Council's arrangement under three areas:
- Financial sustainability
 - Governance
 - Improving economy, efficiency, and effectiveness
- 2.3 In line with best practice, the Auditors Annual Report is presented to Full Council to improve transparency to the public and ensure all members are aware of issues raised by the auditor and recommendations.

3.0 Key findings

- 3.1 The Auditor's Annual Report is attached in Appendix 1 and provides the detail. The following paragraphs summarise the key findings.

Financial Sustainability

- 3.2 Overall, Grant Thornton reflected positively on the financial governance of the Council. The report reflects on strong financial performance in 2022/23 and the ability of the Council to maintain General Fund Reserves at a level that is in line with best practice.
- 3.3 The report recognises the Council's track record in delivering savings but also notes the challenging financial climate and the need to identify recurring savings in order to ensure a sustainable medium term financial position.
- 3.4 The auditors also comment on the Council's strong budget setting and control arrangements.

3.5 As a result of our track record of strong financial management, the council is considered to be in a strong financial position when compared to other authorities. In the current difficult financial climate this puts us in a good position to make strategic, well managed decisions to ensure that we have a sustainable medium term financial strategy.

Governance

3.6 The report identifies that the council has an effective internal audit service and has effective Audit and Risk Committee arrangements in place.

3.7 The auditors report on the council's arrangements to identify, review, report and manage risks.

3.8 In relation to our arrangements to ensure compliance the report specifically noted the following areas:

- The Council's Code of Conduct and the councillor training that has taken place
- Training on information governance
- Regular reporting to Governance and Ethics on compliance with Governance/Transparency requirements
- Our self-assessment against the CIPFA Financial Management Code
- Compliance with the CIPFA Statement on the Role of the Chief Financial Officer
- A Code of Corporate Governance which is aligned to the CIPFA/Solace Framework

Economy, Effectiveness and Efficiency

3.9 The auditors found that the Council has arrangements in place to secure economy, effectiveness and efficiency. The following areas are specifically noted:

- The annual refresh of Our City Our Plan
- A strong culture of reporting on key performance indicators
- The quarterly reporting of performance to Cabinet and Scrutiny Board
- The work of scrutiny panels to focus on specific areas of performance, budget and risk
- The Council's approach to ensuring that our resources are aligned to the needs and priorities of local people
- Strong performance in 2022/2023 with 40 of 49 indicators either being sustained or improved

- Partnership working to raise employment levels
- An effective procurement function including the Procurement Strategy and Procurement Pipeline
- Wolverhampton Pound Initiatives
- Contract Management Framework and the Improving Contract Management Lifecycle Project
- The Council's proactive approach to partnership working and strong partnership arrangements.

Civic Halls

- 3.10 The external auditors have reported that they continue to be assured that the Council has effective arrangements in place to protect its interests with regards to ongoing legal proceedings.

West Midlands Pension Fund

- 3.11 The report concludes that the Council has appropriate arrangements in place with respect to the West Midlands Pension Fund.

4.0 Recommendations made by the external auditors

- 4.1 The auditors are required to report on the Council's arrangements under specific criteria and can make recommendations under the following types:
- Statutory – this is a written recommendation to the Council under Section 24 (schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the Council to discuss and respond publicly to the report.
 - Key – the National Audit Officer Code of Audit Practice requires that where auditors identify significant weaknesses as part of their arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council.
 - Improvement – these recommendations, if implemented, should improve arrangements in place at the Council but are not a result of identifying significant weaknesses in the Council's arrangements.
- 4.2 No statutory or key recommendations were made by Grant Thornton. Four improvement recommendations are detailed in the report. Each of these have been agreed by the Council in order to further strengthen our arrangements.

5.0 Financial implications

Whilst there are no direct financial implications arising from this report, the work of external auditors is fundamental to ensuring that the Council continues to manage its resources well. Specifically, the Auditors Annual Report provides assurance to the Council over the proper arrangements to secure economy, efficiency and effectiveness in its use of resources. [CN/15012024/A]

6.0 Legal implications

In light of the content of the Annual report there are no direct legal implications for the Council. [SZ/16012024/P]

7.0 Equalities implications

7.1 There are no specific equalities implications arising from the Annual report, however the actions that the report details and provides a judgement on have already been the subject of detailed equalities analysis which can be found in the reports covering those areas.

8.0 All other Implications

8.1 There are no other specific implications arising from the annual report.

9.0 Schedule of background papers

9.1 Audit and Risk Committee, 27 November 2023, Grant Thornton Audit plan

9.2 Audit and Risk Committee, 22 January 2024, Annual Auditors Report

10.0 Appendices

10.1 Appendix 1: Annual Auditors Report

This page is intentionally left blank

Interim Auditor's Annual Report on City of Wolverhampton Council

Page 71

2022/23

January 2024



Contents

Section	Page
Executive summary	03
Use of auditor's powers	06
Securing economy, efficiency and effectiveness in its use of resources	07
The current LG landscape	08
Financial sustainability	10
Improvement recommendations	16
Governance	18
Improvement recommendations	21
Improving economy, efficiency and effectiveness	22
Improvement recommendations	25
Follow-up of previous recommendations	28
Opinion on the financial statements	31
Other reporting requirements	33
Appendices	
Appendix A – Responsibilities of the Council	35
Appendix B – An explanatory note on recommendations	36



We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.



The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of completing our work under the NAO Code and related guidance. Our audit is not designed to test all arrangements in respect of value for money. However, where, as part of our testing, we identify significant weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all irregularities, or to include all possible improvements in arrangements that a more extensive special examination might identify. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting, on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Grant Thornton UK LLP is a limited liability partnership registered in England and Wales: No.OC307742. Registered office: 30 Finsbury Square, London, EC2A 1AG. A list of members is available from our registered office. Grant Thornton UK LLP is authorised and regulated by the Financial Conduct Authority. Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL). GTIL and the member firms are not a worldwide partnership. Services are delivered by the member firms. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

Executive summary



Value for money arrangements and key recommendation(s)

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Auditors are required to report their commentary on the Council's arrangements under specified criteria and 2022/23 is the third year that we have reported our findings in this way. As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Where we identify significant weaknesses in arrangements, we are required to make recommendations so that the Council may set out actions to make improvements. Our conclusions are summarised in the table below.

page 73

Criteria	2021/22 Auditor judgement on arrangements	2022/23 Risk assessment	2022/23 Auditor judgement on arrangements
Financial sustainability	No significant weaknesses in arrangements identified, but three improvement recommendations made.	No risks of significant weakness identified	No significant weaknesses in arrangements identified, but two improvement recommendations made.
Governance	No significant weaknesses in arrangements identified or improvement recommendation made.	No risks of significant weakness identified	No significant weaknesses in arrangements identified but one improvement recommendation raised.
Improving economy, efficiency and effectiveness	No significant weaknesses in arrangements identified, but three improvement recommendations made.	No risks of significant weakness identified	No significant weaknesses in arrangements identified, but one improvement recommendation made.

- G No significant weaknesses in arrangements identified or improvement recommendation made.
- A No significant weaknesses in arrangements identified, but improvement recommendations made.
- R Significant weaknesses in arrangements identified and key recommendations made.

Executive summary



Financial sustainability

The Council enjoyed strong financial performance in 2022/23, finishing the year within budget with a £1.7m contribution to General Fund reserves. The Council maintained its general reserves balance at 5% net revenue expenditure which is in line with best practice.

The Council is currently forecasting a £1m overspend for 2023/24 primarily driven by children's social care, temporary accommodation pressures alongside pressures in Residents' Services. Work is ongoing to identify mitigating actions to enable the Council to finish with a year-end within budget position.

The Council has a strong history of delivery of savings. Savings delivery is tracked in the budget monitoring reports which are presented quarterly. We raise an updated improvement recommendation to support greater clarity of reporting. Additionally, there is risk in the Council's medium term position. A large proportion of the Council's savings are one-off in nature, though this is a position very much in common with other local authorities. This means that new savings are needing to be identified every year and the one-off savings are built back into the budget as well as undelivered savings, placing additional pressure on the medium term gap. We have raised an improvement recommendation on this.

With regard to the medium term, the Council is undoubtedly in a comparably strong position. The Council has a sensible level of reserves to call on to service the revenue budget. However the level of reserves would not be enough, in isolation, to plug the medium term gap if that were necessary. The current level of reserves provides time for the Council to make difficult decisions, about future budget reduction opportunities, in a strategic and well managed way, over the medium term. If the Council doesn't adopt that strategic approach they will exhaust reserves very quickly, i.e. if no savings were delivered (which is extremely unlikely).

The Council is still in the process of identifying savings to balance the 2024/25 and medium term positions. We acknowledge the risk that this poses to reserves but we rest assurance on the Council's previously strong history of identifying savings and delivering balanced budget position. We acknowledge that the Council is typically prudent and manages budgets effectively.

The Council has strong budget setting and budgetary control arrangements in place.



Governance

The Council has arrangements in place to identify strategic risks, understand them, record them within the risk management system and assess/score them. These arrangements were in place during 2022/23.

The Council has an effective internal audit service in place. This was in place during 2022/23. There was a change in the structure of the service as the Head of internal Audit post was previously shared with Sandwell Council. From August 2023, the arrangement with Sandwell was terminated and a full-time head of service was recruited. Internal audit concluded a reasonable assurance audit opinion for 2022/23. This means that the Council has adequate and effective governance, risk management and internal control processes. This is the equivalent of an unqualified opinion and the highest level of assurance available to Audit Services. We raise an improvement recommendation relating to external assessment for compliance with PSIAS.

The Council has effective Audit & Risk Committee arrangements in place. This is further demonstrated by a high level of compliance with CIPFA's guidance in *Audit Committees: Practical Guidance for Local Authorities and Police* (2022).

The Council has arrangements in place to monitor compliance with legislation and regulatory standards and to communicate to its staff what behaviours are expected of them.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by Council officers, Council Members and external stakeholders with whom we have engaged during the course of our review.

Executive summary



Improving economy, efficiency and effectiveness

The Council has a strong culture of reporting key performance indicators (including outcomes) in place. The Our City Our Plan is refreshed every year and the performance indicators are reported to Cabinet quarterly and also to Scrutiny Board. During 2022-2023, the Council reported on performance against Our City: Our Plan priorities in a performance and financial integrated report. There are 49 indicators across the Our City: Our Plan priorities. Of the 49 indicators, the Council reported 40 saw either improved or sustained performance. This demonstrates a strong level of performance.

The Council have an effective procurement function in place. Procurement is guided by the procurement strategy. The Council is in the process of improving Contract Management with the Contract Management Lifecycle Project currently underway. This was partly instigated by the anticipated changes to procurement legislation. The procurement function does not currently report on Key Performance Indicators (KPI) at committee level. The Council is exploring opportunities to report on KPIs and we have reviewed a draft suite of KPIs in development. We raise an improvement recommendation for the Council to consider reporting on a suite of KPIs that can demonstrate the value the procurement function brings to the overall organisation as well as providing an indication of the nature of the procurement activity, for example, number and value of waivers to the Contract Procedure Rules in any given period.

The Council has strong partnership arrangements in place. The Council takes a proactive approach to partnership working and identifying potential stakeholders to engage with. An example of a partnership strategy is the Education, Skills and Employment Strategy launched in 2023.



The Civic Halls Refurbishment

As part of the 2021/22 Value for Money work we undertook a specific review of the Civic Halls refurbishment project. We identified a risk of significant weakness on the basis of the high-profile nature of the project, the challenges it faced and the cost of the programme. Our work concluded that there were not any significant weaknesses in the Council's arrangements associated with the delivery of this project. At the point of concluding this work the Civic Halls had been handed over to the operator and was scheduled to open for events in June 2023. We stated in our conclusion that we would continue to monitor the conclusion of the construction stage and the ongoing legal proceedings as part of our Value for Money work.

Based on our follow-up review of the Civic Halls refurbishment project we continue to be assured that the Council has effective arrangements in place to protect its interests with regards to ongoing legal proceedings. We have not identified any risk of significant weakness.



The West Midlands Pension Fund

The Council has appropriate arrangements in place with respect to the West Midlands Pension Fund, of which City of Wolverhampton Council is the administering authority.



Financial Statements opinion

The 2022/23 audit is still in progress.

Use of auditor's powers

We bring the following matters to your attention:

	2022/23
<p>Statutory recommendations</p> <p>Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly.</p>	<p>We did not make any written recommendations under Schedule 7 of the Local Audit and Accountability Act 2014.</p>
<p>Public Interest Report</p> <p>Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.</p>	<p>We did not issue a public interest report.</p>
<p>Application to the Court</p> <p>Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.</p>	<p>We did not make an application to the Court.</p>
<p>Advisory notice</p> <p>Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority:</p> <ul style="list-style-type: none"> • is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure, • is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or • is about to enter an item of account, the entry of which is unlawful. 	<p>We did not issue any advisory notices.</p>
<p>Judicial review</p> <p>Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.</p>	<p>We did not make an application for judicial review.</p>

Securing economy, efficiency and effectiveness in the Council's use of resources

All councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Council's responsibilities are set out in Appendix A.

Councils report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:

Page 77



Financial sustainability

Arrangements for ensuring the Council can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).



Governance

Arrangements for ensuring that the Council makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Council makes decisions based on appropriate information.



Improving economy, efficiency and effectiveness

Arrangements for improving the way the Council delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

In addition to our financial statements audit work, we perform a range of procedures to inform our value for money commentary:

- Review of Council, Cabinet and committee reports
- Regular meetings with senior officers
- Interviews with other members and management
- Attendance at Audit Committee
- Considering the work of internal audit
- Reviewing reports from third parties including Ofsted
- Reviewing the Council's Annual Governance Statement and other publications



Our commentary on the Council's arrangements in each of these three areas, is set out on pages 10 to 26.

The current local government landscape



National context

Local government in England continues to face significant challenges as a sector. These include a high level of uncertainty over future levels of government funding, alongside delays to the Government's plans for reform of the local government finance system, impacting on medium-term financial planning. This is also a time of generationally significant levels of inflation – the UK inflation rate was 7.8% in April 2022, rising to a 41-year high of 11.1% in October 2022, then reducing to 10.1% in March 2023. Inflation levels put pressure on councils' revenue and capital expenditure, as well as the associated cost of living crisis impacting on local communities and businesses, leading to an increase in demand for council services such as children with special education needs with associated transport costs, debt advice, housing needs, and mental health, as well as impacting on some areas of council income such as car parking and the collection of council tax, business rates and rents. This follows a significant period of funding reductions by Government (2012 to 2017) and the impacts of Brexit and the COVID-19 pandemic which, for example, have contributed to workforce shortages in a number of council service areas, as well as creating supply chain fragility risks.

The local government finance settlement for 2023/24 was better than many in the sector anticipated demonstrating an understanding by Government of the financial challenges being faced by the sector. However, the Local Government Association, in July 2023, estimated that the costs to councils of delivering their services will exceed their core funding by £2bn in 2023/24 and by £900m in 2024/25. This includes underlying cost pressures that pre-date and have been increased by the pandemic, such as demographic pressures increasing the demand for services such as social care and homelessness.

Over the past decade many councils have sought to increase commercial activity as a way to generate new sources of income which has increased the nature of financial risk, as well as the need to ensure there is appropriate skills and capacity in place to manage such activities.

Local government is coming under an increased spotlight in terms of how the sector responds to these external challenges, including the Government establishing the Office for Local Government (Oflog) and there has been an increase in the number of councils who have laid a Section 114 Notice, or are commenting on the likelihood of such an action, as well as continued Government intervention at a number of councils.

There has also been an increase in the use of auditors using their statutory powers, such as public interest reporting and statutory recommendations. The use of such auditor powers typically derive from Value for Money audit work, where weaknesses in arrangements have been identified. These include:

- a failure to understand and manage the risks associated with commercial investments and council owned companies
- a failure to address and resolve relationship difficulties between senior officers and members
- significant challenges associated with financial capability and capacity
- a lack of compliance with procurement and contract management processes and procedures
- ineffective leadership and decision-making.

Value for Money audit has an important role in providing assurance and supporting improvement in the sector.

The current local government landscape (continued)



Local context

City of Wolverhampton Council is the governing body of the City of Wolverhampton, England. It was previously known as Wolverhampton Metropolitan Borough Council (WMBC) prior to the award of city status in 2000, and also as Wolverhampton City Council before adopting the "City of Wolverhampton" branding in 2015.

The Council has a Leader and Cabinet model of executive arrangements, with each Cabinet Member having political responsibility for assigned service areas. The Council has a total of 60 councillors. City of Wolverhampton Council is elected by thirds, which means that a third of councillors are elected every year over a four year cycle (with no elections in the fourth year).

As stated in the 2022/23 accounts, Wolverhampton is one of the most densely populated local authority areas in England with 263,727 residents living within its 26.8 square miles boundaries. The latest Indices of Deprivation (2019) show that levels of deprivation in Wolverhampton have fallen since 2015, a change from the 17th most deprived in 2015 to 24th most deprived in 2019 (19th worst). Wolverhampton is also nationally ranked 19th for Employment deprivation, 42nd for Education deprivation with child poverty levels at 29.1%. Data shows that deprivation in the City is concentrated in a number of 'hot spots.'

Wolverhampton's population is projected to increase by 13% (approximately 32,375 residents) between 2021 and 2043. The City has an ethnically diverse population with 43.3% of residents being of non-white British heritage. Although Wolverhampton has a younger age than the average in England, projections show that the 65+ age group is predicted to grow by 34.2% between 2021 and 2043 compared to the 0-15 population which is only predicted to grow by 1.2%.

Wolverhampton's business base is growing. More businesses were established in the West Midlands during 2022 than in any previous year to date – making it one of the UK's most successful regions. Wolverhampton noted the fourth highest number of new businesses in the region with 3,754 during 2022. The City of Wolverhampton sits right at the heart of one of the UK's largest pools of skilled labour – 323,000 people live in the City's travel to work area.

Financial sustainability



We considered how the Council:

- identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds them into its plans
- plans to bridge its funding gaps and identify achievable savings
- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities
- ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system
- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

2022/23 financial performance

In 2022/23, the Council was still feeling the impacts of COVID-19 although the funding from government to meet the costs ceased. We note that there were additional pressures in adult social care, children's services, budget costs, inflation, interest rates, the impact of Brexit and supply chain issues. It is clear that councils were facing a difficult national backdrop against which to make decisions to ensure future financial sustainability.

The Local Government Finance Settlement was a one-year settlement for 2022/23 only. This increased the challenge for the Council to make credible assumptions against which to base budgets.

The Council set a balanced budget for 2022/23 with a net budget requirement of £267.2m without planned use of general reserves. The Council voted to increase Council Tax by 2.99% which incorporated the 1% in relation to Adult Social Care which was the maximum amount permissible without a referendum.

The Council's general reserves balance stood at £13.7m at 2022/23 budget setting which was approximately 5% of the net budget which is in line with recommended best practice.

The Council transferred £4m of its 2021/22 underspend to a specific reserve to support the budget strategy for 2022/23. At 2022/23 budget setting, the Council proposed that £1m of this reserve be set aside to support the 2022/23 budget and £3m set aside to support the 2023/24 budget.

The Council also built in the use of applying capital receipts flexibly to support revenue transformation into the 2022/23 budget. This was originally proposed to be £5m but was reduced to £3m at 2022/23 budget setting.

The Council finished 2022/23 within budget after meeting the costs of redundancy and pension strain. At 2022/23 budget setting, the Council set a target of £11.017m savings (budget reductions, income generation or efficiencies). The favourable outturn position of the Council meant that those targets not delivered in full by the original means were offset by other underspends. The Council keep existing savings targets already built into the budget and MTFS under constant review and if they are considered not to be deliverable then it adjusts the MTFS to reflect this. The appendix of the outturn report details savings and their delivery at year-end. We address the Council's reporting of savings on page 13 and in improvement recommendation 2.

The Council was able to contribute £1.7m to the General Fund reserves balance, increasing the balance to £15.3m to ensure it maintains 5% of the net budget for 2023/24. This was approved by Cabinet on 22 February 2023.

The Council did not end up using the £3m capital receipts to fund revenue transformation. Capital receipts were used to finance capital expenditure, thereby mitigating the need for borrowing.

2023/24 financial performance

The Local Government Finance Settlement 2023/24 was challenging but more generous than most authorities were expecting. The Spending Review total for local government increased by £1.6 billion in 2022/23 and in 2023/24 the Review stated that this would be the same 'cash' level as 2022/23. Though the impact of COVID on Council finances has reduced significantly, the current predicted high inflation rates and cost of living crisis has increased pressure on Council budgets.

Financial sustainability

Inflation, in particular, is presenting as a considerable cost pressure in 2023/24 budgets impacting Council costs. The funding settlement for Wolverhampton showed an increase of 10% in core spending power.

The Council set a net budget requirement for 2023/24 of £306.4m for General Fund services without the use of general reserves. The 2023/24 budget included an increase of 4.99% for Council Tax which incorporated the 2% in relation to Adult Social Care which was the maximum amount permissible without a referendum.

The budget included a £1.7m transfer from the Budget Strategy Reserve to the General Fund reserve in order to ensure it maintains the 5% of net revenue budget threshold in line with good practice.

The 2023/24 budget included a net savings target of £1.107m. The Council is monitoring delivery against this in the budget monitoring reports. There are recurrent savings of £8.6m, included in this are total efficiency targets of £6.2m which were held corporately at the time of budget setting. The Council is continuing work to allocate this target based on underspends and efficiencies in 2022/23. The Council notes that £4.2m of this target is one off in nature. The £1.107m is reflective of the reversal of one-off savings being added back in the subsequent year and, to a lesser extent, the removal of savings failed to be delivered in previous years. The Council includes in the budget monitoring reports a table (Table 1) which notes the progress on the savings. Our commentary on savings reporting is on page 13 and improvement recommendation 2.

As reported in the Council's latest budget monitoring report to November 2023 Cabinet, the Council is forecasting a £1m overspend against the 2023/24 budget. Work is ongoing to identify ways to reduce the pressure and bring the budget back into line. The current overspend position is after accounting for the use of £2.5m of the Future Years Budget Strategy Reserve.

The Council's general reserves balance stood at £15.3m at the end of 2022/23. This reserve, however, is not the only reserve that the Council is able to call on to manage risks associated with the revenue budget. The Council also have earmarked reserves which can be used to service revenue budget deficits. The Council's Future Years Budget Strategy Reserve stood at £11.5m as at 31 March 2023. There is also the Budget Contingency Reserve which was £5.6m at the end of 2022/23 and the Re-organisation Reserve which was £5.9m. These reserves are earmarked reserves that the Council has put aside to fund the revenue budget.

The Re-organisation Reserve has been delineated as the reserve that will fund redundancies so this reserve can service overspends if redundancies or re-organisation is a contributing factor to the overspend. It is important to note that these reserves have been self-allocated by the Council and are not bound by law or any grant conditions. Therefore, should the Council find itself in financial difficulty, there is the option of repurposing these reserves to fund general revenue budget pressures.

As at 31 March 2023 £m

General reserves balance	15.3
Future Years Budget Strategy Reserve	11.5
Budget Contingency Reserve	5.6
Re-organisation Reserve	5.9
Total	38.3

Table 1: Reserves available to service the revenue budget

Source: 2022/23 outturn report

The reserves position therefore demonstrates that, even if the overspend position materialises, the Council has enough reserves to be able to call on to comfortably finish the financial year with a sufficient level of reserves to weather future financial difficulties in the short term. This is not to undermine the importance of maintaining a healthy level of reserves and not to diminish the reserves balance to an unsustainable degree. Key to this is the identification and delivery of savings.

Financial sustainability

2024/25 financial planning

In October 2023, the Council presented its second and latest draft budget for 2024/25 to Cabinet. In this document, the Council detailed that it is still forecasting a budget deficit of £2.6m for 2024/25, meaning that the Council will still need to identify £2.6m of savings/efficiencies in order to close the gap. The current 2024/25 budget is forecasting £3.6m of savings and the need to use £3.2m of reserves. See Table 2 below. This leaves £2.6m of the budget gap for 2024/25 which remains unaccounted for. The default position is to assume that, if savings are not identified before the end of the year, that the Council will need to fill this gap through reserves.

As previously documented, the Council's reserves are in a robust position. If the Council had to meet the £2.6m of the budget gap from its reserve balance this wouldn't put the Council in a perilous financial position in the short term. This provides time for the Council to make difficult decisions, about future budget reduction opportunities, in a strategic and well managed way, over the medium term.

	2024/25
	£m
Total Expenditure	338.2
Total Income	(325.6)
Budget Gap	12.6
Savings	6.8
Approved planned use of reserves	3.2
Remainder of gap left to fund	2.6

Table 2: 2024/25 Budget Gap

Source: Draft Budget 2024-2025 and Medium Term Financial Strategy

The medium term

The Council has acknowledged that the medium-term financial plan and outlook beyond 2023/24 remains uncertain. In an atmosphere of political and international uncertainty, economic challenges such as high inflation, increased interest rates, lack of clarity on future financial settlements and the long-term impact of greater service demand, authorities are tasked with the difficult duty of demonstrating a resilient and sustainable position from which to weather shocks.

The Council has a medium term financial strategy (MTFS). The MTFS was agreed at the 1 March 2023 meeting of Full Council.

As per the budget presented in February 2023, the Council are forecasting a £24m cumulative budget gap over the medium term (to 2025/26). The budget gap can be defined as the difference between the estimates cost of services, net of fees, charges and rents and the estimated resources available from taxation and government. A budget gap can be closed by identifying cost savings and efficiencies, generating increased income or funding, developing cost avoidance strategies (e.g. preventative or demand management strategies) or by cutting or reducing services to the statutory minimum requirement.

The table overleaf (Table 3) shows the Council's forecast medium term gap based on the February 2023 iteration of the medium term financial plan. The Council can close the budget gap by identifying and delivering savings and using reserves. It is important to note that this is before the October 2023 update to the 2024/25 budget, so the figures for 2024/25 do not reflect the most up to date position.

The Council plans to identify as much savings as possible in order to reduce the reliance on reserves. The Council therefore does not plan to actually use the reserves laid out in the table, the intention is to identify savings. As is evident by the table, the Council focus is on balancing the budget for the forthcoming year (year one of the MTFS). Given the increasingly uncertain economic and political wider environment and lack of direction on central government funding, balancing successive years becomes increasingly difficult due to the variability in the assumptions the Council uses and the effort to remain prudent. We therefore support the Council's strategy.

Financial sustainability

The Council has robust and adequate reserves in the context of the level of the medium term forecast budget gap. This is a position that is becoming increasingly uncommon due to the difficulties facing the local government sector and is a credit to the Authority's judicious and prudent financial management.

	2023/24	2024/25	2025/26
	£m	£m	£m
Total Expenditure	307.5	325.6	340.0
Total Income	(306.4)	(316.4)	(316.1)
Budget Gap	1.1	9.2	23.9
Savings	(1.1)	7.2	(0.9)
Default use of reserves	0.0	16.4	23.1

Table 3: The medium term budget gap

Source: 2023-2024 Budget and Medium Term Financial Strategy 2023-2024 - 2025-2026

The positive balance in 2024/25 for savings reflects that a number of savings proposals for the prior year (2023/24) are one-off and are therefore reversed out the following year. Since this budget report, the Council have been able to identify additional savings for 2024/25 as is demonstrated on page 14.

While the Council is in a stronger position than many others in the sector currently, there are still risks associated with the medium term position. A significant sum of the Council's savings are non-recurrent in nature, this means that they are only taking the organisation into the next year and not providing any security for the medium term. This is further represented by the fact that the Council focuses on balancing year one of the MTFP as it becomes increasingly difficult to identify savings further down the line.

The Council has also not had a perfect history in terms of savings delivery – there have been savings that have been deleted due to failure to deliver or the emergence of pressures resulting in a failure to deliver. The Council recognises these risks and demonstrates this by the 'RED' RAG rating for the overall level of risk associated with the Draft 2024/25 budget and Medium-Term Financial Strategy.

We raise an improvement recommendation encouraging the Council to prioritise identifying savings at the earliest possible opportunity, to focus on identifying recurrent savings which are allocated to service lines and not held corporately and to ensure the maintenance of the general reserves balance. We do not consider this to be an unusual position for local authorities to be in given the current climate but nonetheless want to emphasise the importance of these measures in their relation to the financial sustainability of the Council.

In our 2021/22 report, we raised an improvement recommendation surrounding greater clarity of reporting in savings. We acknowledge that the Council has made progress in this area and there is clear evidence of effort to implement our recommendation. Despite this progress, we believe further efforts are necessary to ensure the spirit of the recommendation is captured and we therefore raise a further improvement recommendation. We encourage the Council to include a forecast level of savings delivery in the budget monitoring reports to highlight to users of the reports the likelihood of delivery and the level of assurance in the Council's savings plans. At present, it is difficult for users to understand whether the savings identified at the start of the year at budget setting were based on robust assumptions as the Council does not provide clarity on the development of those savings. In the reports, there is commentary on each of the savings but, in our opinion, it is somewhat vague. For example, commentary might state that a particular saving may be achievable 'in part' but does not indicate whether this is 10% or 90% chance of deliverability. Greater clarity in this area would enhance the utility of the reports.

Capital

The Council approved the Capital Programme 2022-2023 to 2026-2027 on 1 March 2023 at full Council. The General Fund capital programme for 2022/23 was approved at £97.474m. The capital programme reflects the priorities of the Strategic Asset Management Plan.

As per the outturn report for 2022/23, the Council recorded £67.6m, which represents £69.3% of its original budget.

Financial sustainability

Council capital programmes across the country are being highly impacted by working restrictions, procurement delays, supply chain issues, public consultation, funding and financing considerations and potential planning permission submissions. Compared to many of the other local authorities we work with, this level of delivery against budget is positive to note.

Budget setting

A sound budget is essential to ensure effective financial control in any organisation and the preparation of the annual budget is a key activity at every council. The budget and council tax is required to be approved by full Council prior to the start of the new financial year.

The City of Wolverhampton Council met this deadline by approving the budget for 2023/24 on 1 March 2023 therefore complying with its statutory responsibility.

The Council keeps its medium term financial strategy (MTFS) under regular and continuous review. For example, an update to the MTFP was presented to the October 2023 Cabinet, updating the MTFP for the 2024/25 budget position we get closer to the 2024/25 financial year and the Council is identifying further savings and efficiencies to incorporate into the budget.

Councillors decide the Council's overall policies and set the budget each year. The Cabinet makes decisions in line with the Council's overall policies and budget. As detailed in the City of Wolverhampton Constitution, if the Cabinet wishes to make decisions outside the budget or policy framework, it must be referred to Full Council to decide.

The Council uses the Financial Strategy, which was approved by Council in March 2019, to guide financial management. The strategy consists of five core principles:

- Focusing on Core Business: giving focus on activities that deliver the outcomes that local people need and which align to the Council Plan
- Promoting Independence and Wellbeing: enabling local people to live independently by unlocking capacity within communities to provide an effective and supportive environment

- Delivering Inclusive Economic Growth: continuing to drive investment in the City to create future economic and employment opportunities
- Balancing Risk: ensuring decisions are based on evidence, data and customer insight
- Commercialising the Approach: boosting social value in the city by maximizing local procurement spend with people and businesses.

There is evidence of strong internal and external engagement in the budget setting processes. Assumptions around demand and information on cost pressures are compiled by the Directorates alongside finance colleagues where they are incorporated into the budget. Members are involved in the identification of savings and savings proposals are approved alongside the Council's budget and MTFP at full Council.

Over the last thirteen years of budget setting processes, the Council has been able to identify budget reductions in the region of £240m. This serves as an example of the effectiveness of the Council's budget setting process and general approach to financial management.

Budgetary control

Once the financial year has started, the Council monitors actual spend and income against the approved budget. This is primarily undertaken monthly by budget holders with elected members receiving reports highlighting specific issues or concerns on a regular basis.

During 2022/23, the Cabinet received budget monitoring reports in the form of the joint 'Performance and Budget Monitoring' reports. The outturn for 2021/22 was presented in June 2022. Reports for 2022/23 were presented quarterly with the final outturn report being presented in July 2023.

The City of Wolverhampton has a strong record of financial management that has put the Council in a better position than most to weather the current and future wider economic outlook. There is an effective framework of financial accountability that is understood and applied throughout the organisation. This was further evidenced during 2022/23 when, at quarter 1, the Council was forecasting a £5.4m overspend for the year. This was reduced to £1.5m at the next report. The Council finished 2022/23 within budget, demonstrating the ability of management to act on the information presented in the budget reports regarding adverse variances and being able to implement mitigations to bring the budget in line.

Financial sustainability

There is clear evidence of integration of non-financial information with financial information. The Council provide an integrated finance, performance and risk report in the organisation's reporting arrangements. In this way, Members can consider all three factors simultaneously. An example is the November 2023 Cabinet report. The Council also report integrated finance and performance reports against Our City Our Plan priorities.

There is evidence of the Council's approach reaping benefits, over a number of years and across a number of services, the Council has been able to deliver savings/efficiencies without impacting on the delivery of Council priorities.

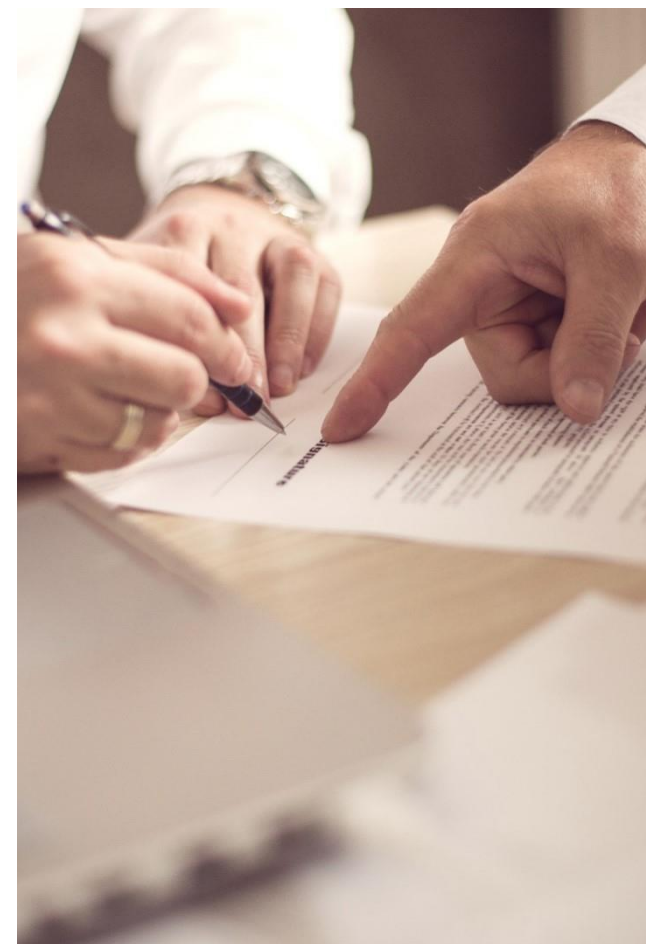
Page 85 Conclusion

The Council enjoyed strong financial performance in 2022/23, finishing the year within budget with a contribution to reserves. The Council maintained its general reserves balance at 5% net revenue expenditure which is in line with best practice.

The Council is currently forecasting a £1m overspend for 2023/24 primarily driven by children's social care, temporary accommodation and pressures in Residents' Services. Work is ongoing to identify mitigating actions to enable a year-end within budget position.

The Council has a strong history of delivery of savings. Savings delivery is tracked in the budget monitoring reports which are presented quarterly. We raise an improvement recommendation to support greater clarity of reporting. Additionally, there is risk in the Council's medium term position. A large proportion of the Council's savings are one-off in nature, though this is a position very much in common with other local authorities. This means that new savings are needing to be identified every year and the one-off savings are built back into the budget as well as undelivered savings, placing additional pressure on the medium term gap. We have raised an improving recommendation on this.

It is important to note the Council's reserves position is robust and adequate in the context. However, the Council should not become complacent given the risk and volatility of the medium term position. We also note that the overall signs are that the Council are coping with the current economic challenges comparatively well.



Improvement recommendations

This recommendation is an update to improvement recommendation 1 in the 2021/22 report:

Improvement Recommendation 1

The Council should prioritise:

- identifying savings for the medium term at the earliest possible opportunity,
- focusing on identifying recurrent savings which are allocated to service lines and budget holders and not held corporately
- ensuring savings are supported by robust quality impact assessments.

Page 86

Summary findings

While the Council is in a stronger position than many others in the sector currently, there are still risks associated with the medium term position. A significant sum of the Council's savings are non-recurrent in nature, this means that they are only taking the organisation into the next year and not providing any security for the medium term. This is further represented by the fact that the Council focuses on balancing year one of the MTFP as it becomes increasingly difficult to identify savings further down the line. The Council has also not had a perfect history in terms of savings delivery – there have been savings that have been deleted due to failure to deliver or the emergence of pressures resulting in a failure to deliver. The Council recognise these risks and demonstrate this by the 'RED' RAG rating for the overall level of risk associated with the Draft 2024/25 budget and Medium-Term Financial Strategy.

We raise an improvement recommendation encouraging the local authority to prioritise identifying savings at the earliest possible opportunity, to focus on identifying recurrent savings which are allocated to service lines and not held corporately and ensure the maintenance of the general reserves balance. We do not consider this to be an unusual position for local authorities to be in given the current climate but nonetheless want to emphasise the importance of these measures in their relation to the financial sustainability of the Council.

Criteria impacted

Financial sustainability 

Auditor judgement

Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.

Management comments

Agreed, the Council will continue to prioritise the identification of recurrent savings.

Progressing the actions management has identified to address the recommendations made will support the Council in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

Improvement recommendations

Improvement Recommendation 2

This recommendation is an update to improvement recommendation 2 in the 2021/22 report:

The Council should consider including in the budget monitoring reports a savings delivery forecast for that particular year which gives an indication of the proportion of savings likely to be delivered in the financial year. For example, the savings forecast can take the form of a RAG-rated tracker or a percentage.

Page 87

Summary findings

In our 2021/22 report, we raised an improvement recommendation surrounding greater clarity of reporting in savings. We encourage the Council to include a forecast level of savings delivery in the budget monitoring reports to highlight to users of the reports the likelihood of delivery and the level of assurance in the Council's savings plans. At present, it is difficult for users to understand whether the savings identified at the start of the year at budget setting were based on robust assumptions as the Council does not provide clarity on the development of those savings. In the reports, there is commentary on each of the savings but it is vague. For example, commentary might state that a particular saving may be achievable 'in part' but does not indicate whether this is 10% or 90% chance of deliverability. Greater clarity in this area would enhance the utility of the reports.

Criteria impacted

Financial sustainability 

Auditor judgement

Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.

Management comments

Agreed, the Council will build on the improvements made to further develop the reporting of savings delivery.

Progressing the actions management has identified to address the recommendations made will support the Council in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

Governance



We considered how the Council:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effective processes and systems are in place to ensure budgetary control; communicate relevant, accurate and timely management information (including non-financial information); supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and member behaviour (such as gifts and hospitality or declaration of interests) and where it procures and commissions services.

Risk management

The Council has arrangements in place to identify strategic risks, understand them, record them within the risk management system and assess/score them. These arrangements were in place during 2022/23. Risk management is guided by the Risk Management Framework. A copy of the current framework was presented to the November 2023 Audit & Risk Committee.

The framework sets out the approach to risk management. It is aligned to Our City Our Plan. The framework is reviewed on annual basis to take into account environmental changes, changes in the Council's risk appetite and to ensure compliance with best practice. The framework aims to encourage the Council to maintain a system to identify, assess, prioritise and manage risks facing the Council (at all levels - from strategic to operational, including its work with partners and on individual projects). The framework includes the Council's risk appetite and risk scoring system. At Wolverhampton, risks are scored using a 5 by 5 matrix approach rating the likelihood of materialisation against the impact of the risk materialising from 1 to 5. The cumulative score can be plotted to identify whether risks should be Red, Amber or Green.

The Strategic Risk Register (SRR) is updated and reported on a regular basis to the Senior Executive Board (SEB), Cabinet and Audit & Risk Committee. Cabinet receives quarterly integrated performance, budget and risk monitoring reports updated against Our City: Our Plan priorities, these in turn are taken to and debated at the Council's Overview and Scrutiny Committee (the Scrutiny Board). In addition to the Strategic Risk Register, Cabinet receives updates on the main budgetary risk facing the Council.

The main risks facing the Council, as with other local authorities are the uncertainties around the future funding streams, impact of demand on statutory services, and inflationary pressures due to the 'cost of living' crisis. SEB regularly review the budget and medium-term financial strategy which incorporates potential known financial risks facing the council.

In September 2023, internal audit stated when presenting the Strategic Risk Register that there had been a refresh exercise performed of the SRR with the SEB. In November 2023, the Strategic Risk Register was presented to Audit & Risk Committee. The register has been refreshed and reviewed by SEB. As a result of this review, 17 new risks have been added to the register (including nationally publicised risks such as equal pay, reinforced autoclaved aerated concrete (RAAC) etc.). This takes the number of risks from 15 to 32 risks. The wording of the risks has been reviewed to ensure they accurately reflect what the Council can control. The report stated 'Although the number of risks has increased from 15 risks to 32 risks this should not be viewed negatively. Having a detailed risk register shows the Council are a mature and transparent organisation in terms of the way it manages their risks. Having an effective risk management process in place demonstrates strong governance. By identifying new and emerging risks on the horizon the Council can ensure that early mitigations can be put in place to manage risks effectively.'

We re-iterate that, while this seems to be a sizeable number of risks, the Council has a rationale behind the reason for including this number of risks and there is approach to discussing the risks through deep dives into a few risks. This approach ensures that risk scrutiny is not diluted due to the large number of risks.

Governance

We do not have concerns that the number of risks is indicative of any type of weakness at the Authority but rather demonstrative of a sound approach to risk management.

The new and refreshed strategic risk register from November 2023 has some presentational changes. A detailed scoring breakdown of the current and target scores (likelihood and impact scores) has now been included. A rationale has now been provided to explain how the target score has been determined. A new summary sheet has been provided at the front of the register to give a high level view of risks, per portfolio holder. This also provides details of the scoring criteria used to determine the risks.

Internal audit

The Council has an effective internal audit service in place. This was in place during 2022/23. Internal audit serves an important function as the main independence source of assurance on all internal controls. Internal audit is central to the Council's framework of assurance and required to acquire an understanding of the Council's risks and overall control environment.

There was a change in the structure of the service as the Head of Internal Audit post was previously shared with Sandwell Council. From August 2023, the arrangement with Sandwell was terminated and a full-time head of service was recruited. The Council continue to monitor this change in arrangement and provide assurance for a smooth transition.

Internal audit concluded a reasonable assurance audit opinion for 2022/23. This means that the Council has adequate and effective governance, risk management and internal control processes. This is the equivalent of an unqualified opinion and the highest level of assurance available to Audit Services. As stated in paragraph 1.3 "In giving our opinion it should be noted that assurance can never be absolute. The most that internal audit can provide is reasonable assurance that there are no major weaknesses in the Authority's governance, risk management and control processes."

The Audit & Risk Committee reviewed and updated the Committee's Terms of Reference in order to ensure it remained fit for purpose in 22/23. Internal audit monitor the implementation of previous key recommendations and any major issues of concern relating to their non-implementation is reported to the Audit & Risk Committee. No limited assurance audit reports reported as at 25 September 2023.

Internal audit is required to be externally assessed for compliance with PSIAS every 5 years. We queried with internal audit to ask when they were last externally assessed for compliance with PSIAS.

We were informed that the last time they were assessed was five years ago. We therefore raise an improvement recommendation reminding/encouraging the authority to seek external assessment for compliance with PSIAS. It is worth noting that the internal audit service do perform a self-assessment for compliance with PSIAS and found themselves to be compliant for 2022/23.

Audit & Risk Committee

The purpose of the Audit & Risk Committee is to provide an independent and high level focus on the adequacy of governance, risk and control arrangements at the Council. The Committee provides independent scrutiny of the authority's financial and nonfinancial performance to the extent that it affects the authority's exposure to risk and weakness the control environment and to oversee the financial reporting process.

We recognise that since the May 2023 elections the make-up of the Committee has changed. We make these comments irrespective of the individual make-up of the Committee but rather of the structure and operation of the Audit & Risk Committee.

There are no statutory requirements that determine the composition of audit committees. The Audit & Risk Committee at City of Wolverhampton Council is comprised of eight councillors and two independent members. CIPFA's recommendation in *Audit Committees: Practical Guidance for Local Authorities and Police* (2022) is authorities should strive to have no more than eight elected members. The Council is therefore meeting this recommendation of best practice. CIPFA recognises that committees of this size should allow sufficient breadth of experience but is small enough to allow the training and development of a dedicated group.

CIPFA guidance emphasises the importance of the separation of executive roles and the membership of the audit committee. Where an authority has a cabinet system of governance, as at City of Wolverhampton Council, including a member of the cabinet on the committee is discouraged. We have compared the membership of the Audit & Risk Committee with the members of the Executive to ensure a clear separation. We can confirm that no members of the Executive are also members of the Audit & Risk Committee, in line with the guidance.

Governance

CIPFA guidance and the Redmond Review (2020) recommend the committee includes two co-opted independent members. City of Wolverhampton Council has two independent members, in line guidance.

To discharge its responsibilities effectively, CIPFA guidance recommends the committee meet at least four times a year. During 2022/23, the Audit & Risk Committee met six times.

CIPFA guidance recommends that the audit committee report annually on how it has complied with its position statement, discharged its responsibilities and include an assessment of its performance. The Audit & Risk Committee perform an annual self-assessment, this was reported to the September 2023 meeting.

Page 90 Compliance

The Council has arrangements in place to monitor compliance with legislation and regulatory standards and to communicate to its staff what behaviours are expected of them. The Council has a Code of Conduct in place and during 2022/23 put in place additional councillor training on the Code of Conduct and rules of debate.

The Council set an aim in 21/22 to ensure that all relevant staff complete information governance/governance training to provide confidence that the Council is meeting all its legal duties. During 2022/23, the Individual Executive Decision Notice process was shared and updated with relevant officers and an internal audit review of the process took place and found substantial assurance. Regular reporting to the Governance and Ethics Committee on compliance with Governance/Transparency Requirements provides assurance that the Council is meeting its legal duties.

There is no evidence of significant or repeated departure from key regulatory or statutory requirements or professional standards. During 2022/23, the Council performed a self assessment of its compliance with the CIPFA Financial Management Code and found it to be compliant with a few limited number of matters where improvement areas were identified. As a result of this review, an action plan has been prepared and implementation is being monitored. Results of this exercise are going to be reported to the Audit & Risk Committee where appropriate.

The Council also assessed its compliance with the CIPFA Statement on the Role of the Chief Financial Officer in Local Government and found it to be compliant.

The Council revised the Code of Corporate Governance which was updated in November 2022 to ensure alignment with the latest principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government.

Leadership & decision-making

We note one risk surrounding the departure of the current longstanding Section 151 officer of the Council in 2023/24. The current Director of Finance has been at the organisation for a considerable number of years and will depart in 2023/24. The Council is putting in place arrangements to recruit an appropriately qualified replacement. In the interim, the current Deputy Chief Executive will be awarded Section 151 powers until a suitable replacement is found. The Deputy Chief Executive previously held the role of Section 151 officer so is experienced in the requirements of the role. The Council have arrangements in place to mitigate against this risk and are in the process of preparing for the Section 151's imminent departure. We rest assurance on the Council's arrangements for appropriately managing this change in senior leadership but note it as a risk.

Conclusion

The Council has arrangements in place to identify strategic risks, understand them, record them within the risk management system and assess/score them. These arrangements were in place during 2022/23.

The Council has an effective internal audit service in place. This was in place during 2022/23. Internal audit concluded a reasonable assurance audit opinion for 2022/23. This means that the Council has adequate and effective governance, risk management and internal control processes. This is the equivalent of an unqualified opinion and the highest level of assurance available to Audit Services. We raise an improvement recommendation relating to external assessment for compliance with PSIAS.

The Council has effective Audit & Risk Committee arrangements in place. This is further demonstrated by a high level of compliance with CIPFA's guidance in Audit Committees: Practical Guidance for Local Authorities and Police (2022).

The Council has arrangements in place to monitor compliance with legislation and regulatory standards and to communicate to its staff what behaviours are expected of them.

Improvement recommendations

Improvement Recommendation 3

We encourage the Council to seek external assessment to ensure compliance with PSIAS.

Page 91

Summary findings

Criteria impacted

Internal audit is required to be externally assessed for compliance with PSIAS every 5 years. We queried with internal audit to ask when they were last externally assessed for compliance with PSIAS. We were informed that the last time they were assessed was five years ago. We therefore raise an improvement recommendation reminding/encouraging the authority to seek external assessment for compliance with PSIAS. It is worth noting that the internal audit service do perform a self-assessment for compliance with PSIAS and found themselves to be compliant for 2022/23.

Governance 

Auditor judgement

Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.

Management comments

Agreed, the Council will ensure that an external assessment is undertaken.

Progressing the actions management has identified to address the recommendations made will support the Council in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

Improving economy, efficiency and effectiveness



We considered how the Council:

Page 92

- uses financial and performance information to assess performance to identify areas for improvement
- evaluates the services it provides to assess performance and identify areas for improvement
- ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives
- where it commissions or procures services assesses whether it is realising the expected benefits.

Performance

The Council has a strong culture of reporting key performance indicators (including outcomes) in place. The Our City Our Plan is refreshed every year and the performance indicators are reported to Cabinet quarterly and also to Scrutiny Board. Each of the 6 scrutiny panels, which are focused on key aspects of Our City, Our Plan, then looks at performance, budget and risk within their specific areas and is able to carry out additional reviews to drive forwards performance.

The Council's 'Our Vision 2030' document sets out the aspirations and priorities for Wolverhampton.

Our City: Our Plan was approved by Full Council in March 2023. To ensure the Council's resource continues to be aligned to the needs and priorities of local people the plan has been refreshed. In March 2023, the Council approved the refreshed Our City: Our Plan which provides the strategic framework for delivering the ambition that 'Wulfrunians will live longer, healthier lives.' It sets out how the Council will continue to work alongside its local, regional and national partners to improve outcomes for local people. Delivery of this ambition is supported by six overarching priorities:

- Strong families where children grow up well and achieve their full potential.
- Fulfilled lives for all with quality care for those that need it.
- Healthy, inclusive communities.

- Good homes in well-connected neighbourhoods.
- More local people into good jobs and training.
- Thriving economy in all parts of the city

During 2022-2023, the Council reported on performance against Our City: Our Plan priorities in a performance and financial integrated report. There are 49 indicators across the Our City: Our Plan priorities. Of the 49 indicators, the Council reported 40 saw either improved or sustained performance. Some of the highlights of this performance included:

- Sustained performance for placement stability of children in care, making Wolverhampton one of the best local authorities in the country for placement stability.
- A reduction in the numbers of First Time Entrants into the youth justice system – over halved in two years
- Top quartile performance for 16- and 17-year-olds in education, employment or training
- Highest ever percentage of adult social care users saying services made them feel safe and secure.
- Large in year increase of health check-ups for those 40-74, a key priority for the authority through 2022-2023
- Improved housing affordability and energy efficiency
- Three times as many premises being able to access full fibre and the first rapid car charging units in the city.
- Increase in the number of local businesses being spent with by the Council, supporting the Wolverhampton Pound approach.

Improving economy, efficiency and effectiveness

- Residents waiting over two minutes less when they call customer services

This demonstrates the Council's strong performance against its plan.

Additionally, Wolverhampton as an area has consistently had one of the highest claimant count rates (for unemployment benefit) over several years, including pre-pandemic years, and unemployment levels continue to be high. This was discussed in the Strategic Risk Register for unemployment presented to the September 2023 Audit & Risk Committee.

The Council is one of several organisations working in the City to help raise employment levels. Wolves at Work is partly funded by the Council and offers support for job seekers. The local authority in partnership with DWP runs a Youth Employment Hub at The Way youth facility in the City centre. It is now in its second year, having exceeded its first year targets, supporting 860 young people, with 311 (36%) going into work since it opened. The team also works with the City of Wolverhampton College at the City's second Youth Employment Hub, on its Bilston campus.

Procurement and contract management

The Procurement Strategy in place at the Council was agreed in March 2023. The strategy provides a framework to support the delivery of high quality public services that offer value for money.

There are a number of documents which help to guide procurement and contract management activity at the organisation.

There is a Procurement User Guide in place which helps to guide officers as they engage with suppliers. There is another User Guide which focuses on Contract Management and use of Key Performance Indicators (KPIs). This guide aims to help officers understand what is meant by contract management and how KPIs play their part in monitoring the performance of contracts. We reviewed two other User Guides which focus on understanding Terms of Conditions and Jargon Busting. These user guides serve as examples of the Council investing in ensuring its officers are well supported with meaningful information, policies and guidance to support procurement activity at the organisation.

The Council has a Procurement Pipeline in place. This contains the details of contracts expected to be re-procured and new procurement projects that are expected to be undertaken both within the next 3 years. Under new regulations, the Council must publish anything over £100m in the annual procurement pipeline.

A peer review exercise was performed to assess the level of readiness for the Procurement Bill and the Council scored among the highest in the cohort. The presentation given also updated on the training of staff in contract management and developing a streamlined contract process.

The Wolverhampton Pound and Community Wealth Building initiatives continue to be in place. These approaches seek to engage the local economy to ensure that local businesses, service providers and individuals are provided with opportunities in relation to contract management and procurement.

There is a Contract Management Framework in place. The Council spends in the region of £150 to £200m per year on a wide range of goods and services. Contracts underpin some of the Council's most critical activities. The purpose of the framework is to provide the organisation with a guide and description of the responsibilities for managing contracts. It highlights what needs to be considered when contracts are established, administered, and managed, and when contracts end. It was developed using the National Audit Office's 'Good Practice Contract Management Framework 2016.'

The Council is in the process of improving Contract Management with the Contract Management Lifecycle Project currently underway. This was partly instigated by the anticipated changes to procurement legislation. As part of this project, the Council has trained all contract managers on contract management via the Government Commercial College. The Council has also just purchased a new contract management system which will be used for all contract management. The Council identified that the current system is not necessarily fit for purpose and purchased the new system in response to this. This demonstrates that the organisation self-assesses its processes and introduces changes in response to identification of weaknesses.

The Council has a Contracts Register in place. This is publicly available and appears to be actively updated.

The procurement function do not currently report on Key Performance Indicators (KPI) at Cabinet and/or committee level. The Council is exploring opportunities to report on KPIs and we have reviewed a draft suite of KPIs in development.

Improving economy, efficiency and effectiveness

We raise an improvement recommendation for the Council to consider the inclusion of appropriate KPIs in procurement reporting that can demonstrate the value the procurement function brings to the overall organisation as well as providing an indication of the nature of the procurement activity, for example, number and value of waivers to the Contract Procedure Rules in any given period.

Partnerships

The Council takes a proactive approach to partnership working and identifying potential stakeholders to engage with.

Integrated Care Systems (ICS) were created as part of the Health and Care Act 2022 and became statutory from July 2022. Upper tier and unitary Local Authorities are required to be members of ICSs as key partners. City of Wolverhampton Council is part of the Black Country Integrated Care System. The Integrated Care Board (ICB) was established on 1 July 2022 with the vision of working to bring health and social care services together for the good of communities in the Black Country region. The Council works alongside ICB partners to support the vision for a healthier place with healthier people and healthier futures.

The Council is also a constituent authority of the West Midlands Combined Authority (WMCA), which was set up in 2016 to support the growth of economies and invest in transport, skills and wellbeing. It works in partnership with the WMCA to deliver outcomes for the city. Addressing skills is a key part of the partnership working in action with a range of stakeholders, including WMCA.

An example of a partnership-level strategy is the newly approved Education, Skills and Employment Strategy.

In September 2023, Full Council approved the strategy. As mentioned in the performance section, Wolverhampton has the second highest unemployment rate in England at 7.9%. The Education, Skills and Employment Strategy forms part of the city's effort to tackle this systemic issue.

The strategy aims to share the risks of unemployment in the city by working closely with schools, key system owners and agencies within Wolverhampton. The strategy focuses on the life journey of local people in the city. The Council would look at developing the five priority areas and work with partners to deliver the transformation programmes. The strategy is a key part of the Shared Prosperity Fund which began in April 2023 delivered through the West Midlands Combined Authority – demonstrating partnership working in action, specifically with the Combined Authority.

The Council also has partnerships with the local educational institutions. In the Principal Social Worker Annual Report 2022/23, the Council mentioned the intention to build on the existing partnership with University of Wolverhampton to support the link between research and practice particularly with the creation of research circles. The Principal Social Worker at Wolverhampton is also the local lead for the regional West Midlands Social Work Teaching Partnership, co-chairing for the regional Children's PSW network and the single point of contact for SWE.

Conclusion

The Council has a strong culture of reporting key performance indicators (including outcomes) in place. The Our City Our Plan is refreshed every year and the performance indicators are reported to Cabinet quarterly and also to Scrutiny Board. During 2022-2023, the Council reported on performance against Our City: Our Plan priorities in a performance and financial integrated report. There are 49 indicators across the Our City: Our Plan priorities. Of the 49 indicators, the Council reported 40 saw either improved or sustained performance. This demonstrates a strong level of performance.

There is an effective procurement function in place. The Council is in the process of improving Contract Management with the Contract Management Lifecycle Project currently underway. The procurement function does not currently report on Key Performance Indicators (KPI) at committee level. The Council is exploring opportunities to report on KPIs and we have reviewed a draft suite of KPIs in development. We raise an improvement recommendation on this.

The Council has strong partnership arrangements in place, taking a proactive approach to both partnership working and identifying potential stakeholders to engage with. An example of a partnership strategy is the Education, Skills and Employment Strategy launched in 2023.

Improvement recommendations

Improvement Recommendation 4

We encourage the procurement function to report on Key Performance Indicators (KPIs) to Cabinet and/or committee level.

Summary findings

The procurement function does not currently report on Key Performance Indicators (KPI) at committee level. The Council is exploring opportunities to report on KPIs and we have reviewed a draft suite of KPIs in development. We raise an improvement recommendation for the Council to consider reporting on a suite of KPIs that can demonstrate the value the procurement function brings to the overall organisation as well as providing an indication of the nature of the procurement activity, for example, number and value of waivers to the Contract Procedure Rules in any given period.

Criteria impacted



Improving economy, efficiency and effectiveness

Auditor judgement

Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.

Management comments

Agreed, the Council will consider including appropriate KPIs in procurement reporting.

Progressing the actions management has identified to address the recommendations made will support the Council in addressing the improvements identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place. The range of recommendations that external auditors can make is explained in Appendix B.

Civic Halls Refurbishment – Follow up on Additional Value for Money work

As part of the 2021/22 Value for Money work we undertook a specific review of the Civic Halls refurbishment project. We identified a risk of significant weakness on the basis of the high-profile nature of the project, the challenges it faced and the cost of the programme. Our work concluded that there was not any significant weaknesses in the Council's arrangements associated with the delivery of this project.

At the point of concluding this work the Civic Halls had been handed over to the operator and was scheduled to open for events in June 2023. We stated in our conclusion that we would continue to monitor the conclusion of the construction stage and the ongoing legal proceedings as part of our Value for Money work.

Our findings from this follow up work are detailed below.

Approach

Our approach to this follow up work is not as detailed as the approach taken during the 2021/22 due to the nature of our findings and the progression of the project as a whole.

We have reviewed relevant documents relating to the Civic Halls refurbishment and also met with the Council's Monitoring Officer to discuss the project and the current status of ongoing legal proceedings.

Findings

Operation of Civic Halls

The Civic Halls hosted its first event on in late May 2023 and has operated an extensive programme of events since the re-opening. We have not looked at the operational performance in any detail as we were satisfied from our work last year that the Council had effective arrangements in contracting with AEG as operator. From our work we have not identified any operational concerns.

Budget

The agreed budget for the Civic Halls Refurbishment is £48.1m. As part of our follow-up work we have reviewed the current position against this budget and the expected outturn. Based on interviews with the S151 Officer and Monitoring Officer, supplemented with review of documents, the current forecast is that the project will be delivered within this budget envelope. This is pending the outcome of ongoing legal proceedings which are discussed later in this report. Overall, we have identified no concerns in relation to the forecast budget outturn of the Civic Halls refurbishment.

Ongoing legal proceedings

On 5th December 2023 the defects certificate was issued, marking the 1 year anniversary of the building being handed over to AEG as operators. The Council are engaged with AtkinsRealis (formerly Faithful & Gould) to review this defects certificate to determine what constitutes a real defect ahead of issuing the Final Certificate on 9th January 2024.

The issuing of the Final Certificate indicates another milestone in the conclusion of the construction phase of the Civic Halls refurbishment but there remains ongoing legal mechanisms under the contract that will need to be concluded.

Professional support

The Council continues to engage with appropriate professional support to ensure that it protects its position with regards to the ongoing legal proceedings. From a legal perspective the Council utilises Trowers & Hamlin for support and AtkinsRealis for expertise with regards to technical expertise.

Alongside this professional support the Council has demonstrated that it has robust internal monitoring arrangements, centred around the Civic Halls Restoration Programme Board.

Conclusion

Based on our follow-up review of the Civic Halls refurbishment project we continue to be assured that the Council has effective arrangements in place to protect its interests with regards to ongoing legal proceedings. We have not identified any risk of significant weakness.

The West Midlands Pension Fund

Financial sustainability

The pension fund plans and manages its resources to ensure it can continue to deliver its services. The City of Wolverhampton Council are the administering authority for the West Midlands Pension Fund. The West Midlands Pension Fund works in partnership over 800 participating employers to support pension saving and provide benefits to 340,000 members and employees who provide public services, which support communities across the West Midlands.

The Fund's total operating budget increased from £116m in 2022/23 to £122.7m in 2023/24. The Fund ensures value for money in its services through a range of considerations, particularly the additional services, support and outreach it provides and engagement from peers and industry bodies. The Fund actively supports scheme and industry-wide research and working groups to aid in developing a common approach to create value for customers. The Fund ensures costs are monitored, controlled and are appropriate. The Fund's finance function continues with its transformation programme which started in 2022 to update, enhance and develop its controls and processes. The Fund reports positive developments in the programme such as enhanced accounting capabilities and internal controls through review across interdependent teams. The next stage is to review the use of technology to support financial processes, developing internal reporting to ensure resilience and increasing scrutiny to ensure continued achievement of best value.

The Fund is required to be formally valued every 3 years (triennial) by a qualified actuary. The main purpose is to monitor the assets of the Fund against the liabilities of the pension benefits payable. The Fund was last valued at the end of 2021/22. We perform testing of the pension fund valuations as part of our financial statements audit.

The financial performance of the Fund is presented to the Local Pensions Committee. At the October 2023 meeting, the Annual Report and Accounts for 2022/23 were presented to the Committee ahead of publication on the Fund's website. Investment Governance reports are regularly presented to the Board to provide updates on investment related matters, on responsible investment activities and ongoing development of LGPS Central Investment Pool.

Governance

Pension funds are regulated by The Pensions Regulator, The Local Government Pension Scheme Advisory Board (LGPS SAB) and the Department of Levelling Up, Housing and Communities (DLUHC).

The Fund has a risk management framework in place that supports the ongoing review and challenge of services through an effective assurance programme. This was reviewed over 2022 and will continue to be developed during 2023. The Fund aims to ensure that the implications for risk are highlighted at the right levels within the fund, that best practice is shared to establish common understanding of risks and actions and controls are closely monitored to ensure mitigation of risks.

The Pension Fund is supported by the Local Pensions Board and the Pensions Committee who are responsible for assisting in the good governance of the scheme. It consists of 6 member and 6 employer representatives from across the West Midlands region. The risk register is presented to this Board to provide an update on the work to deliver a well governed scheme.

Improving economy, efficiency & effectiveness

To support cost management, the Fund is part of the CEM benchmarking framework which allows them to compare themselves against a full range of relevant peer pension funds to monitor and challenge spend and value added on an ongoing basis.

The Fund works with partners, customers, peers and stakeholders to design, enhance and deliver services that met their needs and support the wider pensions industry.

The Fund adopted its Corporate Plan in March 2023 on reflection of the current issues and drivers for change across the Local Government Pension Scheme (LGPS) and wider investment industry taking on board learnings over the year about their customer needs, and evolving operating environment, together with a review of their service offering. Regular updates on the work of the Fund in achieving its deliverables and targets set out in the Corporate Plan are presented to the Local Pensions Board and the Pensions Committee.

Conclusion

There are appropriate arrangements in place with regard to the Pension Fund.

Follow-up of previous recommendations

Recommendation	Type of recommendation	Date raised	Progress to date (information produced by client)	Addressed?	Further action?
1 The Council should prioritise developing a recurrent efficiency plan to cover the forecasted gap to 2025/26, making sure plans are fully developed and supported by robust quality impact assessments and that there is sufficient headroom in the plan to manage potential slippage.	Improvement	January 2023	The Council continues to prioritise the development of a medium term financial strategy. The Strategic Executive Board (SEB), Executive Board and Leadership Teams are fully engaged with the budget setting and MTFS - in identifying efficiency opportunities, along with areas of growth and ensuring we continue to deliver on council priorities.	Partially	We have re-raised a recommendation to ensure that the Council is focused on delivering improvements. See improvement recommendation 1.
2 This recommendation has been carried forward from 2020/21: Consideration should be given to more formal, explicit monitoring, at a Member level, of the extent to which proposed savings are realised.	Improvement	January 2023	The quarterly performance and budget monitoring reports to Cabinet now also include a brief narrative and table on progress on progress against savings proposals. This was introduced from the quarter 3 2022-2023 report to Cabinet in March 2023.	Partially	We have updated and re-raised a recommendation on this matter. See improvement recommendation 2.
As part of the draft budget setting process, finance should consider adding a narrative section that sets out the best, worst and most likely case of the overall budget gap by the end of the MTFS. These cases should be supported with a brief narrative explaining the factors that would lead to each scenario.	Improvement	January 2023	The Budget report includes scenarios on inflation, levels of grant and impact of this on the budget position. It was reported to Cabinet in July 2022 and October 2022 that a number of scenarios had been modelled to reflecting different assumptions around inflationary uplifts to our top up grants, and the continuation of other one-off grants such as new homes bonus, lower tier fund and services grant, with the working assumption being the mid case. In addition, the February 23 report reported on the projected impact if inflation was higher than assumed in the budget, in particular around the impact any changes to pay award.	Partially	As discussed with officers, effort is continuing in this area. We will follow up at our next reporting period.
4 The Council needs to continue to monitor the progress of the Written Statement of Action that is in place due to the significant concerns raised by CQC and Ofsted in their September 2021 report. The Council should ensure that progress continues to be made and that any improvements are realising the expected benefits.	Improvement	January 2023	The Department of Education and NHS England continue to monitor the progress of the Council and Integrated Care Board against the Written Statement of Action. In the November monitoring visit evidence showed that the LA continues to make significant process against all actions. Monitoring will continue on a 4 month basis until the Council receive its next Local Area SEND Inspection.	Continuing to be monitored until next Local Area SEND Inspection	Continuing to be monitored

Follow-up of previous recommendations

Recommendation	Type of recommendation	Date raised	Progress to date (information produced by client)	Addressed?	Further action?
5 The Council should ensure that the lessons learnt from the Civic Halls refurbishment are applied and embedded into future capital programmes delivered by the Council.	Improvement	January 2023	<p>1. CLQ – The Council has already had an internal audit review which provided satisfactory assurance, a copy of which has been provided to External Auditors and the matter has also covered been covered in the Mid Year Annual Governance Statement which went to Audit and Risk Committee on Monday 27.11.23</p> <p>The Mid year Statement made the following points on CLQ: Civic Halls/other capital programmes – The Council has implemented a self[1]assessment tool for all major capital projects or programmes which addresses the key areas arising from the Civic Halls lesson learnt review. The tool poses a number of questions which are intended to expose arrangements for such matters as contingency plans, cost options appraisals, change management processes, project plans, arrangements for site surveys, and repairs and maintenance programmes. Other questions are designed to ensure there is input by key personnel such as procurement and project management, Senior Responsible Officers and Programme Directors, and to ensure there is a method for centralising documents, reporting and updating at key points.</p> <p>The self-assessment questions have recently been utilised successfully in relation to City Learning Quarter (CLQ) and are detailed in the project’s Internal Audit Report 2023-2024. The self-assessment in that case was completed by the Programme Director and independently reviewed by Audit Services. It is important to note that this report provided satisfactory assurance in relation to that project.</p> <p>Further, Council agreed on 8 November 2023 to amend the remit of Scrutiny Board within the Constitution to require that they now “Co-ordinate the Scrutiny Work Programme Major infrastructure projects that crosscut Scrutiny Panels”. This is intended to ensure that detailed updates are brought to Scrutiny to provide more regular oversight and transparency on key capital projects.</p> <p>A report on the CLQ project will be coming forwards to Scrutiny Board shortly and will be regularly reported to Scrutiny Board in line with the above change to the scope of Scrutiny Board.</p>	Yes	No further action required beyond ongoing monitoring of capital programmes.

Follow-up of previous recommendations

Recommendation	Type of recommendation	Date raised	Progress to date (information produced by client)	Addressed?	Further action?
5 The Council should continue to closely monitor the position with Willmott Dixon on the outcome of the pain/gain mechanism between the two parties. The Council should also ensure that it reports on the expected outcome of this reconciliation and the recovery of pain/gain payments to Willmott Dixon at the earliest possible moment.	Improvement	January 2023	The Council continues to work diligently on concluding all outstanding matters relating to the Civic Halls. A detailed update was included in the Council's Annual Governance Statement taken to the Audit and Risk Committee on 24 July 2023. The position remains that the Council had a favourable finding in the latest adjudication, the result of which was received in February 2023, a detailed update on the implementation of the Audit recommendations (including the result on the adjudication) was reported to the Audit and Risk Committee on 6 March 2023. The Council continues to ensure that the contract is complied with, with appropriate support from legal and other professional advisors. The Project Manager is due to issue the final account to the Council in early January 2024, in line with the contract, namely after the end of a period of 1 year after the hand over of the Halls in December 2022. After receipt of the final account the Council will continue to seek appropriate advice in terms of ensuring that its position under the contract is appropriately protected.	Ongoing	This is an ongoing issue but we are assured that the Council is taking appropriate steps to protect its best interests.

Opinion on the financial statements



Grant Thornton provides an independent opinion on whether the Council's financial statements:

- give a true and fair view of the financial position of the Council as at 31 March 2023 and of its expenditure and income for the year then ended, and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2022/23

Page 101 have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We conducted our audit in accordance with:

- International Standards on Auditing (UK)
- the Code of Audit Practice (2020) published by the National Audit Office, and
- applicable law

We are independent of the Council in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

Audit opinion on the financial statements

The 2022/23 financial statements is still in progress.



Opinion on the financial statements

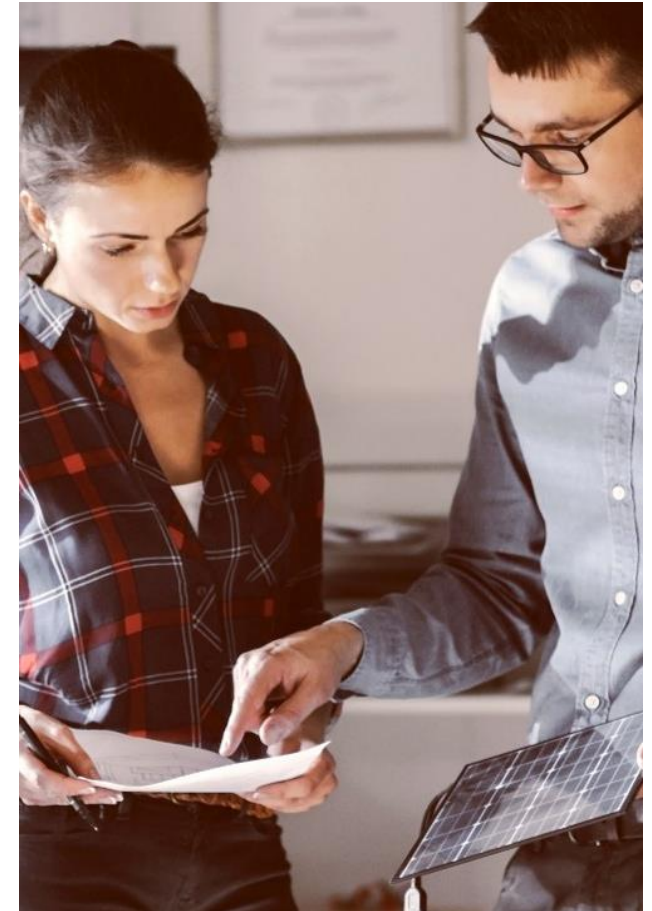


Timescale for the audit of the financial statements

The 2022/23 audit is still in progress. Timescales have been outlined in the Audit Plan.

Findings from the audit of the financial statements

The 2022/23 audit is still in progress.



Other reporting requirements



Other opinion/key findings

The 2022/23 audit is still in progress.

Audit Findings Report

The 2022/23 audit is still in progress.

Whole of Government Accounts

To support the audit of the Whole of Government Accounts, we are required to examine and report on the consistency of the Council's consolidation schedules with their audited financial statements. This work includes performing specified procedures under group audit instructions issued by the National Audit Office.

Page 103



Appendices

Appendix A: Responsibilities of the Council

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

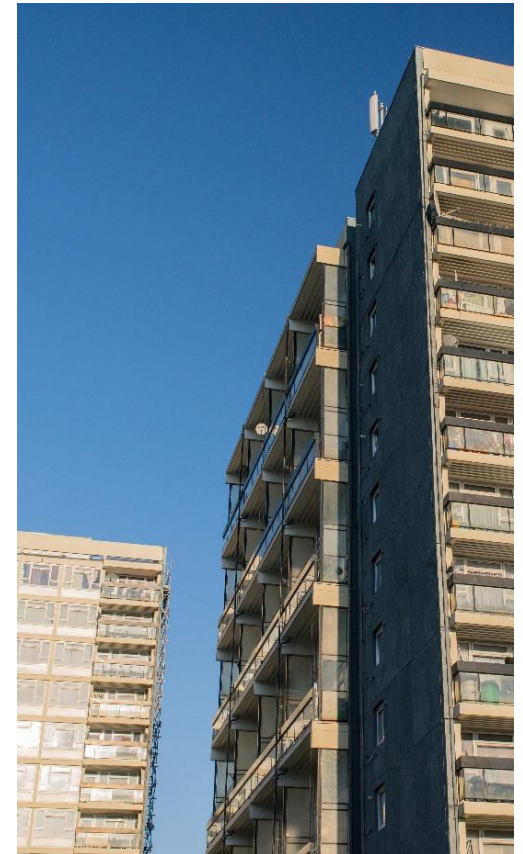
Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.



Appendix B:

An explanatory note on recommendations

A range of different recommendations can be raised by the Council's auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference(s)
Statutory	Written recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No	N/A
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of the Council's arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council. We have defined these recommendations as 'key recommendations'.	No	N/A
Improvement	These recommendations, if implemented, should improve the arrangements in place at the Council, but are not a result of identifying significant weaknesses in the Council's arrangements.	Yes	16-17, 21, 25

Page 106



This page is intentionally left blank

CITY OF WOLVERHAMPTON COUNCIL	Meeting of the City Council 24 January 2024
--	--

Report title	In Year Appointments for the 2023-2024 Municipal Year	
Referring body	N/A	
Councillor to present report	Councillor Stephen Simkins	
Wards affected	All Wards	
Cabinet Member with lead responsibility	Councillor Stephen Simkins Leader of the Council	
Accountable director	David Pattison, Chief Operating Officer	
Originating service	Democratic Services	
Accountable employee	Jaswinder Kaur	Democratic Services Manager
	Tel	01902550320
	Email	jaswinder.kaur@wolverhampton.gov.uk
Report to be/has been considered by	N/A	

Recommendations for decision:

The Council is recommended to approve:

1. The removal of Councillor Celia Hibbert from the following Outside Bodies; Birmingham Airport Consultative Committee, Base 25 Board, Penn Almshouses and Wolverhampton Sports Advisory Council for the remainder of the Municipal year 2023/2024.
2. The appointment of Councillor Milkinder Jaspal to the Birmingham Airport Consultative Committee for the remainder of the Municipal year 2023/2024.
3. The appointment of Councillor Jane Francis to the Base 25 Board for the remainder of the Municipal year 2023/2024.
4. The appointment of Councillor Carol Hyatt to the Penn Almshouses for the remainder of the Municipal year 2023/2024.
5. The appointment of Councillor Sally Green to the Wolverhampton Sports Advisory Council for the remainder of the Municipal year 2023/2024.
6. The removal of Councillor Simon Bennett from the Outside Body Wolverhampton Sports Advisory Council for the remainder of the Municipal year 2023/2024.
7. The appointment of Councillor Wendy Dalton to the Outside Body Wolverhampton Sports Advisory Council for the remainder of the Municipal year 2023/2024.

1.0 Purpose

1.0 To approve in year appointments for the 2023- 2024 municipal year.

2.0 Background

2.0 The composition of the Political balance, appointment of the Cabinet, appointments to Scrutiny and Regulatory and other Committees, and appointments to outside bodies for 2023-2024 was approved at the meeting of Annual Council on 17 May 2023.

2.1 Approving or amending appointments to the Cabinet, appointments to Scrutiny and Regulatory and other Committees, and appointments to outside bodies is a function reserved for Council.

4.0 Financial implications

4.0 There are no financial implications arising from the recommendations within this report.
[SR/12012024/A]

5.0 Legal implications

5.0 The Local Government and Housing Act 1989 requires the Council to review periodically the political composition of the Authority, and how this is applied to appointments to Council bodies.

5.1 The rules for securing political balance on Committee and Sub-Committees appointed by local authorities are contained in sections 1 and 16 of the Act and the Local Government (Committees and Political Groups) Regulations, 1990.

5.2 The Council is under a duty to:

- Ensure that the membership of those committees and sub-committees covered by the rules reflect the political composition of the Council, as far as practicable;
- Review the allocation of seats to political groups at or as soon as practical after the Annual Council meeting and at certain other specified times e.g. as a result of changes in political balance or an increase in the number of committees established;
 - Allocate seats on the committees to the political groups in proportion to their numerical strength on the Council, as far as practicable;
 - Accept nominations made by the groups for the fillings of seats allocated to them.

In determining the allocation of seats, the Council must also apply the following four principles, as far as reasonably practicable; A. Not all seats to be allocated to the same political group; B. If a political group has a majority on the Council, it must have a majority of seats on committees; C. Subject to (a) – (b) above, the total of all seats on ordinary committees should be allocated to the groups in proportion to their respective strength on

the Council; and D. Subject to (a) – (c) the number of seats on ordinary committees or sub-committees to be allocated to each political group in proportion to the number of all the seats on the committee or sub-committee in proportion to their respective strength on the Council. [SZ/16012024/P]

6.0 Equalities implications

6.0 There are no equalities implications arising from the recommendations in this report.

7.0 All other Implications

8.1 There are no other implications arising from the recommendations in this report.

8.0 Schedule of background papers

8.0 [Council – 17 May 2023, Political balance, appointment of the Cabinet, appointments to Scrutiny and Regulatory and other Committees, and appointments to outside bodies for 2023-2024](#)

9.0 Appendices

9.0 None

This page is intentionally left blank

CITY OF WOLVERHAMPTON COUNCIL	Meeting of the City Council 24 January 2024
--	--

Report title	Written Questions by Councillors	
Referring person	Councillor Ciaran Brackenridge, Councillor Sally Green, Councillor Paul Sweet, Councillor Celia Hibbert, Councillor Wendy Thompson, Councillor Wendy Dalton	
Wards affected	All Wards	
Cabinet Member with lead responsibility	Councillor Craig Collingswood, Cabinet Member for Environment and Climate Change Councillor Chris Burden, Cabinet Member for Children and Young People Councillor Jasbir Jaspal, Cabinet Member for Adults and Wellbeing Councillor Stephen Simkins, Leader of the Council Councillor Obaida Ahmed, Cabinet Member for Digital and Community Inclusion	
Accountable director	David Pattison, Chief Operating Officer	
Originating service	Governance	
Accountable employee	David Pattison	Chief Operating Officer
	Tel	01902 550320
	Email	David.pattison@wolverhampton.gov.uk

Recommendation for decision:

The Council is recommended to:

That the relevant Executive Members respond to the questions received in accordance with Council's procedure rules for a maximum of 30 minutes.

1.0 Purpose

1.1 For the Cabinet Members to respond to the questions received:

a. Green Innovation Corridor – Opportunities for Wednesfield and the City

Councillor Ciaran Brackenridge to ask the Cabinet Member for Environment and Climate Change:

Delivery of the first phase of the Green Innovation Corridor (GIC) is moving closer to reality, following the provisional award of Levelling Up Round 3 funding.

How did the Council manage to secure this funding and what opportunities will the GIC bring to the people of Wednesfield and the wider city?

b. Green Innovation Corridor – Education Standards

Councillor Sally Green to ask the Cabinet Member for Children and Young People:

What impact will the Green Innovation Corridor have on education standards in the city?

c. Green Innovation Corridor – 2041 Climate Strategy

Councillor Paul Sweet to ask the Cabinet Member for Environment and Climate Change:

In July 2021, City of Wolverhampton Council became the first Black Country local authority to declare a climate emergency and publish an action plan setting out how it would achieve net carbon zero by 2028.

How will the Green Innovation Corridor enhance the Council's forthcoming 2041 Climate Strategy?

d. Physical Inactivity

Councillor Celia Hibbert to ask the Cabinet Member for Adults and Wellbeing:

In December, members of Wolverhampton's Health and Wellbeing Board gave their backing to a new strategy designed to help more people in Wolverhampton get active. Rightly so because available data show that physical activity levels among adults and children in Wolverhampton remain low.

Wolverhampton has only recently moved from being ranked the third worst Local Authority for physical activity among children and young people in 2021-22 to being ranked 61st in 2022-23.

Whilst this is a welcomed improvement, we do not want our city to fall behind again but rather we want to build on this momentum, to join the top-ranked Local Authorities in this positive area.

In fact, it is very important we do because whilst receiving the launch of this strategy, the Cabinet Member for Health and Wellbeing was quoted as saying, "Physical inactivity is responsible for a staggering ONE IN SIX DEATHS in our city".

So given the seriousness of this situation, can the Cabinet Member briefly describe what the implementation of this strategy will look like and how can Councillors measure and track the Key Performance Indicators (KPI's) of this strategy?

e. Former Eye Infirmary

Councillor Wendy Thompson to ask the Leader of the Council:

Can the Leader of the Council provide an update on the transformation of the former eye infirmary in Chapel Ash?

f. Customer Service Access Points

Councillor Wendy Dalton to ask the Cabinet Member for Digital and Community Inclusion:

Can the Cabinet Member for Digital and Community Inclusion provide a list of Customer Service Access Points in the city?

This page is intentionally left blank

CITY OF WOLVERHAMPTON COUNCIL	Meeting of the City Council 24 January 2024
--	--

Report title	Motions on Notice	
Referring body/person	Councillor Simon Bennett	
Wards affected	All Wards	
Cabinet Member with lead responsibility	N/A	
Accountable director	David Pattison, Chief Operating Officer	
Originating service	Governance	
Accountable employee	David Pattison	Chief Operating Officer
	Tel	01902 550320
	Email	David.pattison@wolverhampton.gov.uk

Recommendation for decision:

The Council is recommended to:

Consider the motion received in accordance with the Council's procedure rules for a maximum of 50 minutes.

1.0 Purpose

1.1 For Council to consider the motion received:

a. Green Innovation Corridor

Councillor Simon Bennett will move the following motion:

“This Council welcomes the recent announcement of £20 million to kickstart and deliver the first phase of the green innovation corridor, a proposal led by the MP for Wolverhampton North East, Jane Stevenson, and confirmed in the Chancellor’s autumn statement. It’s another shot in the arm for government investment in Wolverhampton, and on top of almost 2.5 billion the city has been given since 2019.

The green innovation corridor is an ambitious project to create a 6 mile stretch of high value job creation in specialist sectors, upskill our own local talent, and encourage private sector investment. This will lead to wider regeneration along the corridor and the unlocking of brownfield sites for new affordable housing, delivering new commercial space and creating 1,220 jobs. It brings back into use nearly 4 hectares of brownfield land.

Therefore, this Council agrees to:

- *Setup and facilitate a summit of schools, the college, the university, local and regional business stakeholders to ensure educational institutions are providing the relevant skills required in delivering high quality skilled jobs that these emerging jobs and opportunities need.*
- *Explore opportunities in improving our roads and transport infrastructure along the green innovation corridor - particularly the A449 Stafford Road - to make sure we have the infrastructure required to get people to and from these new work and training opportunities.”*