



# Confident, Capable Council Scrutiny Panel

10 September 2014

**Time** 6.00 pm **Public Meeting?** YES **Type of meeting** Scrutiny

**Venue** Committee Room 2 - Civic Centre, St Peter's Square, Wolverhampton WV1 1SH

## Membership

**Chair** Cllr Rita Potter (Lab)  
**Vice-chair** Cllr Christopher Haynes (Con)

### Labour

Cllr Ian Angus  
Cllr Mary Bateman  
Cllr Alan Bolshaw  
Cllr Craig Collingswood  
Cllr Jasbir Jaspal  
Cllr Milkinderpal Jaspal  
Cllr Caroline Siarkiewicz  
Cllr Jacqueline Sweetman

### Conservative

Cllr Arun Photay  
Cllr Andrew Wynne

Quorum for this meeting is three Councillors.

## Information for the Public

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

**Contact** Matt Vins  
**Tel/Email** Tel: 01902 554070 or [matthew.vins@wolverhampton.gov.uk](mailto:matthew.vins@wolverhampton.gov.uk)  
**Address** Democratic Support, Civic Centre, 2<sup>nd</sup> floor, St Peter's Square,  
Wolverhampton WV1 1RL

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

# Agenda

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

*Item No.*    *Title*

### MEETING BUSINESS ITEMS

- 1            **Apologies**
- 2            **Declarations of interest**
- 3            **Minutes of previous meeting** (Pages 1 - 6)  
[To approve the minutes of the previous meeting as a correct record]
- 4            **Matters arising**  
[To consider any matters arising from the minutes]

### DISCUSSION ITEMS

- 5            **Budget Update and Review** (Pages 7 - 14)  
[To consider the arrangements for ensuring adequate identification and management of budget risks, and the arrangements for budget planning and forecasting for future years]
- 6            **Independent Review of process for Medium Term Financial Strategy and Budget** (Pages 15 - 42)  
[To review and comment upon the recommendations from the independent review and the action plan developed to address those recommendations]
- 7            **Health, Safety and Wellbeing Strategy 2014-17** (Pages 43 - 70)  
[To endorse the proposed development and the implementation of a health, safety and wellbeing strategy]



# Confident Capable Council Scrutiny Panel

## Minutes – 17 April 2014

### Attendance

#### Members of the Panel

Cllr Rita Potter (chair)  
Cllr Alan Bolshaw  
Cllr Craig Collingswood  
Cllr Jasbinder Kaur Dehar  
Cllr Christopher Haynes  
Cllr Milkinder Jaspal  
Cllr Paul Singh  
Cllr Jacqueline Sweetman  
Cllr Mrs Wendy Thompson  
Cllr Martin Waite

#### Cabinet Member in attendance

Cllr Paul Sweet

#### Employees

Pat Main	Assistant Director, Delivery
David Garner	Electoral Services Manager, Delivery
Mark Taylor	Assistant Director, Finance
Deb Breedon	Scrutiny Officer, Office of the Chief Executive

### Apologies

Apologies for absence were received from Cllr Jasbir Jaspal and Cllr Zahid Hussain.

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

*Item No.*      *Title*

### MEETING BUSINESS ITEMS

#### **Chair's announcements**

The Chair welcomed Councillors to the final meeting of the municipal year.

2.      **Declarations of interest**

There were no declarations of interest.

3.      **Minutes of the previous meeting (6 March 2014)**

Resolved:

That the minutes of the meeting held on 6 March 2014 be approved as a correct record and signed by the Chair as a true record.

4.      **Matters arising**

With regard to item 5 - work programme update Cllr Milkinder Jaspal indicated that the scrutiny panel had requested a report on budget overspend at the close of 2012-13 financial year in relation to Education and Enterprise directorate and Property Services. Mark Taylor advised that Audit Committee had received an exempt report detailing the outcomes of the audit investigation including a series of recommendations, which have been or are in the process of being implemented.

5.      **Work Programme 2013-14**

Deb Breedon provided a report which reviewed the 2013-14 work programme for Confident Capable Council Scrutiny Panel.

Resolved:

That the work programme report be noted.

### DISCUSSION ITEMS

6.      **Update on the introduction of Individual Electoral Registration.**

David Garner presented the update report on the introduction of Individual Electoral Registration (IER); he detailed the current proposals for registration processes for local authorities, including local data matching, and the proposals for funding the transition phase.

In response to questions he advised that people with learning difficulties will have access to face to face advice from the electoral registration team and that an equality analysis is to be put in place to address the unique characteristics of the project to implement IER as identified by the Equalities team.

Cllr Alan Bolshaw referred to the data matching 'dry run' carried out in July 2013 and the 77 % of electors confirmed through data matching, he asked whether any particular demographic been identified as not engaging and where people were not engaging.

David Garner advised that the canvass had been carried out early last year and that he was expecting a higher response rate this year, more like 86%. The breakdown of data received later this year can be arranged ward by ward, and there is work being carried out to engage younger people to register, such as work with Wolverhampton City University (WCU) to exchange data with other local authorities through a data sharing agreement.

Cllr Martin Waite asked if local authorities were carrying out the data sharing under the rules set out by Government and whether they were using other solutions such as fuzzy logic. David Garner advised that they were using the national standard algorithm and that the software supplier had agreed a system with the Cabinet Office. He advised that other layers of data matching could be explored but that there is a need to consider costs. In response to a further question David Garner advised that data matching currently costs £500 per year and he advised that civil penalties of £80 are incurred when non-registration is identified, but that collection of the penalty can be resource intensive.

In response to a question from Cllr Alan Bolshaw, David Garner advised that the forms are available in a number of formats on request and that it was the same on the online portal. He further advised that there is more work to do to engage 22,000 - 23,000 students and that students can be registered in two places.

Cllr Jacqueline Sweetman referred to the national approach to raising awareness and the suite of engagement documents, paper, television and advertisements. Panel was advised of the communications team carrying out similar work to engage people to pass the message out to the community. Cllr Jacqueline Sweetman requested information back to the panel of any progress and snagging issues in the 2014-15 elections.

Resolved:

That the panel note the on-going implementation of Individual Electoral Registration and agree to receive a further update report on the progress

of implementation and any snagging issues.

7. **Future Works Programme Update Report**

Pat Main provided an update on the progress made on the FutureWorks programme as the new systems and business processes go live. In addition to the report a verbal update was given. Pat Main advised that the launch 1 April 2014 had been very successful:

- In relation to Delivery, Office of the Chief Executive, Wolverhampton Homes and West Midlands Pension fund access to Agresso's finance and HR self-service facilities and for updating personal details, booking leave, claiming expenses and managing budgets, an average of 880 users have logged onto the system each day since 1 April, with day one peaking at 2000 logged enquiries.
- Community and Education and Enterprise self-service is scheduled to be rolled out in June 2014.
- The Agresso system went live on 1 April 2014 for raising orders and paying suppliers; issuing invoices and chasing debts; collecting income; maintaining HR records
- Managing budgets (May onwards – ready for the quarter one budget reports).
- The payroll parallel run commenced.
- Mainframe systems were switched to read only for the majority of users.
- In relation to user support floorwalkers were available to support users at 40 locations.
- At 16 April a dedicated telephone helpdesk and website to log queries had received 1,014 requests, had resolved 627 and still had 387 in progress.
- 100% network availability was reported across the network.

Cllr Alan Bolshaw enquired in terms of schools who were buying in the payroll service if there had been any delays in processing the March payroll. Pat Main replied that she was not aware of any delays however, as a consequence of Agresso go live, there had had to be a very rigid cut-off date for the March payroll processing requiring all services (including schools) to submit their data in time for commencement of the parallel run.

In response to further questions about how this would affect the service level agreement (SLA) Mark Taylor advised that the timing was pertinent as currently a letter to all schools was being prepared to advise of the HR and finance services as some of the new HR competitors were not able to interface with Agresso, they have to engage with the Council to provide data about pensions. In response to questions relating to administration costs for letters to chase

data from competitors the panel were advised that the Council is adopting a commercial stance and would recover the costs, if they do not hit deadlines the Council will not bail out other services. Panel was advised that for the customers who have stayed with the Council as provider we want to provide the best possible service. Councillor Jaspal asked for an update on the take up of SLAs by schools for the financial years 2014/15 (for each individual SLA), including how this compares to the take up for 2013/14.

Councillor Martin Waite referred to the glowing report from Price Waterhouse Coopers (PWC) that the project was well delivered. He asked how the Council plans to leverage additional insight for the 'curious people' from the programme and how confident are we of realising the five year benefits forecast.

Pat Main provided a response, indicating that the Council now has capacity to access excellent management information, with lots more entry at source to avoid unnecessary re-keying and budget managers will be able to drill down into budget variations and model options. She advised that it was easier to see exactly what the budget holders are spending money on and how many commodities are being bought and when. Mark Taylor advised the scrutiny panel that procurement decisions can be improved at source avoiding poor decisions.

Cllr Martin Waite asked what more can be done to drive curiosity. Pat Main advised that budget holders will be held to account in terms of monitoring variations and that specialist heads of service will be driving the curiosity, for example, corporate procurement will be driving greater awareness of effective purchasing decisions and HR will have access to personnel data which at last will be all in one place. She indicated that the programme benefit assumptions are robust and have been discussed in detail with the lead managers and the finance team, resulting in a high degree of confidence that they are achievable.

Cllr Jacqueline Sweetman welcomed the Agresso system and the report detailing the progress, she asked if there was anything that is not yet working. Pat Main advised that the technology was working well, inevitably the business rules relating to a few specific transactions need adjustment but this was to be expected; she advised that users have been well trained and the main challenge now is to continue to support the culture change for employees during transition. The extensive training and awareness sessions before go live have paid dividends as there don't appear to have been any major shocks or surprises for users and so far no unexpected patterns in the enquiries received that need to be addressed. She advised that the payroll implementation was always expected to be a challenge as the new integrated HR/payroll system demands a lot more information than the mainframe system, therefore dual

processing is underway to help manage the risks.

Resolved:

1. To note the progress made in relation to the implementation of the Future Works Programme.
2. That an update on the take up of SLAs by schools for the financial years 2014/15 (for each individual SLA), including how this compares to the take up for 2013/14 be provided to Cllr Milkinder Jaspal.

8. **Chairs Summary**

Cllr Rita Potter personally thanked the members of the Scrutiny Panel for the work they have carried out during 2013-14, focussing on the oversight of major programmes and the core business of the Council. She thanked the Vice-chair, Cllr Wendy Thompson for her vital contribution to agenda planning meetings and Cabinet Members who had attended and responded to the panel's questions. She thanked Employees and witnesses who had prepared detailed reports and contributed to discussions, and also the Scrutiny Officer for her assistance and administration of the Panel.

Termination of meeting 19:10





# Confident Capable Council Scrutiny Panel

10 September 2014

<b>Report title</b>	Budget Update and Review	
<b>Cabinet member with lead responsibility</b>	Councillor Andrew Johnson Resources	
<b>Wards affected</b>	All	
<b>Accountable director</b>	Keith Ireland, Delivery	
<b>Originating service</b>	Strategic Financial Services	
<b>Accountable employee(s)</b>	Mark Taylor	Assistant Director Finance
	Tel	01902 55(6609)
	Email	mark.taylor@wolverhampton.gov.uk
<b>Report to be/has been considered by</b>		

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## Recommendation(s) for action or decision:

The Panel is recommended to:

1. Consider the arrangements for:
  - a. Ensuring adequate identification and management of budget risks;
  - b. Budget planning and forecasting for future years.

## 1.0 Purpose

- 1.1 To bring to the Panel's attention information about the Council's finances which has recently been reported to the Cabinet and Cabinet (Resources) Panel, including:

Information relating to the 2013/14 outturn

- The outturn position for 2013/14 against capital budgets (paragraph 4);
- The outturn position for 2013/14 against revenue budgets (paragraph 8);
- The use of, and additions to, specific reserves, provisions and balances during 2013/14 (paragraph 7);
- The Council's treasury management activities during 2013/14 (paragraph 5).

Information relating to monitoring of the 2014/15 budgets

- The forecast outturn position for 2014/15 against capital budgets as at quarter one, and the forecasts for 2015/16 to 2018/19 (paragraph 4);
- The forecast outturn position for 2014/15 against revenue budgets as at quarter one (paragraph 9);
- The Council's treasury management activities during the first quarter of 2014/15 and the forecasts for the remainder of the year (paragraph 5).

Information relating to the medium term financial strategy

- The Council's forecast general fund budget and savings requirements for 2014/15 and beyond (paragraph 3).

Information relating to the Council's Housing Revenue Account (HRA) business plan

- The Council's HRA outturn position for 2013/14 against revenue and capital budgets (paragraph 6);
- The Council's HRA forecast outturn position for 2014/15 against revenue budgets (paragraph 6);
- The Council's HRA Business Plan, including the capital programme for 2014/15 – 2018/19 (paragraph 6).

## 2.0 Background

- 2.1 As set out in the Confident Capable Council Scrutiny Panel work plan, the Panel will receive regular updates on the budget and medium term financial strategy throughout the year. This is the first report of this nature for 2014/15.

- 2.2 Reports focussing on the Council's finances have been received by Cabinet and Cabinet (Resources) Panel as set out below:

Cabinet, 25 June 2014

- Managing the Budget Cuts – The Next Phase
- Capital Budget Outturn 2013/14 including Quarter One Monitoring 2014/15.

Cabinet, 23 July 2014

- Treasury Management - Annual Report 2013/14 and Activity Monitoring Quarter One 2014/15;
- Housing Revenue Account Business Plan Update Quarter One 2014/15;
- Reserves, Provisions and Balances 2013/14;
- Revenue Budget Outturn 2013/14.

Cabinet (Resources) Panel, 29 July 2014

- Quarter One Revenue Budget Monitoring 2014/15.

**\*In order to minimise printing costs the Panel Chair has agreed that full versions of the reports will not be circulated again - however it is recommended that Panel members review the reports ahead of the meeting, and are requested to please bring the full versions that were circulated with the relevant Cabinet agenda papers to this meeting.**

### **3.0 Managing the Budget Cuts – The Next Phase**

- 3.1 This report (available via this [link](#)) identified additional savings for both 2014/15 and 2015/16 in accordance with the strategy set out in the five year budget and medium term financial strategy (MTFS) 2014/15 to 2018/19, that was approved by Cabinet in February 2014 and Council in March 2014.
- 3.2 The following strategy to address the budget deficit was approved by Council on 6 March 2014:
- A minimum of £25.0 million of additional savings for 2015/16 should be identified and reported to Cabinet in June 2014, in order to demonstrate that a balanced budget can be achieved and that general reserves can be partially replenished.
  - That additional savings for 2014/15 should be identified and reported to Cabinet in June 2014 and then Council in July 2014 in order to revise the 2014/15 budget and reduce the call on general reserves.
  - That a further £35.0 million of additional savings should be identified, taking the total additional savings to be identified to £60.0 million, in order to address the projected budget deficit over the medium term to 2018/19.
- 3.3 Since the 2014/15 budget was set work has been in progress to identify the required savings with savings proposals amounting to £18.1 million identified for 2015/16; £1.7 million of which can be achieved during 2014/15.
- 3.4 Work is continuing to deliver the agreed strategy to address the projected budget deficit; namely to identify a further £7.0 million of savings for 2015/16.
- 3.5 The overall level of risk associated with the five year budget and MTFS for 2014/15 to 2018/19 continues to be assessed as red. The six main areas of risk are summarised in Appendix B of the report.

#### **4.0 Capital Budget Outturn including Quarter One Monitoring 2014/15**

4.1 The Council's capital expenditure (identified in the report available via this [link](#)) for 2013/14 totalled £117.5 million. This represented 83% of the approved budget for the year. The forecast spend for the current year, and the following four years is as follows:

- 2014/15: £124.2 million.
- 2015/16: £48.0 million.
- 2016/17: £14.7 million.
- 2017/18: £5.9 million.
- 2018/19: £2.0 million.

4.2 There are a number of significant risks associated with the medium-term capital programme. These are discussed in Appendix G of the report. The overall risk associated with the Programme continues to be quantified as amber.

#### **5.0 Treasury Management - Annual Report 2013/14 and Activity Monitoring Quarter One 2014/15**

5.1 This report (available via this [link](#)) confirms that during the course of 2013/14, the Council followed the recommendations as set out in the Treasury Management Strategy 2013/14. This included the authorised borrowing limit set at £905.8 million, the Treasury Management Strategy, the Annual Investment Strategy, the Prudential Indicators and the Annual Minimum Revenue Provision (MRP) Statement.

5.2 Overall treasury management activities generated a saving of £10.7 million for the general fund and a saving of over £2.0 million for the HRA in 2013/14. Included within the general fund figure is the one-off benefit of £10.0 million arising from the adjustment to the value of variable E calculation in respect of redemption of debt. This was approved by Cabinet on the 23 October 2013 as part of the five year budget and medium term financial strategy 2014/15 to 2018/19 report.

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

#### **6.0 Housing Revenue Account Business Plan Update Quarter One 2014/15**

6.1 The revenue outturn for 2013/14 (as stated in the report available via this [link](#)) was a surplus (before allocations to reserves and redemption of debt) of £18.5 million compared to a budgeted surplus of £11.9 million. This favourable variance is almost entirely due to savings on interest payable of £6.0 million. This is the result of two factors: the council's active approach to treasury management, and the significant re-profiling of capital expenditure from 2013/14, which has resulted in lower than forecast borrowing.

- 6.2 The total capital expenditure for 2013/14 was £43.1 million, £32.2 million less than the £75.3 million budgeted. This was primarily due to the strategic construction partnership not coming on stream as quickly as had been anticipated and a re-profiling of works which has moved significant amounts of planned expenditure into the current financial year.
- 6.3 The forecast revenue outturn against the 2014/15 budget is a surplus before allocations of £13.9 million, which is on budget.
- 6.4 The HRA continues to be forecast to have sufficient resources to fund the £1.9 billion of capital works that will be required to its houses over the next 30 years, as well as meeting its management and maintenance obligations over the same period.
- 6.5 There are a number of risks associated with the HRA Business Plan Update. These are discussed in Appendix C of the report. The overall risk associated with the budget continues to be quantified as amber.

## **7.0 Reserves, Provisions and Balances 2013/14**

- 7.1 This report (available via this [link](#)) details the Council's specific reserves, provisions and general balances as at 31 March 2014, and the movements during the year. Specific reserves decreased by £15.9 million to £27.6 million, provisions decreased by £4.9 million to £39.1 million and general balances increased by £9.5 million to £47.5 million.
- 7.2 General balances have increased on the whole as a result of £17.1 million that was transferred into the general fund balance during 2013/14. This was a combination of funding previously earmarked for a specific purpose that was no longer deemed to be required and therefore available to general fund balances, as approved by Council in November 2013, in addition to a one-off benefit to the General Fund arising from an adjustment to the value of variable E in the annual provision for the redemption of debt formula, as set out in the Council's Annual Minimum Revenue Provision (MRP) Statement and approved by Council on 6 November 2013.

## **8.0 Revenue Budget Outturn 2013/14**

- 8.1 This report (available via this [link](#)) confirmed a net overspend of £2.3 million (0.91%) was incurred against the general fund net budget requirement of £255.6 million for 2013/14; after taking account of the cost of redundancy during the year totalling £4.6 million. This overspend was met by a transfer from the general fund balance.
- 8.2 The net overspend position takes into account transfers to and from reserves and provisions, including the budgeted use of £3.7 million of the general fund balance, which was included in the 2013/14 approved budget.
- 8.3 The collection fund outturn was a £1.3 million surplus during 2013/14; this resulted in an overall surplus of £700,000 to be carried forward, after taking account of the deficit of £600,000 from previous years.

8.4 Schools balances reduced by £1.4 million during 2013/14. This is a more favourable position when compared to the projected use of £3.8 million of reserves anticipated for the year.

## **9.0 Quarter One Revenue Budget Monitoring 2014/15**

9.1 Overall a net over spend of £613,000 (0.25%) is projected against the general fund net budget requirement of £247.8 million (report available via this [link](#)).

9.2 An update to the budget and medium term financial strategy presented to Cabinet on 25 June 2014, detailed the work that has taken place during the early part of 2014/15 to identify further savings. A strategy was approved by Cabinet to identify £25 million of savings for 2015/16 by October 2014 in addition to a further £35 million for the medium term period to 2018/19. Acceleration and identification of 2014/15 savings proposals equating to £1.7 million were approved and therefore a revised budget has been reflected in this budget report. Those savings will reduce the call on general fund reserves this financial year.

9.3 There are a number of risks associated with the revenue budget for 2014/15. These are discussed in Appendix F of the report. The overall level of risk associated with the revenue budget for 2014/15 is assessed as amber.

## **10.0 Financial Implications**

10.1 These are detailed within the reports to Cabinet and Cabinet (Resources) Panel. [MH/19082014/L]

## **11.0 Legal implications**

11.1 These are detailed within the reports to Cabinet and Cabinet (Resources) Panel. [KO/27082014/D]

## **12.0 Equalities implications**

12.1 These are detailed within the reports to Cabinet and Cabinet (Resources) Panel.

## **13.0 Environmental implications**

13.1 These are detailed within the reports to Cabinet and Cabinet (Resources) Panel.

## **14.0 Schedule of background papers**

14.1 Managing the Budget Cuts – The Next Phase, report to Cabinet, 25 June 2014.  
Capital Budget Outturn 2013/14 including Quarter One Monitoring 2014/15, report to Cabinet, 25 June 2014.

Treasury Management - Annual Report 2013/14 and Activity Monitoring Quarter One 2014/15, report to Cabinet, 23 July 2014.

Housing Revenue Account Business Plan Update Quarter One 2014/15, report to Cabinet, 23 July 2014.

Reserves, Provisions and Balances 2013/14, report to Cabinet, 23 July 2014.

Revenue Budget Outturn 2013/14, report to Cabinet, 23 July 2014.

Quarter One Revenue Budget Monitoring 2014/15, report to Cabinet (Resources) Panel, 29 July 2014.

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# Confident Capable Council Scrutiny Panel

10 September 2014

<b>Report title</b>	Independent review of process for medium term financial strategy and budget	
<b>Cabinet member with lead responsibility</b>	Councillor Andrew Johnson Resources	
<b>Wards affected</b>	All	
<b>Accountable director</b>	Keith Ireland, Delivery	
<b>Originating service</b>	Strategic Finance	
<b>Accountable employee(s)</b>	Mark Taylor Tel Email	Assistant Director Finance 01902 55(6609) Mak.taylor@wolverhampton.gov.uk
<b>Report to be/has been considered by</b>	Strategic Executive Board Audit Committee	17 July 2014 22 September 2014

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## Recommendation(s) for action or decision:

The Panel is recommended to:

1. Review and comment upon the recommendations from the independent review and the action plan developed to address those recommendations.

## **1.0 Purpose**

- 1.1 To review the recommendations from the independent review of process for the medium term financial strategy and budget and the resulting proposed actions.

## **2.0 Background**

- 2.1 During the 2013/14 budget process there was concern regarding the large deficit that was projected and therefore Strategic Executive Board (SEB) agreed to commission an independent review of the financial planning and budgeting process.
- 2.2 The Local Government Association (LGA) recommended a suitably qualified independent reviewer, Eugene Sullivan, former Chief Executive of the Audit Commission, who was engaged for the review and produced his final report in July 2014.
- 2.3 The final report is attached as Appendix 1.

## **3.0 Independent Review Report**

- 3.1 The review was conducted using a combination of personal interviews with lead Councillors and officers, plus external and internal audit together with a review of the appropriate papers and spreadsheets.
- 3.2 The results of the review were positive concluding that:
- The approach to five year planning is as good as those seen anywhere else.
  - There is a thorough approach to identifying assumptions and making reasonable (not optimistic or pessimistic) assumptions for the next five years.
  - The financial reports which go to Cabinet are well constructed, well drafted and make good use of narrative, tables and graphics.
- 3.3 The review made seven relatively minor recommendations for improvement. These included producing shortened and simplified reports (which has already been implemented) in order to communicate the message more effectively to Councillors and other stakeholders.
- 3.4 It is recommended that all the recommendations from the review be adopted and that the Action Plan included at Appendix 2 is implemented in order to address those recommendations over the course of next budget cycle.
- 3.5 The review was commissioned by SEB to provide them with assurance that the Council's financial planning and budgeting processes are robust. The results of the review are now being presented to Councillors in order to provide further assurance in this area.

#### **4.0 Financial implications**

- 4.1 There are no direct financial implications arising from this report although the independent review confirms that the Council's financial planning and budgeting processes are robust and implementing the recommendations will further improve financial control.

NA/29082014/T

#### **5.0 Legal implications**

- 5.1 There are no direct legal implications arising from the report.

KO/26082014/U

#### **6.0 Equalities implications**

- 6.1 There are no direct equalities implications arising from the report.

#### **7.0 Environmental implications**

- 7.1 There are no direct environmental implications arising from the report.

#### **8.0 Human resources implications**

- 8.1 There are no direct human resources implications arising from the report.

#### **9.0 Corporate landlord implications**

- 9.1 There are no direct corporate landlord implications arising from the report.

#### **10.0 Schedule of background papers**

- 10.1 None.

**WOLVERHAMPTON CITY COUNCIL**

**INDEPENDENT REVIEW OF PROCESS FOR MEDIUM TERM  
FINANCIAL STRATEGY AND BUDGET**

**PREPARED BY  
EUGENE SULLIVAN, CPFA (HONS)**

**30 May 2014 (Amended 11 July 2014)**

## INTRODUCTION AND CONTEXT

Wolverhampton City Council (WCC), in common with many local authorities and other publicly funded bodies, faces a significant financial challenge caused by the coincidence of reduced sources of funds and increased demand for services, particularly in relation to care of Adults and Looked after Children. In line with good practice WCC maintains a sophisticated financial model to help manage its financial strategy over the medium term (5 years). This model is a dynamic living model which is updated regularly for new circumstances and assumptions. The WCC Cabinet met on 25 February to consider the 5 Year Budget and Medium Term Financial Strategy (MTFS) based on the up to date projections.

The MTFS forecast five year expenditure plans and the resources available to fund those plans. The MTFS showed that expenditure plans exceeded resources by just over £123 million. The MTFS included savings proposals close to £65.0 million. Assuming these proposals are fully achieved, as profiled, the Council needs to identify and achieve further savings of just over £59 million over the five year period.

The scale of the challenge prompted the Council to commission an independent public sector finance professional to conduct a short review and challenge of the Council's MTFS process and projections. The review was not commissioned because of any underlying concern with the MTFS process or the consequential budget and savings plans, which were approved by Council on March 5th. It was commissioned as a high level review (of the main numbers and issues, not a detailed audit of the model, its assumptions and the savings proposals) to assure the Council that the model was reliable and that the savings identified were reasonable in the context of the financial gap. The resource budget for the review was agreed at ten days to review and test:

- The logic of the Council's MTFS
- The reasonableness of assumptions underlying the budget savings figures and construction of the budget (inflation rate pressures, pay awards, demographic changes)
- The budget savings programme for the next five years
- The approach to reserves (both general and earmarked reserves) and provisions.

The independent finance professional was also asked, as a result of his work with WCC and other authorities, to offer suggestions on:

- Areas of the budget that could release further savings
- Ideas where the Council might learn from other councils or public sector bodies.

### Methodology

The review was conducted using a combination of personal interviews with key Councillors and officers, plus External and Internal Audit (see Appendix A). I reviewed all relevant papers including the last three iterations of the MTFS (and supporting assumptions and spreadsheets), papers on reserves, Treasury Management and Minimum Revenue Provision. I also read the External Audit Review of the MTFS process dated September 2013.

As requested by the Council, my approach has been challenging, inquisitive and robust.

## Acknowledgements

I am grateful to all the people listed on Appendix A who willingly and helpfully spared the time to meet me. Their contribution has helped shape my conclusions, which are entirely my own. I owe special thanks to two people. Nick Alderman, Chief Accountant, was very helpful in producing additional spreadsheets which I requested. He also helped with challenge or corroboration of my interpretation. Karon Brood, Personal Asst to Asst Director, Delivery, was also very helpful in the logistics of this review in terms of diary commitments, office accommodation and facilities.

## CONCLUSIONS AND RECOMMENDATIONS

### Overview

In drawing my conclusions and recommendations, it is not my wish to criticise the Council or its processes for the MTFs. I remain of the view that its approach to five year planning is as good as I've seen anywhere else. There is a thorough approach to identifying assumptions and making reasonable (not optimistic or pessimistic assumptions) for the next five years. The financial reports which go to Cabinet are well constructed, well drafted and make good use of narrative, tables and graphics.

I have no doubts about the overall accuracy painted by the MTFs model and accompanying reports. The gap between likely revenues (which are forecast to drop) and future spending does not look exaggerated, especially as costs continue to rise with pay and cost pressures and with demographic demand in certain key areas such as Adults Social Care and Looked After Children.

The impact of certain assumptions may prove to be wrong when looked at in retrospect but that is the nature of trying to predict the future. I would not wish to supplant any of the assumptions with alternative suggestions.

Nevertheless I have been encouraged to be challenging, inquisitive and robust. With that mindset I have some reservations about whether the MTFs is more helpful to those who are close to it and own its conclusions than it is to those who are further away from it and are faced with accepting the results without fully understanding or believing them.

I know that Chief Officers and many Councillors will be close to these issues and fully understand them. But I wonder how many interested parties really understand and could explain why a £97.5 million gap over five years in October 2013 became £123 million by January 2014. And why in February 2014, after identifying savings of £65.5 million, the Council still needed to find another £59.2 million.

The remainder of my report covers:

- The MTFs model and four measures to help Councillors to have informed confidence in the model, understand and believe in it and its results. The four main measures are (1) confidence in the model itself, (2) ownership of the assumptions, (3) understanding and believing the results of the model, and (4) due diligence

- I offer two reasons why there is a risk that some Councillors, other interested parties and the public, who are not close to the budget and/or local government finance, may find the model and its messages hard to understand and believe. I also offer approaches which may help
- I comment on the inter-relationship of the key elements of a financial strategy including spending plans, corporate revenue (Revenue Support Grant, Council Tax and others), Fees and Charges, and Reserves
- I offer the view that Fees and Charges are not being given sufficient weight in the overall financial strategy
- I note the Council has a good grasp on the importance and limitations of reserves as part of the financial strategy
- Finally, I address the issues about possible other areas for savings and ideas from elsewhere.

## **MTFS – The Model**

In advance of my first meeting with Chief Officers, I had read several background papers including the last three MTFS reports to Cabinet. My initial impression, based on my background reading of the MTFS reports and related papers, was that the approach by WCC looked exemplary and was among the best I've seen. I remain of that view after my interviews and further research. The approach is in line with good practice and encompasses:

- Medium term financial planning covering the next 5 years
- Regular updates and reports to Councillors
- Savings plans identified, agreed and profiled over the five year period to reflect when savings will be achieved
- The residual gap between available resources and spending plans – for the whole five years, with each year separately identified
- Annual reviews of the level and purpose of reserves (including earmarked reserves) and provisions
- Detailed savings plans by Cabinet portfolio
- Evidence of a reasonable track record on delivering against intentions but inevitably some areas where plans are not fully achieved or were used to address overspending elsewhere.

Even with the above good practice, I believe Councillors, and possibly some Chief Officers, need greater support to help them understand and believe what they are being told. In general, Medium Term Financial Strategy models are by their nature complex and there is a risk that within WCC (and across many authorities) some officers and some Councillors may be relying on trust that the model is reliable and it has been used correctly. In particular WCC should consider four measures to support Councillors and create:

- Confidence in the computer model itself
- Ownership of the assumptions which underpin the projections



- Understanding and belief in the financial results of the model in terms of the main factors which create significant shifts in expenditure plans and available resources
- Assurance for big decisions using independent due diligence reviews.

## **Confidence in the Model**

Within the time available for this review I was not expected to do an audit of the model, the assumptions, the inputs and outputs. However I did consider whether there is good reason for Councillors and Chief Officers to have confidence in the actual model. It has been reviewed by the external auditors and they are satisfied that it is a sound and prudent basis for financial planning. I also spoke to Internal Audit and they raised no concerns about the MTFs model. I have spoken to several people within the Council (officers and Councillors) and none has raised a doubt about the model.

I have reviewed the reports and the spreadsheets. I have sought explanations from Nick Alderman, Chief Accountant. His explanations are always clear, credible and coherent. I have also requested analyses and spreadsheets from certain parts of the model. These have always been produced quickly and are consistent with the main numbers reported by the model. For these reasons, it is reasonable for me to have confidence in the model.

However models tend to get amended over time. Sometimes new assumptions or formulae need to be added or a formula overwritten. Version control is important but these amendments are relatively easy for someone with good spreadsheet skills. There is a risk that such changes can be uncontrolled and human error undetected. Basic errors can creep in such as using a plus instead of a minus, or vice versa, transcribing errors, or wrong cell references. The risk of such errors can be quite high. I have no reason to suspect that any of these risks have crystallised and been left uncorrected. It is more likely that any material errors would be reflected in the results and are likely to be detected because of an unexpected and unexplained material movement in the figures. However the MTFs is the cornerstone of the Council's overall strategy and the basis for major decisions on future services, pay and jobs. Confidence in the model must be assured not assumed.

**RECOMMENDATION 1: I recommend a full assurance review of the MTFs model by Internal or external audit in advance of next year's budget setting process.**

## **Own the Assumptions**

All medium term financial planning models depend on assumptions about (a) what may happen in the future and (b) the impact of each assumption on income or expenditure. Within the WCC, assumptions are grouped under five main headings:

- Demand changes
- Inflationary pressures on pay (and pensions)
- Inflationary pressures on goods and services including utilities

- Income sources (for WCC this is mainly Revenue Support Grant, Council Tax, Business Rates and Fees and Charges)
- Treasury Management (assumptions about interest charges, debt levels, Capital requirements).

In WCC these assumptions in the MTFS fall into two broad categories:

- General assumptions affecting a range of costs or derived from national data e.g. inflation (see Appendix B for detail of WCC general assumptions)
- Specific assumptions which impact single areas of income and expenditure and are based upon local data (see Appendix C for detail of WCC specific assumptions).

As with any assumptions about the future, there is a degree of uncertainty inherent in the process. For example, even in the age of austerity, there is an expectation that pay and prices will continue to rise. The modelling challenge is deciding 'how much' in each of the next 5 years.

Most models allow for alternative scenarios to be modelled and usually include assumptions which are (a) pessimistic (b) realistic or (c) optimistic. Public sector finance is based on the concept of prudence with public money. Optimistic assumptions can prove reckless, leaving the Council insolvent, and pessimistic assumptions could drive the Council to take unnecessary action which adversely affects service users, council tax payers and employees. For those reasons it is important that the Council is neither optimistic nor pessimistic about future assumptions.

I think more could be done to extend the understanding and ownership of the assumptions beyond the Finance Team to other Chief Officers and Councillors.

**RECOMMENDATION 2: I recommend that formal approval of the assumptions, including any future changes when they arise, should include the financial implication of each assumption.**

## **Understand and Believe the Results**

It is logical that if officers and Councillors have confidence in the model and approve the assumptions, then they will also own the results. However part of owning the results is the ability to understand and believe the individual causes behind them and the full impact of key assumptions.

The WCC approach to MTFS makes it harder for non financial experts to own the results. The MTFS reports are very thorough and well written. However they are long and technical and more accessible to those who are financially literate. Someone who was not financially literate would understand the gravity of the situation but not necessarily the reasons for it. This is partly because the MTFS is regularly updated and there can be significant movements between reports. For example the five year spending gap rose by £25.46 million between October and

January. This was reported to Cabinet on 8 January and explained in paragraph 2.2, Table 1, Appendix A and Appendix B of that report. I am not sure it is easy for all Councillors to convert that information into a clear narrative. It is also quite difficult for Councillors to work out the full five year effect of the latest assumptions because sometimes they are expressed as movements since earlier reports.

In my view there are two related problems which may make it hard for Councillors, other interested parties and the public, who are not close to the budget and/or local government finance, to both understand and accept the nature and scale of the challenge. The first is stakeholders face a moving target occasioned by in year updates of the five year financial strategy. This may have been necessary because of the frequency and timing of changes to assumptions but it can be hard for Councillors outside of Cabinet (Resources) Panel. The second is the tendency to quote total figures for the five years without contextualising that as an average per annum or percentage of total budget. For most people in public life the natural response to challenges is to take on those that are very hard but doable (in the best interests of the public). The risk is when the challenge feels impossible the natural response can be to refuse to engage with the challenge (and for some that can be seen in the best interests of the public).

For example finding a further £25.46 million sounds very daunting for Councillors when the Council has only just recently found two-thirds of the £97.56 million required. However it may not seem so daunting if converted to an annual savings requirement and shown as a percentage of the annual budget.

**RECOMMENDATION 3: I recommend:**

- **One iteration of the five year projections (around October or November) in advance of setting the budget for the coming year (unless there are major changes to the figures which require urgent consideration)**
- **In-year monitoring of the financial budget for the current year, possibly with a future trends paragraph which might alert Councillors to anything material which might affect future plans**
- **Maintaining the financial model as a live model for S151 and management purposes.**
- **Telling the story and the financial strategy in a way that makes the scale of the challenge clear and unequivocal but achievable with focus and commitment to a common purpose.**
- **Shortening and simplifying budget and financial outturn and strategy reports with financial data and detailed commentary moved to appendices wherever possible to provide greater clarity.**

**Due Diligence**

Sometimes it is not sufficient to have confidence in the model, own the assumptions and understand the results. The MTFs, the coming year budget and the key savings proposals are

all major decisions for the Council. In most organisations, including local authorities, it is normal, in advance of major decisions, to commission a due diligence review.

The essence of due diligence is to commission a review by an independent professional to give a view on the information being presented 'Is it a suitable basis on which to make a decision?'. Independent does not necessarily mean external although that additional level of independence can be seen as more robust.

**RECOMMENDATION 4: I recommend that the Finance Department should arrange a suitable and proportionate annual due diligence review (possibly by internal or external audit) to append to its MTFs report to Cabinet.**

## **Fees and Charges**

Notwithstanding my comments about the model following good practice, I am not convinced that the Council is properly considering Fees and Charges within its Medium Term Financial Strategy. In Appendix D I set out a summarised approach to determining a MTFs strategy around four main financial elements (A) Spending Plans (B) Revenues from Council Tax, RSG and NNDR (C) Fees and Charges and (D) Use of reserves.

WCC has all of these elements in place, except it does not seem to embrace Fees and Charges as part of its financial strategy. This is surprising given the annual income deriving from such fees (£66 million in 2013/14 – compared to £70 million in 2012/13). The Council regularly reviews the level of fees and charges, and the budgets for fees and charges are within the MTFs. However it does not appear to receive strategic advice on the impact of the level of fees and charges on the total sum that might be raised at given levels level of fees or on its overall approach to income generation. I understand the LGA has a web based resource which might be helpful <http://www.local.gov.uk/income-generation>.

It is surprising that there is not more scrutiny of the overall importance of Fees and Charges to the MTFs and that charging levels are considered after the budget has been set. In particular the setting of fees and charges does not consider the overall level of income derived from individual charges but focuses on the absolute level of each charge. This, in itself, can lead to undue attention being given to items of lower importance at the expense of a more holistic and strategic view.

**RECOMMENDATION 5: I recommend that there should be:**

- **greater modelling and economic focus on not just the charge for a service but also the anticipated level of income that might be raised**
- **an explicit focus on fees and charges/income generation in the MTFs**
- **a determination of the fees and charges for the coming year before or when setting the budget.**

## Reserves

The Council's reserves can and have been used as part of its MTFS provided they are **only** used to:

- fund a non recurring gap
- or fund a recurring gap for a finite period until a expenditure plans and revenues are brought into balance.

The Council has a clear policy on the minimum level of its level of general reserves which have recently been set at £10 million. The minimum level was adjusted downwards from £15 million to £10 million as part of the October budget setting report following an assessment of the general level of reserves and budget risks by the S151 Officer. The risk assessment noted that there was a reduction in several key budget uncertainties:

- Single status – settlements to be largely resolved in 2013/14
- Equal pay – settlements progressing and uncertainty reduced
- Pay aggregation – HMRC claim has been resolved with nil payment.

Based on these and the overall level of reserves it was assessed that the minimum level of general balance could be reduced. The S151 Officer assessed a prudent reasonable level at £10 million. This level equates to some 4% of net expenditure which is midway in the “unofficial standard” of 3-5% (as noted in the 2012 Audit Commission report on reserves).

The Council also regularly reviews the level of its earmarked reserves and releases them when prudent to do so. There is some limited scope to review earmarked reserves again, with a more stringent approach to identifying what could be released if absolutely necessary; for example, in order to avoid issuing a Section 114 notice. Council Finance Officers assess this scope at a maximum of £12 million. However Council Finance Officers would not recommend using that scope because there would be no contingency left for any unforeseen circumstances (for example this figure includes eliminating the insurance reserve to cover self-insured risks) or slippage in the savings programme. I agree it would not be prudent to reduce earmarked reserves at this time.

It is worthy of note that the revised projected budget deficit for 2014/15 is almost £12 million, subject to identifying further savings plans for 2014/15. The Council's reserves need to be protected as mitigation against any slippage in plans and/or any unforeseeable events.

**RECOMMENDATION 6: I recommend current earmarked reserves are preserved as mitigation against any unforeseen pressures in 2014/15.**

## Challenge to the Budget

The legal framework builds in certain duties on Local Authority Officers and their External Auditors to safeguard against wilful or reckless action by Officers or Councillors. The 1998 Local Government Finance Act, S114(3), is particularly relevant to the duties of the Section 151 Officer: The chief finance officer of a relevant authority shall make a report

under this section if it appears to him that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.

There is also a duty on the External Auditor under Section 19 (a) of the Audit Commission Act 1998. He may issue a notice under this section (an advisory notice) if he has reason to believe that the body or an officer of the body:

- is about to make or has made a decision which involves or is likely to involve the body incurring expenditure which is unlawful
- is about to take or has already taken a course of action which, if pursued 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.

It is a matter for those charged with those duties to decide when and what circumstances to exercise their duty. The budget for 2014/15 has been set and neither party (to the best of my knowledge) has exercised their duty under these clauses. It would appear unlikely that this will apply during 2014/15 unless there is significant in-year budget movement which might trigger their action.

**RECOMMENDATION 7: I recommend the Council seeks further clarification from each party as to the triggers for action under these clauses and the process which might follow.**

### **Areas of the Budget that Could Release Further Savings**

I was asked to consider whether there were other areas where the Council might release further savings. I offer the following thoughts knowing the Council has already considered (and implemented) some or all them if and will do so again if and when the circumstances are right. The ideas in the current savings plans show the thoroughness of the Council's approach to its savings plans.

In offering these ideas I am not identifying whether I have any special advisory expertise in these areas which would help the Council and I am not offering the suggestions in the hope that I may be offered more work with the Council. I would be prepared to discuss the ideas with officers or Councillors if requested but I would be reluctant to confuse my independent role and any advisory role.

### **Savings Strategy**

The Council has 205 savings ideas in its total savings plan of £65.5 million with 30% due in Year 1. These projects are grouped into programme areas wherever possible and it is important that Executive Directors individually and collectively take responsibility for delivery on these plans and report progress to appropriate that Elected Member meetings. It is important that Councillors are resolute in their continuing support for the measures which will bring the Council's spending plans and resources into balance on a recurring basis. (I understand that about 18 of the projects account for about half of the first year's savings. Executive Directors

and Councillors need to closely monitor the large individual projects as well as the overall control total for the year.

In my experience savings projects often fall into three main categories:

- significant corporate and cross cutting projects which are strategically important in their own right and which require close corporate attention
- smaller self contained projects which are owned by a Director or budget holder who is committed to its achievement and to be held to account for it
- good housekeeping – the management of pay and non pay budgets which every budget holder should be held to account for without having to stipulate how it will be achieved and without having to produce monitoring reports to show the progress being made – because the saving is top sliced off their budget and they are held to account for it through budget monitoring. I would suggest a percentage of their budget say 1-2%. If adopted this would instantly transfer some or all of the extra £25.46 million from the need to identify savings ideas into a budget management challenge around good housekeeping. The essence of this approach is ownership by the budget holders who might prefer this delegated responsibility over the challenge of identifying and managing more savings plans.

### **Minimum Revenue Provision**

The Council's Minimum Revenue Provision is £39.9 million, including an HRA provision of £14.3 million. This figure looks high at 5.5% of the Council's Capital Financing Requirement.

The Council's Officers are already aware of the importance of the Minimum Revenue provision and have been considering the potential to release part of the provision. I understand that the Council is in discussions with the External Auditors about approval for a possible change. I am not aware of the detail of the proposed change.

### **Debt Recovery**

I have not looked into the detail but I am aware that the Council may have some old debts particularly in Adult Social Care. Experience elsewhere has shown that Council's can accumulate debts as a result of focusing too much attention on raising the charges and not enough on collection. Old debts are notoriously difficult to collect but experience has also shown that a focused collection and recovery team can produce good results if they analyse the debtors well and target their efforts on those with prospects for collection.

### **Discretionary Services**

I acknowledge the importance to the community, and to the users, of discretionary services. Nevertheless these services can sometimes place a financial burden on the Council which forces it to consider difficult choices. These services can include Libraries, Leisure Centres and Civic Theatres which incur subsidy.

I know from my discussions that Chief Officers and Councillors are willing to consider options for reducing or eliminating council taxpayer subsidy alongside other options for saving money.

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## **Asset Disposal**

Asset disposal is also something worthy of consideration and I know it is included in the Council's thinking. The Council owns several assets, some of which may be tied up in discretionary subsidised services. Taking a view of options which involve removal of subsidy and disposal of the asset may create wider opportunities.

***NB: All of these measures involve making choices. The key to good choices is to obtain and focus on relevant information, ignore irrelevant information and make an informed choice.***

## **Ideas where the Council might learn from other councils or public sector bodies**

### **Benchmarking**

As a diagnostic tool the Council could usefully use the Audit Commission Profiles to identify areas where the Council's costs and performance do not, at first glance, compare favourably with its comparator authorities. Thereafter the Council may find areas of difference which are worthy of further investigation to identify causes.

### **Sharing with Neighbouring Authorities**

There are undoubtedly opportunities for all councils to share with their neighbours and there are an increasing number of examples of councils willing to consider doing this. However such sharing is not without its difficulties and often there is not enough commitment to a common purpose and the difficulties can become insuperable or not worth the effort. There is even the risk of significant waste of time and money and the concept falls apart because of a lack of consensus. Therefore options for sharing, and partners, should be chosen with care.

The Council should, as I know it is, be open to sharing initiatives, where there is good will and a genuine commitment from another authority to make it work.

### **Sharing With Other Bodies in Wolverhampton**

The same principle applies to other public, or private, bodies within the City. The most likely common purpose would relate to shared services arrangements for common functions such as HR, Payroll, Facilities and others. However the prize must be worth the effort and the risk of successfully implementing a sharing arrangement. Potential candidates for such sharing would include Higher Education, Further Education and NHS. The NHS may be more logical partners for many things with the advent of the Better Care Fund and NHS England's commitment to strengthening local health economies, in conjunction with Local Health and Wellbeing Boards.

### **Commissioning**

There are some who argue that the duty of a council is to commission services for its residents and users and not necessarily to be the provider of the service. There are models of this across the country. In such an arrangement the Council would seek bids from a suitable provider of services against a specification and contract which ensured delivery and quality to secure payment, including the possibility of a 'payment by results' contract.

There are logistical, political, organisational and people issues implicit in such a choice. However the benefits can be considerable (often across all four of those issues) and more certain than other reconfiguration options.

I am aware that the Council has recently approved a significant procurement and outsourcing programme. The independent business case to support this programme highlights procurement is the most certain route to achieve the highest savings. It is important for Officers and Councillors to maintain the timetable for this procurement to maximise the savings.

**Eugene Sullivan, CPFA (Hons) 30 May 2014 (Amended 11 July 2014)**

## **Interviews and Documents**

### **Interviewees:**

Councillor Roger Lawrence – Leader of the Council  
Councillor Andrew Johnson – Cabinet Member for Resources  
Keith Ireland – Strategic Director Delivery  
Sarah Norman – Strategic Director Community  
Tim Johnson – Strategic Director Education and Enterprise  
Mark Taylor – Assistant Director Finance  
Nick Alderman – Chief Accountant  
Peter Farrow – Head of Audit  
Richard Vialard/Richard Bacon – PwC

### **Documents Supplied:**

Community Directorate – Summary of Savings Plans 2014-19  
Wolverhampton Labour Budget Message Card  
Cabinet – 25/2/14 – Treasury Management Strategy 2014/15  
Cabinet – 26/2/13 – Treasury Management Strategy 2013/14  
Cabinet (Resources) Panel – 11/3/14 – Fees and Charges Review 2014/15  
Cabinet - 25/2/14 – Five Year Budget and Medium Term Financial Strategy 2014/15 to 2018/19  
Cabinet – 4/3/14 – Deloitte LLP – In-house Service Options Appraisal  
Specific Reserves Working Group – 16/1/14 – Review of Specific Reserves  
Cabinet – 25/2/14 – Capital Programme 2013/14 to 2017/18 Quarter Three Review and 2014/15 to 2018/19 Budget Strategy  
Cabinet (Resources) Panel – 11/3/14 - Revenue Budget Monitoring 2013/14 Quarter Three  
Cabinet – 24/7/13 – Reserves, Provisions and Balances 2012/13  
Cabinet – 24/7/13 – Draft Budget Strategy 2014/15 and Medium Term Financial Strategy  
Cabinet – 23/10/13 – Five Year Budget and Medium Term Financial Strategy 2014/15 to 2018/19  
Cabinet – 8/1/14 – Five Year Budget and Medium Term Financial Strategy 2014/15 To 2018/19

## **Budget and MTFS Assumptions**

### **General Assumptions**

General assumptions are as listed in and Appendix D to the budget report to Cabinet and are attached to this document.

The basis for these is as follows:

Council Tax Increases: 2% annually as per current referendum limit

Council Tax Base: 0.5% annual growth in line with recent new build data and with the New Homes Bonus estimates

Cost price inflation (excl. utilities and NNDR): 0% as it is assumed that all costs will remain flat with improved procurement offsetting any inflationary pressures

Cost price inflation – Gas: 5.7% annually, based on recent trends.

Cost price inflation – Electricity: 2.5% annually, based on recent trends.

Cost price inflation – NNDR: 3.9% set at 2013 RPI level as although capped at 2% the difference is to be funded by Central Government. Based upon current inflation rates this rate may need revisiting and reducing in future iterations to reduce inflation level.

Growth in NNDR tax base – 0.1% for 14/15, 0.2% thereafter. Little growth as experienced in recent trends in local economy.

Increase in Top-up grant – 2.0% in 14/15, 3% in 15/16, 4% in 16/17 & 17/18, 0% in 18/19. These are updated annually by the increase in the small business rates multiplier (previously by inflation). 14/15 and 15/16 are based on the settlement figures. Thereafter on estimates that will be reviewed on MTFS refresh – risk is to the downside.

Decrease in RSG – reductions for 14/15 and 15/16 of 16.9% and 29.2% reflect the settlement figures. Reductions thereafter are predicated on further cuts in Government spending (as confirmed by the chancellor further £25 billion in the next spending round). Reductions are in line with the LGA projections and comparable with local equivalents although some forecasts put the reductions far greater. Balanced risk based on current knowledge.

## **Budget and MTFS Assumptions**

### **Specific Assumptions**

The following are the significant specific income/expenditure assumptions made in the budget and MTFS. Apart from the specific growth elements identified below there are no other predicted growth in expenditure arising from specific cost pressures.

New Homes Bonus - estimated based upon new build forecast data supplied by the strategic planning department. The figures are slightly greater than those recently achieved. This data has also been fed in to the tax base data to ensure consistency. The NHB adjustment grant has been calculated based upon the LG Futures forecast of the national new homes bonus calculations.

Fees & Charges – no increase in fees and charges has been budgeted as the agreed figures were not available when the budget was prepared. Fees and charges have been analysed separately for review.

Looked after Children – an increase over the 2013/14 base budget of £7.5 million has been included to bring expenditure up to current levels (£2.5 million of this held separately as a corporate contingency). Numbers are continuing to rise and there is a potential downside risk.

Adult Social Care – growth of £2 million per annum has been included, although from 2015/16 onwards this is assumed as met from the Better Care Fund (i.e. net growth of £nil). This growth is based on a forecast prepared by LG Futures for Wolverhampton showing demographic growth of c. £400,000 per annum together with internally calculated additional transition costs (young people transitioning to the adult care system) of £1.1 million. The balance of £0.5 million is to fund other growth pressures in the service.

Care Bill – there is no growth reflected in the budget/MTFS for additional costs arising from the Care Bill. At the time of preparation these were unquantified and assumed to be met by additional funding. The costs have now been estimated at £2.5-£3.0 million in the first year (2016/17) rising to £4 million per annum over the medium term. The funding for these additional costs is not yet clear but is a significant downside risk.

### Approach to Setting a Medium Term Strategy

The Medium Term Financial Strategy is always a balance between the spending plans and the resources available to fund it. It is prudent also to consider the going concern issue and therefore plan to have a positive balance sheet, including cash and short term liquid assets. It is not easy to get the balance right and it is important to control those things which you can control. The basic approach is to determine:

- **A** - How much will be spent on providing current and future services bearing in mind both price and demand growth. The Council is not wholly in control of this figure because there are things which must be done (statutory) and things that are desirable do (discretionary). Most Council's are forecasting increased demand in the statutory areas of Adult Social Care and Looked after Children. Expenditure plans are further complicated by the fact that the Council may be able to influence future levels of spend by managing demand and/or altering delivery mechanisms – but need time to change or transform the ways services are currently configured and provided
- **B** - How much resource can be raised from statutory sources Council Tax, Grants, NNDR
- **C** - How much can be raised from Fees and Charges (a complex matter in which the Council can control the level of the charge but cannot control demand – and for some services increased charges will adversely affect demand
- **D** – Use of reserves

If A is greater than the sum of B and C (after the Council is satisfied that none of the figures can be realistically or prudently improved) then the Council has an 'expenditure gap'. If the gap is recurring action needs to take action to bring income and expenditure into balance as quickly as possible. If that can't be done within the financial year the Council will need to use reserves (D) where available – but this must always be seen as a measure which only buys time to find sustainable solutions. It is not a sustainable solution in itself.

The plan which brings expenditure plans and resources into balance is called different things - a savings strategy, improvement programme or cost reduction programme. It is crucial that the savings strategy is realistic and is properly managed and profiled to ensure the delivery of the plan.

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## Independent review of process for medium term financial strategy and budget Action Plan to Implement Recommendations

Recommendation	Action	Responsible	Date
1. A full assurance review of the MTFS model by Internal or external audit should be undertaken in advance of next year's budget setting process	Internal audit to undertake assurance review of MTFS model	Head of Audit	30 September 2014 and then annually
2. Formal approval of the assumptions, including any future changes when they arise, should include the financial implication of each assumption.	Formal approval of assumption is already sought, this will however be enhanced and included in the October budget report to Cabinet, in order to make even clearer what has changed and what this impact was.	Chief Accountant	31 October 2014 and then ongoing

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Recommendation	Action	Responsible	Date
<p>3. Only one iteration of the five year projections (around October or November) should be reported to Councillors in advance of setting the budget for the coming year (unless there are major changes to the figures which require urgent consideration)</p>	<p>The five year projections will remain under constant review and all reports will make reference to the extent of the challenge over the five year period, the main focus will however be on the following financial year.</p> <p>This will ensure that that Councillors are able to make fully informed medium term focussed decisions.</p> <p>The number of iterations of the five year projections that are reported will depend on the significance of the changes between each reporting period.</p>	Chief Accountant	31 October 2014 and then ongoing
<p>4. In-year monitoring of the financial budget for the current year should also possibly include a future trends paragraph which might alert Councillors to anything material which might affect future plans</p>	<p>Quarterly monitoring reports will continue to focus upon the current financial year with a future trends paragraph included where and when appropriate</p>	Chief Accountant	31 July 2014 and then ongoing
<p>5. The financial model should be maintained as a live model for the Section 151 Officer and management purposes</p>	<p>The MTFs will continue to be maintained as a live model with regular updates provided to the Section 151 Officer</p>	Chief Accountant	Ongoing



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Recommendation	Action	Responsible	Date
6. The story and the financial strategy should be told in a way that makes the scale of the challenge clear and unequivocal but achievable with focus and commitment to a common purpose.	<p>Templates for reports and presentations will be reviewed, Communications and Democratic Services colleagues will be consulted as part of this review in order to ensure that the key messages and actions are communicated as clearly as possible</p> <p>This has already been actioned for the 25 June 2014 Cabinet report.</p>	Chief Accountant	31 July 2014 and then ongoing
7. Budget and financial outturn and strategy reports should be shortened and simplified, with financial data and detailed commentary moved to appendices wherever possible to provide greater clarity.	<p>Templates for reports and presentations will be reviewed, Communications and Democratic Services colleagues will be consulted as part of this review in order to ensure that the key messages and actions are communicated as clearly as possible</p> <p>This has already been actioned for the 25 June 2014 Cabinet report.</p>	Chief Accountant	31 July 2014 and then ongoing

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Recommendation	Action	Responsible	Date
8. The Finance Department should arrange a suitable and proportionate annual due diligence review (possibly by internal or external audit) to append to its MTFS report to Cabinet.	Due diligence review to be undertaken annually by internal audit to validate methodology and assumptions used	Head of Audit	December 2014 and then annually
9. For fees and charges there should be: <ul style="list-style-type: none"> <li>• greater modelling and economic focus on not just the charge for a service but also the anticipated level of income that might be raised</li> <li>• an explicit focus on fees and charges/income generation in the MTFS</li> <li>• a determination of the fees and charges for the coming year before or when setting the budget.</li> </ul>	Fees and charges to be set prior to the final budget being reported to Cabinet during February each year. The process will include volume/demand modelling in significant areas as well as consideration of the absolute level of income generated	Chief Accountant	December 2014 and then annually

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Recommendation	Action	Responsible	Date
10. Current earmarked reserves should be preserved as mitigation against any unforeseen pressures in 2014/15.	At the end of 2013/14 earmarked reserves were higher than had been projected during the year, this will be formally reported to Cabinet in July. Earmarked reserves will continue to be reviewed on a regular basis, including an annual review by Scrutiny, in order to ensure that what is being held is both robust and prudent.	Chief Accountant	Ongoing
11. The Council should seek further clarification from the Section 151 Officer and the External Auditor as to the triggers for action under relating to Section 114 and Section 19 powers.	Section 151 Officer and External Auditor to discuss and document the triggers before reporting to Senior Management and Councillors	Assistant Director Finance	31 July 2014

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# Confident Capable Council Scrutiny Panel

10 September 2014

<b>Report title</b>	Health, Safety & Wellbeing Strategy 2014-17	
<b>Cabinet member with lead responsibility</b>	Councillor John Reynolds City Services	
<b>Wards affected</b>	All	
<b>Accountable director</b>	Keith Ireland, Delivery	
<b>Originating service</b>	Delivery	
<b>Accountable employee(s)</b>	Alistair Merrick	Assistant Director Tel 01902 55(5216) Email <a href="mailto:Alistair.merrick@wolverhampton.gov.uk">Alistair.merrick@wolverhampton.gov.uk</a>
	Dawn Phillips	Health, Safety and Wellbeing Manager Tel 01902 55(4035) Email <a href="mailto:Dawn.phillips@wolverhampton.gov.uk">Dawn.phillips@wolverhampton.gov.uk</a>
<b>Report to be/has been considered by</b>	Strategic Executive Board	3 April 2014

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## Recommendation(s) for action or decision:

The Panel is recommended to:

1. Endorse the proposed development and the implementation of a health, safety and wellbeing strategy to establish a clear vision for the further development of health and wellbeing policies, procedures and measures in the Council to ensure the full discharge of senior management responsibilities.
2. Endorse the work plans for the initial implementation of the strategy, which identify the key supporting activities at both corporate and business levels of the organisation.

**Recommendations for noting:**

The Panel is asked to note:

1. The strategy requires Directorates to develop and implement their own work plans to progress the requirements of the strategy. The Corporate Safety Team will help in the development of these work plans and then support their implementation. The Corporate Health & Safety Team will then monitor and report progress against these plans to the Corporate Health and Safety Committee.

## 1.0 Wolverhampton City Council - corporate purpose and objectives

1.1 Wolverhampton City Council's statement of purpose (2012-15 corporate plan) is

***'Serving Wolverhampton, Securing Prosperity, Delivering Value'***

With the aim of:

- Encouraging enterprise and business;
- Empowering people and communities;
- Re-invigorating the City;

And supported by a 'Confident, Capable Council'.

## 2.0 Strategic Objectives

2.1 The core health, safety and wellbeing strategy is to support the creation of a workforce which delivers a Confident and Capable Council and meets the Council's legal obligations, strategic objectives and business requirements.

2.2 The Council's strategic objectives include building an organisation which is agile, lean and responsive to the needs of the local residents. Specifically we aim to:

- Become a high performing organisation, delivering services that we continually strive to improve;
- Improve levels of customer satisfaction for services we deliver and commission;
- Improve value for money across all services;
- Realise the benefits from transformation projects;
- Reshape and reskill the workforce to meet the challenges of future service demands;
- Improve governance arrangements and internal controls.

2.3 To meet our legal obligations the Council aims to provide and maintain safe and healthy environments for employees and all who use our services.

## 3.0 Aims

3.1 Strategic aims:

- Senior management and elected Councillors are aware of their responsibilities for health and safety and are included in strategic decision making.
- Management at all levels are competent to manage their health and safety risks.
- Arrangements are established that ensures workforce involvement in the managing of health and safety issues.
- To specifically target key health and safety issues that will bring about a reduction in the incident rate and reduce incidents of work related ill health.
- The health and safety arrangements of partners, key suppliers and contractors are assessed; their performance could adversely affect the Council.
- Support the Council's Corporate Plan.

## 4.0 Policy Statement

- 4.1 The Council recognises the importance of ensuring the health safety and wellbeing of employees and fully accepts its statutory obligations both to employees and other persons who may be affected by our activities and the services we provide and control.
- 4.2 The Strategic Executive Board (SEB), led by the Chief Executive, is collectively responsible for the strategic leadership and governance of health, safety and wellbeing of the Council. The Strategic Director, Delivery is the 'nominated director' for health, safety and wellbeing.
- 4.3 Each assistant director and head of service is responsible for implementing this strategy within their business/service area and for ensuring that effective health and safety management systems are in place for both normal and emergency situations.
- 4.4 The Council will adopt and develop its corporate health and safety management systems to meet British Standard Occupational Health Safety Advisory Services (OHSAS) 18001 and health and safety guidance 65 requirements. The corporate safety, health and wellbeing manager is the Council's "management appointee" to ensure that the system is continually developed, implemented and improved.
- 4.5 The Council will meet, as a minimum standard, all applicable and relevant statutory duties and legal requirements under the Health and Safety at Work Act.
- 4.6 The Council is committed to the prevention of injury and ill-health and will strive to continually improve and develop its management and performance of occupational health and safety.
- 4.7 All risks will be effectively assessed, and all unavoidable risks appropriately managed in accordance with the Health and Safety Executive (HSE) 'sensible risks' principles.
- 4.8 Council health and safety objectives and targets contained in this strategy will be integrated within the business plans of each business/service, and into key tasks and individual work programmes. Progress and achievement of objectives and targets will be reviewed at least annually to contribute to an annual health and safety review.
- 4.9 Managers are required to manage health, safety and wellbeing to meet the corporate standards and their responsibilities under this strategy.
- 4.10 All members of staff have legal obligations to take reasonable care of their own health and safety and the safety of others who may be affected by their acts or omissions. Specific responsibilities are outlined in corporate policy 'Health and Safety Duties and Responsibilities' available to all employees on the intranet - <http://hrintranet/HRIntranet/Responsibilities%20-%20CDB%20Report%202013.pdf>. In order to meet these responsibilities, all employees are expected to draw to the attention of their line manager or supervisor any difficulty experienced in meeting these requirements, and should remove them and anyone in their charge from hazards giving rise to an imminent risk of harm. Any failure to meet these requirements may be subject to disciplinary action.



4.11 This strategy will be reviewed in consultation with the workplace representatives in 2017, or as necessary following organisational or legislative changes. Any changes to it will be made available to all contracting agencies, partners and others affected by its provisions.

## **5.0 Responsibilities**

### **5.1 Councillors**

5.1.1 Councillors have a duty to comply with the requirements of the Council's health and safety policy; receive health and safety briefing; ensure that suitable resources and strategic direction are available to discharge the Council's health and safety responsibilities.

5.1.2 Whilst Councillors and Council may affect the overall safety management of the organisation and hence be relevant in any criminal prosecution taken against it; Councillors are elected office holders not employees, and as such have no personal duties under health and safety at work legislation. Councillors have legal indemnity; consequently liabilities would usually fall to the authority.

### **5.2 Corporate Management**

5.2.1 Strategic Executive Board (SEB) recognises its responsibilities to provide collective and individual health and safety leadership for the Council.

5.2.2 The Chief Executive accepts overall responsibility to ensure this strategy is implemented throughout the Council.

5.2.3 Directors and assistant directors accept responsibility for implementing the strategy within their service and collectively as SEB and Corporate Delivery Board (CDB) to ensure corporate implementation and success.

5.2.4 The Strategic Director, Delivery accepts responsibility as 'nominated director' on behalf of SEB to ensure health and safety risk management issues are properly addressed by SEB and across the Council.

### **5.3 Managers**

5.3.1 It is a requirement that all managers who have responsibility for employees, service users, contractors or partners, will at all times aim to meet, implement and promote the standards contained in this strategy.

5.3.2 The Council's health and safety performance standards will be applied at each level of management and supported with appropriate policies, procedures and safe working practices.

5.3.3 Guidance on implementation of the standards is contained within the Council's Health and Safety Policy posted on the Safety, Health and Wellbeing intranet, or directly from the advisers within the corporate health and safety team and the occupational health team.

[http://hrintranet/HRIntranet/HS\\_Policystatement0112.pdf](http://hrintranet/HRIntranet/HS_Policystatement0112.pdf)

## **5.4 Employees**

- 5.4.1 All employees are required to comply with and promote the Council's health, safety and wellbeing strategy and all other related policies and procedures.
- 5.4.2 The Council will provide all necessary information, instruction, training and supervision to ensure the health, safety and wellbeing of employees. No one is required to carry out work on behalf of the Council unless fully aware of the nature of the risks, and have received appropriate instruction in the proper safe working procedures.
- 5.4.3 No employee is required to continue working where there is imminent danger of injury or ill-health. It is the responsibility of all employees to take proper precautions to prevent accidents to themselves or anyone else for which they may be responsible.

## **5.5 Contractors and Partners**

- 5.5.1 The Council provides services in partnership with many other service providers and recognises the joint responsibility it has to safeguard the health, safety and wellbeing of its own employees, those working on behalf of the Council, service users and members of the public who may be affected.
- 5.5.2 The Council will ensure that proper health and safety information is provided to its contractors and partners prior to any contract commencing. All service providers are required to maintain an appropriate health and safety management system to comply with all relevant health and safety legislation and control risks associated with the service provided.
- 5.5.3 This strategy, and details of arrangements affecting their safety, will be made available to contractors and other relevant partners.

## **5.6 Members of the Public and Service Users**

- 5.6.1 The Council recognises its duty of care to members of the public and service users who may be affected by the Council's activities and services. All activities will be conducted so as not to expose those members of the public and service users to risk to their health and safety.
- 5.6.2 In fulfilling this duty all significant risks will be properly assessed and appropriate precautions and monitoring systems put in place to safeguard those who may be affected. Where appropriate, the Council will provide relevant information to those affected on the risks present and the controls to minimise them.
- 5.6.3 Where any risk concerning the health and safety of a member of the public or service user is brought to the Council's attention, the issue will be investigated immediately, and where necessary appropriate changes will be made to minimise the risk to an acceptable level.

## 6.0 Health and Safety Performance Indicators

6.1 With a new emphasis being put on leading indicators to bring a new practical approach to managing health and safety, the following targets and objectives have been set for achievement by 2017.

**Indicator 1:** Achieve the certification of the Council's health and safety management system to the British Standard OHSAS 18001 standard.

**Indicator 2:** Annual occupational health and safety plans and objectives are set for corporate health and safety function, and all business areas (extent 100%)

**Indicator 3:** Management systems compliant with recognised health and safety risk management system (extent 90%)

**Indicator 4:** Close-out of audit recommendations (extent 90% on time)

**Indicator 5:** Accidents, incidents and near misses are reported and recorded onto OPAS/iCASS system within statutory time frame, and appropriately investigated by management:

- Major/fatalities – immediately
- All other accidents/incidents – within 10 days
- Accident/incident investigation – undertaken within 10 days (extent 100%)

**Indicator 6:** Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) Accident/incident are reported to the Health and Safety Executive (HSE) within statutory time frame (extent 100%)

**Indicator 7:** Management undertakes health and safety consultation with employees to Council standard (extent 100%)

**Indicator 8:** Annually review overall performance of health and safety management system (extent 100%)

## 7.0 Health and Safety Management System

7.1 The management system is designed to control and continually improve the management of health and safety at both corporate and business/service level. Future development of the system will adopt the principles contained within BS OHSAS 18001. It is represented by the following components

- Policy intent and procedures
- Organisation
- Planning
- Implementation and operation
- Monitoring
- Continual improvement

## 8.0 Management System Standards

The following sections separate each element into specific performance standards, and key supporting activities:

## 8.1 Policy Intent and Procedures

Performance Standards	
1.	The Health and Safety Management System for Wolverhampton City Council will adopt the principles contained in BS OHSAS 18001, and HS (G) 65 or as may be amended.
2.	Risk control procedures are in place to ensure compliance with relevant legislation and to identify and manage the risks faced by the Council.
3.	Written policies, standards and procedures are established that are reviewed periodically to support and control the Health and Safety Management System and comply with the BS 18001.

## 8.2 Organisation

Performance Standards	
4.	Responsibilities, core competencies and compliance standards for health and safety are identified and allocated for management, employees and others providing a service.
5.	A core of competent employees exists to oversee and advise on the implementation of the health and safety management system.
6.	Consultation and communication mechanisms are established to encourage and involve employees, their representatives and management with health and safety.

## 8.3 Planning

Performance Standards	
7.	Written health and safety plans are developed as part of the business planning cycle (based upon a performance review process).
8.	All risks are effectively assessed and all unavoidable risk appropriately managed in accordance with the HSE's 'sensible risks' principles.
9.	Measurable health and safety performance targets and objectives are set to facilitate continual improvement.

## 8.4 Implementation and Operation

Performance Standards	
10.	All health and safety policies and procedures are effectively implemented.
11.	All employees are appropriately fit and healthy to carry out their duties safely and efficiently.
12.	Health and safety training and develop programmes are

	established to ensure employees are appropriately competent.
13.	The appointment of union safety representatives is encouraged and appropriate resources provided.
14.	A positive health and safety culture exists.
15.	All appropriate health and safety records are maintained and statutory notifications made.

## 8.5 Monitoring

Performance Standards	
16.	Appropriate monitoring takes place to check that key elements of the Health and Safety Management System are operating effectively.
17.	A health and safety audit system is operated to objectively measure health and safety performance.
18.	Accident and ill-health data is analysed to determine trends.

## 8.6 Performance Review

Performance Standards	
19.	Health and safety performance is reviewed against set targets and measurable objectives to inform the creation of written health and safety plans.
20.	All risk assessments are regularly reviewed.
21.	Employees are made aware of the results of any review process.

## 8.7 Continual Improvement

Performance Standards	
22.	Performance targets are set for the Council's Health and Safety Management System to ensure continuous improvement.
23.	Where possible the Health and Safety Management System is integrated with other management systems and procedures.
24.	The health and safety culture throughout the Council is continually developed and improved.

## 9.0 Summary and Work Plan 2014-2017

- 9.1 This document demonstrates the Council's commitment to continually improve health and safety performance and to encourage a sensible risk management approach.
- 9.2 Attached as Appendix 1 and 2 are the work plans for the initial implementation of the strategy. The work plans identify the key supporting activities at both corporate and business levels of the organisation. Each business/service area is required to further develop and implement their own respective work plan in line with strategic aims and performance indicators. It is the responsibility of all heads of service to ensure specific

work plans are developed, and assistant directors to monitor their implementation. Corporate health and safety committee, and operational health and safety groups will monitor overall progress.

- 9.3 During July and August 2014 briefings on the roles and responsibilities for managers and their work requirements to produce their operational health and safety work plans have been conducted with assistant director management teams. From this a timeline will be agreed with the assistant directors for the production of the work plans.

## **10.0 Financial Implications**

- 10.1 There are no financial implications arising from the recommendations in this report. The work required to implement the strategy will be undertaken using existing staffing resources [GE/01092014/X].

## **11.0 Legal Implications**

- 11.1 The Health and Safety at Work Act 1974, and the Management of Health and Safety Regulations imposes a legal duty on the Council to have risk control procedures in place to ensure compliance with relevant legislation, and the provision a safe working environment for it employees [RB/29082014/W].

## **12.0 Equalities implications**

- 12.1 Equality implications have been considered and applied to the development of the Council's core health, safety and wellbeing priorities. On-going monitoring will take place and reported to Corporate Health and Safety Committee to ensure the Council meets its legal obligations to provide and maintain safe and healthy environments for employees and all who use our services.

## **13.0 Environmental implications**

- 13.1 There are no direct environmental implications contained in this report.

## **14.0 Human resources implications**

- 14.1 There are no direct human resources issues contained in this report.

## **15.0 Corporate landlord implications**

- 15.1 There are no direct corporate landlord implications contained in this report.

## **16.0 Schedule of background papers**

- 16.1 Strategic Executive Board 03.04.14  
Corporate Health and Safety Committee 23.01.14 and 26.09.13

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**Corporate Safety, Health and Wellbeing Strategy**  
**Work Plan for Corporate Health and Safety Function 2014-2017**

**WHICH CORPORATE PLAN THEME WILL THESE OBJECTIVES SUPPORT?**

<b>Corporate Plan Theme</b>	<b>Confident, Capable Council</b>
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**Aims of the strategy:**

- Senior management and elected members are aware of their responsibilities for health and safety and are included in strategic decision making.
- Management at all levels are competent to manage their health and safety risks.
- Arrangements are established that ensures workforce involvement in the managing of health and safety issues.
- To specifically target key health and safety issues that will bring about a reduction in the incident rate and reduce incidents of work related ill health.
- The health and safety arrangements of partners, key suppliers and contractors are assessed; their performance could adversely affect the Councils.
- Support the Council's Corporate Plan.



OBJECTIVE DETAILS - 2014/15 Programme						
Key Areas of Focus	Actions	Performance Measures/ Standards	Update	Start date	End Date / Review Date	Status
<b>1. Policy and Procedures (including the required e-learning update)</b>  Page 55	<b>The Council will, via the corporate health and safety function:</b> <ul style="list-style-type: none"> <li>Provide and document a corporate Health, Safety and Wellbeing Strategy that describes the Council's health and safety management system; this will be published on the Council's intranet website.</li> <li>Produce written management policies and procedures within a controlled health and safety format published on the Council's intranet.</li> <li>Regularly review and revise all corporate health and safety documentation.</li> <li>Maintain and develop the corporate health and safety management system.</li> </ul>	<ul style="list-style-type: none"> <li><b>The health and safety management system for Wolverhampton City Council will adopt the principles contained within BS OHSAS 18001 and HS (G) 65 or as may be amended.</b></li> <li><b>Attain BS OHSAS 18001 standard.</b></li> <li><b>Risk control procedures are in place to ensure compliance with relevant legislation and to identify and manage the risks faced by the Council.</b></li> <li><b>Written policies, standards and procedures are established that are reviewed periodically to support and control the health and safety management system.</b></li> </ul>	1.1 Commence review of all corporate health and safety policies/procedures/guides in tandem with health and safety e-learning training, and in line with legislation and BS 18001 standard.	April 2014	June 2015	In progress.
<b>2. Organisation – Leadership and Commitment</b>	<b>The Council will, via the corporate health and safety function:</b>	<ul style="list-style-type: none"> <li><b>Responsibilities, core competencies and compliance standards for health and safety are identified,</b></li> </ul>	2.1 Publish revised 'health and safety responsibilities' following endorsement by SEB/CDB and	Sept 2013	April 2014	Complete

	<ul style="list-style-type: none"> <li>Specify strategic health and safety responsibilities and core competencies for all management levels and those providing services.</li> <li>Designate health and safety advisers to assist managers in meeting their health and safety responsibilities and to advise on the management and control of safety critical tasks.</li> <li>Establish appropriate meetings for consideration and consultation of health and safety issues to meet the needs of the organisation.</li> <li>In conjunction with Corporate Procurement review health and safety provision for contracted services and partnerships to confirm their capacity to meet minimum statutory health and safety standards, and establish principles of good practice in relation to 'specification' 'selection' and 'monitoring'</li> </ul>	<p><b>and allocated in writing for management, employees and others providing services.</b></p> <ul style="list-style-type: none"> <li><b>Managers in all leadership positions demonstrate through their actions a visible and consistent commitment to health safety and wellbeing.</b></li> <li><b>Leaders review the operational activities of their business unit, identify specific health safety and wellbeing risks and develop strategies in a strategic or operation work plan that will control these risks.</b></li> <li><b>A core of competent staff exists to oversee and advise on the implementation of the health and safety management system.</b></li> <li><b>Consultation and communication mechanisms are established to encourage and involve employees, their representatives and management with health and safety.</b></li> </ul>	<p>Scrutiny.</p> <p>2.2 Publish Safety Health and Wellbeing Strategy. Develop initial corporate health and safety work programme.</p> <p>2.3 Establish health and safety principles of good practice for the procurement of contracted services and partnerships.</p> <p>2.4 Integrate and embed schools health and safety team into corporate function to increase and strengthen health and safety collective competence.</p> <p>2.5 Establish and publish on the SHW web-site 2014/2015 meeting dates of the corporate health and safety committee; publish meeting notes on web-site.</p> <p>2.6 Review corporate health and safety committee membership in light of organisational change</p>	<p>July 2013</p> <p>March 2013</p> <p>Feb 2014</p> <p>Jan 2014</p> <p>April 2014</p>	<p>April 2014</p> <p>Sept 2015</p> <p>June 2014</p> <p>April 2014</p> <p>May 2014</p>	<p>Endorsed SEB 3.4.14 Scrutiny Panel Sept 2014</p> <p>Complete</p> <p>On-going; carryout timely updates</p> <p>On-going; up-dated as</p>
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<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 57</p>						<p>notified of organisational change</p>
<p>3. Planning</p>	<p><b>The Council will, via the corporate health and safety function:</b></p> <ul style="list-style-type: none"> <li>Identify and set measurable health and safety performance indicators as part of corporate Health Safety and Wellbeing Strategy.</li> <li>Produce a corporate health and safety plan.</li> <li>Establish an audit strategy based upon corporate audit principles Review strategic</li> </ul>	<ul style="list-style-type: none"> <li><b>Written health and safety plans will be developed as part of the business planning cycle (based upon performance review process).</b></li> <li><b>All risks are effectively assessed; unavoidable risks appropriately managed in accordance with the HSE’s ‘sensible risks’ principles.</b></li> <li><b>Measurable health and safety performance targets and objectives set to facilitate continual improvement.</b></li> </ul>	<p>3.1 Establish annual work programme based upon short-term goals</p> <p>3.2 Align corporate health and safety audit process to mirror corporate audit principles; including audit schedule based upon risk priorities.</p>	<p>Jan 2014</p> <p>Jan 2014</p>	<p>April 2014</p> <p>Sept 2014</p>	<p>2014/15 Complete</p> <p>In progress</p>

	<p>risks via Corporate Risk Management.</p> <ul style="list-style-type: none"> <li>Establish an annual work programme for the safety, health and wellbeing teams to support elements of the corporate strategy and implementation of the corporate health and safety plan.</li> </ul>					
<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 58 4.1 Implementation and Operation</p>	<p><b>Corporately the Council will:</b></p> <ul style="list-style-type: none"> <li>Provide a corporate health and safety training programme to support the Health, Safety and Wellbeing Strategy.</li> <li>Provide appropriate occupational health and employee physiotherapy and counselling services.</li> <li>Implement appropriate health surveillance and produce and devise an annual health and wellbeing programme.</li> <li>Operate a document control system for all</li> </ul>	<ul style="list-style-type: none"> <li><b>All occupational health and safety policies and procedures are effectively implemented.</b></li> <li><b>All employees are appropriately fit and healthy to carry out their duties safely and efficiently.</b></li> <li><b>Health and safety training and development programmes are established to ensure employees are appropriately competent.</b></li> <li><b>The appointment of union safety representatives is encouraged and appropriate resources provided.</b></li> <li><b>A positive health and safety culture exists.</b></li> <li><b>All appropriate health and safety records are maintained and</b></li> </ul>	<p>4.1 Corporate health and safety priority activities:</p> <ul style="list-style-type: none"> <li>Embed PVPR and iCASS accident and incident reporting systems</li> <li>Develop and implement OPAS risk assessment module.</li> <li>Procure, configure and implement core health and safety e-learning training, compliant with Work Force Development Learning Hub (Scorm 1.2)</li> <li>Procure and implement corporate lone worker system.</li> </ul>	<p>Sept 2013</p> <p>Jan 2014</p> <p>Mar 2014</p> <p>Jan 2013</p>	<p>April 2015</p> <p>Sept 2015</p> <p>June 2015</p> <p>July 2014</p>	<p>In progress</p> <p>Initial works</p> <p>Procured; configuration in progress</p> <p>Procured; pilot in progress</p>

Page 59	<p>corporate occupational health and safety policies and procedures.</p> <ul style="list-style-type: none"> <li>• Work with Workforce Development to establish core health and safety competencies and training for Councillors, senior managers, managers and employees.</li> <li>• Report all notifiable accidents and incidents to the Health and Safety Executive.</li> <li>• Where necessary, assist with the investigation of incidents to determine any underlying occupational health and safety deficiencies and identify the corrective action and opportunities to prevent a recurrence.</li> </ul>	<p><b>statutory notifications made.</b></p>	<ul style="list-style-type: none"> <li>• Develop a health and wellbeing programme – a series of health initiatives/campaigns to prevent ill health and/or improve employee health and wellbeing:             <ul style="list-style-type: none"> <li>- Stress management</li> <li>- Musculoskeletal</li> <li>- Workplace ergonomics</li> <li>- Management of asbestos in schools</li> </ul> </li> </ul>	<p>Jan 2013</p>	<p>Mar 2015</p>	<p>In progress</p>
<p><b>5. Monitoring</b></p>	<p><b>Corporately the Council will:</b></p> <ul style="list-style-type: none"> <li>• Operate an appropriate health and safety audit programme at planned intervals based on corporate risk and/or BS OHSAS 18001.</li> <li>• Monitor the success and</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Appropriate monitoring takes place to check that key elements of the occupational health and safety management systems are operating effectively.</b></li> <li>• <b>A health and safety audit system is operated to objectively measure health and safety performance.</b></li> </ul>	<p>5.1 Agree corporate health and safety audit schedule with SEB/CDB, and implement.</p> <p>5.2 Provide annual health and safety statistics and equality analysis of accident and incidents; work related</p>	<p>Mar 2014</p> <p>May 2014</p>	<p>Sept 2014</p> <p>June 2014 June 2015 June 2016</p>	<p>Report to SEB/CDB Sept 2014</p> <p>2013/14 Stats presented</p>

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 60</p>	<p>value for money of the corporate e-learning health and safety programmes.</p> <ul style="list-style-type: none"> <li>Carry out an annual analysis of accident/incident and absence data to determine statistical and equality trends. Carry out a corporate analysis of health surveillance results.</li> <li>Periodically consult with employees to determine attitudes to health and safety to sample the health and safety culture.</li> </ul>	<ul style="list-style-type: none"> <li><b>Accident and ill-health data is analysed to determine statistical trends.</b></li> <li><b>On-going auditing to review health and safety statistics and practices based upon equality analysis.</b></li> <li><b>Staff engagement strategies incorporating wellbeing programme, HR staff engagement strategy etc. suitable for occupational health and safety monitoring are developed</b></li> </ul>	<p>absence; health surveillance programme.</p>			<p>Corp H&amp;S Com. 15.5.14</p>
<p>6. Performance Review</p>	<p><b>Corporately the Council will:</b></p> <ul style="list-style-type: none"> <li>Produce an annual health and safety performance report to enable SEB and CDB to review the suitability, adequacy and effectiveness of the Council's occupational health and safety systems. The findings of the report will be used to develop the objectives of the corporate health safety and wellbeing plan.</li> <li>Carryout an annual review of corporate health and</li> </ul>	<ul style="list-style-type: none"> <li><b>Health and safety performance is reviewed against set targets and measurable objectives to inform the creation of written health and safety plans.</b></li> <li><b>All risk assessments are regularly reviewed.</b></li> <li><b>Employees are made aware of the results of any review process.</b></li> </ul>	<p>6.1 Provide annual health and safety performance report to corporate health and safety committee and SEB/CDB 6.2 Publish annual health and safety performance report on the corporate health and safety intranet.</p>	<p>May 2014  July 2014</p>	<p>Sept 2014  Oct 2014</p>	<p>In progress</p>

	<p>safety audit programme.</p> <ul style="list-style-type: none"> <li>Periodically review health and safety strategic risks.</li> </ul>					
<p>7. Continual Improvement</p> <p>Page 61</p>	<p><b>Corporately the Council will:</b></p> <ul style="list-style-type: none"> <li>Review achievements against the set targets as part of the health and safety performance review cycle.</li> <li>Attempt to benchmark or compare performance with other similar organisations.</li> <li>Identify and publish the benefits of a positive health and safety culture and good performance.</li> <li>Identify areas requiring development that will contribute to continual improvement.</li> <li>Periodically ask employees their views on how the Council is managing health, safety and wellbeing.</li> <li>Establish mechanisms for employees to raise suggestions to improve health safety and wellbeing.</li> </ul>	<ul style="list-style-type: none"> <li><b>Performance targets are set for the Council's health and safety management system to ensure continuous improvement.</b></li> <li><b>Where possible the health and safety management system is integrated with other management systems and procedures.</b></li> <li><b>The health and safety culture throughout the Council is continually developed and improved.</b></li> </ul>	<p>7.1 Medium term health and safety priorities (2015/16) based upon 2014/15 performance review</p>	<p>Sept 2014</p>	<p>Jan 2015</p>	

## Operational Safety Health and Wellbeing Work Plan

**Business/Service Area:** .....

### WHICH CORPORATE PLAN THEME WILL THESE OBJECTIVES SUPPORT?

Corporate Plan Theme	Confident, Capable Council
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#### Aims of the strategy:

- Senior management and elected members are aware of their responsibilities for health and safety and are included in strategic decision making.
- Management at all levels are competent to manage their health and safety risks.
- Arrangements are established that ensures workforce involvement in the managing of health and safety issues.
- To specifically target key health and safety issues that will bring about a reduction in the incident rate and reduce incidents of work related ill health.
- The health and safety arrangements of partners, key suppliers and contractors are assessed; their performance could adversely affect the Councils.
- Support the Council's Corporate Plan.

### OBJECTIVE DETAILS



Key Areas of Focus	Actions	Performance Measures/ Standards	Update (to be completed by service/business unit)	Start date	End Date / Review Date
<b>1. Policy and Procedures</b>	<b>Business units/services will:</b> <ul style="list-style-type: none"> <li>• Adopt the Council’s health and safety management system model.</li> <li>• Adhere to the Council’s Health and Safety Policy Statement which implements corporate procedures and outlines our commitment to health and safety.</li> <li>• Adopt and embed key procedures for health and safety and risk control in proportion to the risks, to support our policy statement.</li> <li>• Adopt and embed appropriate procedures for safety working to control any unavoidable risks to employees and others may be exposed to.</li> <li>• Periodically review and update local policies and procedures.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Written operational procedures and standards are reviewed periodically to support and control health and safety system.</b></li> </ul>		2014	
<b>2. Organisation – Leadership and</b>	<b>Business unit/services will:</b> <ul style="list-style-type: none"> <li>• Allocate specific health and</li> </ul>	<ul style="list-style-type: none"> <li>• <b>AD’s appoint a member of</b></li> </ul>		2014	

<p><b>Commitment</b></p>	<p>safety responsibilities and determine necessary competencies for all levels of management, employees and others providing services.</p> <ul style="list-style-type: none"> <li>Nominate a management appointee for health and safety from within the senior management team to lead, co-ordinate and monitor health and safety activities of the business/service.</li> <li>Ensure that all contractors carrying out work are competent to do so and are properly managed.</li> <li>Establish an appropriate mechanism for employee consultation and communication on health safety and wellbeing.</li> </ul>	<p><b>senior management team to lead and co-ordinate health and safety matters within the business (Lead Officer.</b></p> <ul style="list-style-type: none"> <li><b>Lead Officer establishes Operational Health and Safety Group following corporate guidelines.</b></li> <li><b>Meeting dates for Operational Health and Safety Group are established for 2014/15 (4 meetings per year).</b></li> </ul>		<p>2014</p> <p>2014</p>	
<p><b>3. Planning</b></p>	<p><b>Business units/services will:</b></p> <ul style="list-style-type: none"> <li>Produce an annual health and safety plan which sets clear measurable objectives and targets and integrates with the business planning process.</li> <li>Carryout and record</li> </ul>	<ul style="list-style-type: none"> <li><b>Head of Service identifies and sets measurable health and safety performance indicators aligned to corporate performance standards.</b></li> <li><b>Risk assessment reviews are undertaken based upon</b></li> </ul>		<p>2014</p> <p>2014</p>	

	<p>operational risk assessments and incorporate necessary controls into work methods, training programmes and plans.</p> <ul style="list-style-type: none"> <li>• Use risk assessments as a basis for planning – e.g. Identifying training needs, supervision and priorities.</li> </ul>	<p><b>organisational/service delivery change and/or risk factor.</b></p> <ul style="list-style-type: none"> <li>• <b>Operational health and safety plans and objectives are set.</b></li> </ul>		2014	
<p><b>4. Implementation and Operation</b></p>	<p><b>Business units/services will:</b></p> <ul style="list-style-type: none"> <li>• Implement the corporate standards within the adopted management procedures.</li> <li>• Identify health and safety training needs via the Councils appraisal system and risk assessment processes, and organise necessary health and safety training and induction.</li> <li>• Hold regular health and safety consultative groups involving management and employee representatives.</li> <li>• Communicate to</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Appropriate health and safety training programmes are established for employees.</b></li> <li>• <b>Accident, incident and near-misses are reported and recorded onto OPAS/iCASS system within specified time frames.</b></li> <li>• <b>Managers undertake accident/incident/near-miss investigations within 10 days of incident occurrence.</b></li> <li>• <b>Identified employees undertake appropriate health surveillance programme.</b></li> </ul>		2014	

	<p>employee's safe working instructions, risk assessments, hazard awareness and other relevant health and safety information.</p> <ul style="list-style-type: none"><li>• Provide and maintain appropriate Personal Protective Equipment (PPE) for employees only as a last resort in controlling identified risks.</li><li>• Via risk assessment, identify groups of employees who may require health surveillance.</li><li>• Keep records and ensure all documents are properly issued and controlled.</li><li>• Ensure that all work processes, work places and items of work equipment are as safe as is practicable.</li><li>• Properly report and investigate any accidents or 'near misses' that occur to determine underlying deficiencies and identify the means to prevent recurrence.</li><li>• Appropriately 'close out'</li></ul>				
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	any non-conformities or corrective actions identified as a result of any audit, assessment or incident investigation process.				
<b>5. Monitoring</b>	<p><b>Business units/services will:</b></p> <ul style="list-style-type: none"> <li>• Assist with the corporate audit programme to examine health and safety compliance issues and resolve any non-compliance issues identified.</li> <li>• Carryout periodic management audits and 'safety tours' of all work areas.</li> <li>• Monitor and carry out periodic analysis of absence and incident data.</li> <li>• Operate appropriate hazard and defect reporting systems.</li> <li>• Programme inspections of all work equipment based on risk.</li> <li>• Check employees are aware of health and safety instructions and means of working safely by appropriate supervision and appraisal.</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Close-out corporate health and safety audit recommendations within agreed time frames.</b></li> <li>• <b>Carryout an annual 'self' audit of health and safety management arrangements</b></li> </ul>		2014	

	<ul style="list-style-type: none"> <li>• Routinely check the condition and standard of protection provided by the Personal Protective Equipment issued to employees.</li> <li>• Monitor, as appropriate to the risks presented, the health and safety performance of contractors who work with the Council.</li> </ul>				
<p><b>6 Performance Review</b></p>	<p><b>Business units/services will:</b></p> <ul style="list-style-type: none"> <li>• Review overall business unit health and safety performance at least annually to ensure health and safety policy and arrangements are suitable and effective.</li> <li>• Ensure that managers/supervisors review the adequacy of operational risk assessments and controls on an on-going basis.</li> <li>• Review working practices and procedures following an accident or 'near miss' incident.</li> <li>• Make the outcome of our review processes available</li> </ul>	<ul style="list-style-type: none"> <li>• <b>Operational Health and Safety Group monitor progress of business/service areas work programmes</b></li> </ul>			

	<p>to employees.</p> <ul style="list-style-type: none"> <li>At least annually review employees individual competency needs and health and safety performance via the appraisal system.</li> </ul>				
7. Continual Improvement	<p><b>Business units/services will:</b></p> <ul style="list-style-type: none"> <li>Set targets to support the corporate performance indicators.</li> <li>Where possible integrate health and safety objectives with other management targets.</li> <li>Learn from monitoring and review processes to continually improve health and safety performance.</li> </ul>	<ul style="list-style-type: none"> <li><b>Corporate health and safety audit recommendations are closed-out within agreed time frame.</b></li> </ul>	These	2014	

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