

Cabinet (Resources) Panel

9 February 2016

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

Venue Committee Room 4 - Civic Centre, St Peter's Square, Wolverhampton WV1 1SH

Membership

Chair Cllr Andrew Johnson (Lab)

Vice-chair Cllr Roger Lawrence (Lab)

Labour

Cllr Peter Bilson
Cllr Claire Darke
Cllr Steve Evans
Cllr Val Gibson
Cllr Elias Mattu
Cllr John Reynolds
Cllr Sandra Samuels
Cllr Paul Sweet

Quorum for this meeting is five Councillors.

Information for the Public

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

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

Agenda

Part 1 – items open to the press and public

Item No. *Title*

MEETING BUSINESS ITEMS

- 1 **Apologies for absence**
- 2 **Declarations of interest**
- 3 **Minutes of the previous meeting** (Pages 5 - 8)
[To approve the minutes of the previous meeting as a correct record.]
- 4 **Matters arising**
[To consider any matters arising from the minutes.]

DECISION ITEMS (AMBER - DELEGATED TO THE CABINET)

- 5 **Commissioning and Procuring Voluntary Sector Services - 2016/17 onwards**
(Pages 9 - 20)
[To approve formalised funding to the Voluntary and Community Sector (VCS) and align future processes to the City Boards Commissioning Cycle and Charter and the Council's Procurement Strategy 2015-18]
- 6 **Quarter Three Treasury Management Activity Monitoring** (Pages 21 - 40)
[To note progress on activity for the third quarter of 2015/16]
- 7 **Procurement Strategy 2015 to 2018** (Pages 41 - 66)
[To approve the strategy]
- 8 **Accountable Body for Pocket Parks bids by Bushbury EMB and Wolverhampton Homes** (Pages 67 - 70)
[To agree that the Council acts as accountable body on behalf of Wolverhampton Homes and Bushbury Estate Management Board in respect of their bids to the Department for Communities and Local Government Pocket Parks Fund]
- 9 **Schedule of Individual Executive Decisions** (Pages 71 - 74)
[To note the summary of decisions approved by the appropriate Cabinet Member in consultation with the relevant employee]

- 10 **Exclusion of press and public**
[To pass the following resolution:

That in accordance with Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting for the following items of business as they involve the likely disclosure of exempt information falling within paragraph 3 of Schedule 12A to the Act relating to the financial/business affairs of a particular person (including the authority holding that information)]

PART 2 - EXEMPT ITEMS, CLOSED TO PRESS AND PUBLIC

- 11 **70 Willenhall Road** (Pages 75 - 84)
[To approve the principle of acquiring the property to facilitate highway widening as part of the East Park Gateway project]
- 12 **Strategic procurement - award of contracts for works, goods and services**
[To award contracts and delegate authority to execute the contracts in respect of the recommendations as required]

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Cabinet (Resources) Panel

Minutes - 19 January 2016

Attendance

Members of the Cabinet (Resources) Panel

Cllr Andrew Johnson (Chair)
Cllr Roger Lawrence (Vice-Chair)
Cllr Peter Bilson
Cllr Claire Darke
Cllr Steve Evans
Cllr Val Gibson
Cllr Sandra Samuels
Cllr Paul Sweet

Employees

Linda Banbury	Democratic Support Officer
Keith Ireland	Managing Director
Kevin O'Keefe	Director of Governance
Mark Taylor	Director of Finance

Part 1 – items open to the press and public

Item No. *Title*

- 1 **Apologies for absence**
Apologies for absence were submitted on behalf Councillors Elias Mattu and John Reynolds.
- 2 **Declarations of interest**
Councillor Johnson declared a disclosable non-pecuniary interest in respect of agenda item 10 in view of his position as a trustee of the Local Government Information Unit and Director of Local Enterprises Limited.
- 3 **Minutes of the previous meeting**
Resolved:
 That the minutes of the meeting held on 15 December 2015 be approved as a correct record.
- 4 **Matters arising**
There were no matters arising from the previous minutes.
- 5 **External funding update**
Councillor Johnson presented the report, which provided an update on current bids for European Structural Funds, future opportunities and sought necessary approvals for other externally funded projects.
Resolved:

1. That the submission of an outline application for European Regional Development Fund (ERDF) support, to deliver an enhanced nature reserve with green infrastructure in Bilston Urban Village, be approved.
2. That in-principle approval be given to undertake feasibility work at Bilston Urban Village related to the transfer of land to The Land Trust, to ensure management of the site in perpetuity.
3. That the Council be a delivery partner in the Black Country Digital Passport project and that authority be delegated to the Cabinet Member for City Economy, in consultation with the Service Director City Economy, to finalise the Council's contribution.
4. That approval be given to the URBACT III project (Gen-Y-City), establishing a revenue budget developing urban policy in respect of the city offer and to participation in specialised study visits for the exchange of best practice.
5. That approval be given to match funding for Black Country Technical European Social Fund Assistance.
6. That the updates in regard to Black Country Transformational Growth Opportunities Local Delivery (GOLD) and Impact for the Black Country, as detailed in sections 3.2 and 3.3 of the report respectively, be noted.

6 **Schedule of Individual Executive Decisions**

Resolved:

That the summary of open and exempt individual executive decisions approved by the appropriate Cabinet Members, following consultation with the relevant employees, be noted.

7 **Exclusion of press and public**

Resolved:

That, in accordance with Section 100A (4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business as they involve the likely disclosure of exempt information falling within paragraph 3 of Schedule 12A to the Act relating to the business affairs of any particular person (including the authority holding that information).

8 **Improving the City Housing Offer - Starter Homes grant funding**

Councillor Bilson presented the report, which outlined the scheme and sought authority to participate in the scheme and to draw down allocated Housing and Communities Agency (HCA) funding.

Resolved:

1. That approval be given to progression of the Starter Homes scheme and to enter into a Starter Homes Funding Agreement with the Homes and Communities Funding Agency (HCA) grant funding for this scheme.
2. That the S.151 Officer, or Officer delegated by the S.151 Officer, be authorised to complete and return the grant claim form or forms and certificate or certificates required to claim grant under the Funding Agreement.
3. That approval be given to the progression of any or all of the six sites included in the bid to the HCA as Starter Homes sites as detailed at section 3.2 and at Appendix 1 of the report, including any demolitions as appropriate, subject to consultation.
4. That approval be given to the progression of the site at the rear of Reedham Gardens as a potential Starter Homes site, subject to consultation and site appraisal, including the demolition of 8 and 10 Oakley Road through the

SCVP contract or other approved route, as detailed at Appendix 2 to the report.

5. That approval be given to the proposal to declare the site at the rear of Reedham Gardens as surplus, to be disposed of to a developer in accordance with the Starter Homes scheme requirements set out by Government, subject to the outcome of a formal space consultation.
6. That the investigation of other alternative sites for this scheme be approved.
7. That authority be delegated to approve the detail and progression of alternative sites to the Cabinet Member for City Assets, in consultation with the Strategic Director for Housing and Service Director for City Assets.

9 **Approval of the Deed of Variation to the Private Finance Initiative (PFI) Agreement for Highfields/Penn Fields Schools**

Councillor Darke presented the report, which sought approval to a Deed of Variation to the PFI Agreement. The amendment formalises the current arrangement and practice that the catering service be removed from the services being delivered by the PFI Contractor.

Resolved:

1. That the Council enters into a Deed of Variation to vary the PFI Agreement dated 30 April 2010, made between (1) Wolverhampton City Council and (2) Inspiredspaces Wolverhampton (Projectco1) Limited (the PFI Agreement) to remove the delivery of the Catering Management service by the Inspired spaces Wolverhampton (Projectco1) Limited (the Contractor) from the Contract.
2. That the Council enters into any ancillary agreement and side letters necessary to implement the Deed of Variation including, but not limited, to a vires certificate confirming the Council's capacity to enter in the Deed of Variation and side letters confirming that the Council will not regard the removal of the catering element of the PFI Agreement as a Deed of Variation.

10 **Exploring options to establish an Energy Services Company (ESCO)**

Councillor Johnson presented the report, which outlined the options and sought approval to progress and resource a feasibility exercise in conjunction with the Local Government Information Unit.

Resolved:

1. That a feasibility exercise be progressed and resourced in conjunction with the Local Government Information Unit and a subsequent due diligence exercise undertaken to explore the issue of establishing an Energy Services Company.
2. That £50,000 from the Efficiency Reserve be used to fund the feasibility exercise and due diligence assessment.
3. That authority be delegated to the Cabinet Member for Resources, in consultation with the Director of Finance and Service Director for City Assets, to agree the delivery arrangements for the feasibility and detailed due diligence assessment of the potential to establish an Energy Services Company.

11 **Strategic procurement - award of contracts for works, goods and services**

The recommendations for the award of contracts for works, goods and services were introduced by the relevant Cabinet Members.

Resolved:

1. That authority be delegated to the Cabinet Member for City Assets, in consultation with the Strategic Director for Place, to approve the award of a framework contract for the Provision of Ambient Chilled, Frozen Food and Buffet Items, when the evaluation process is complete.
2. That authority be delegated to the Cabinet Member for City Environment, in consultation with the Strategic Director for Place, to approve the award of a contract for Landscaping - Colman Avenue Phase 2 Neighbourhood Park when the evaluation process is complete.
3. That authority be delegated to the Cabinet Member for Resources, in consultation with the Director of Finance, to approve the award of contracts for Network Services – Traditional Voice, Inbound and Future Requirements for Integrated Communications Services, when the evaluation process is complete.
4. That approval be given to the award of a contract for the 0-5 Healthy Child and Family Nurse Partnership Service to Royal Wolverhampton Hospitals NHS Trust of New Cross Hospital , Wolverhampton, for a duration of 16 months from 1 April 2016 to 31 July 2017, for a total contract value of £5,821,152.
5. That authority be delegated to the Director of Governance to execute the contracts in respect of the above as required.

Cabinet (Resources) Panel

9 February 2015

Report title	Commissioning and Procuring Voluntary Sector Services – 2016/17 onwards	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor John Reynolds City Economy	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All	
Accountable director	Keren Jones, City Economy	
Originating service	Economic Inclusion	
Accountable employee(s)	Martha Cummings	Voluntary Sector co-ordinator
	Tel	01902 555929
	Email	Martha.cummings@wolverhampton.gov.uk
Report to be/has been considered by	Executive Team	1 February 2016
	Wolverhampton Voluntary Sector Council	20 November 2015
	Strategic Executive Board	10 November 2015
	Corporate Leadership Team	9 November 2015
	People Leadership Team	9 November 2015
	Place Leadership Team	2 November 2015

Recommendation(s) for action or decision:

Cabinet (Resources) Panel is recommended to:

1. Agree that, where funding is available, and the service still meets City Strategy and Corporate Plan priorities, the responsible Directorate may extend existing Voluntary and Community Sector (VCS) grant agreements for a period not exceeding 31 March 2017.
2. Approve that from 1 April 2017, all services that the Council requires to be provided by the VCS should follow the processes set out in the City Boards Commissioning Cycle and Charter and the Council's Procurement Strategy 2015-18. To achieve this all

agreements for services required from the VCS would be obtained through a transparent commissioning and procurement process with all grant funding arrangements ceasing by 31 March 2017. The implementation will be overseen by the Strategic Director of Place Leadership Team.

Recommendations for noting:

Cabinet (Resources) Panel is asked to note:

1. Project review work and discussions that have already taken place with Heads of Service who now have responsibility for the 12 voluntary sector funded organisations previously administered by the disbanded Community Initiatives Team.
2. The Commissioning Board Cycle and Charter which were developed in partnership with VCS.
3. City of Wolverhampton Council's Procurement Strategy 2015-2018.
4. The Policy Team's Project Monitoring Review.

1.0 Purpose

- 1.1 To present a proposal that formalises funding to the VCS and aligns future processes to the City Board's Commissioning Cycle and Charter, and the Council's Procurement Strategy 2015-18.

2.0 Background

- 2.1 On 6 March 2014 Cabinet agreed a proposal, as part of the Council's Five Year Budget Strategy, to reduce the voluntary sector grants budget previously managed by the Community Initiatives Team (CIT) by £1.6m by 31 March 2016.
- 2.2 In addition, the team was disbanded and all commissioning duties of the remaining funded groups transferred to the service area where the service being delivered 'best fit'.
- 2.3 Twelve of the CIT agreements continue to be in place with current funding expiring on 31 March 2016. The organisations are listed below with a summary of the project review outcome at Appendix A:

	Provider	Directorate	Funding Allocation
1	Access to Business	Place	£56,010
2	Age UK Wolverhampton	<i>People</i>	£48,050
3	African Caribbean Community Initiative	<i>People</i>	£56,440
4	Citizens Advice Bureau	Place	£358,200
5	Good Shepherd Ministry (Little Brothers)	<i>People</i>	£53,410
6	Haven Wolverhampton***	<i>People</i>	£175,000 ends 31 March 2016
7	Heath Town Senior Citizens Welfare Project*	<i>People</i>	£116,780
8	Job Change	Place	£59,290
9	St Columba's Day Centre*	<i>People</i>	£51,360
10	Wton City Credit Union**	Place	£35,000 ends 31 March 2016
11	Wton Voluntary Sector Council & Youth Organisations Wolverhampton	Place	£100,000
12	Wolverhampton Volunteers Service	Place	£90,000

*The 2 organisations are no longer grant funded as they are providing contracted day services and the CIT grant funding was incorporated into the contract in 2013. All Day services are currently under review and will be subject to a re-commissioning exercise in April 2016.

** Funding comes to a natural end on 31 March 2016 as per the agreed innovative business model developed by Credit Union's Board of Directors in conjunction with Wolverhampton City Council.

The aim of the model was to enable the organisation to become financially sustainable, and thereby eliminating any risk to the organisations ability to continue to grow and serve local people who are financially excluded.

As such, there is no adverse impact as a result of this decision as Wolverhampton City Credit Union successfully achieved its goal to become financially sustainable as reported in its 12th Annual Report of 24 February 2014.

*** Current level of funding ends 31.03.16 – Additional funding amount of £50k from 01.04.16 to 30.09.16 put in place and agreed with the Haven to support the organisation through a transitional period.

- 2.4 This proposal affects all 12 providers named above and has wider implications across the Council for the future commissioning and procurement of services from the VCS.
- 2.5 Due to historic arrangements which allows for in-service contracts and grant funded agreements, the Council is now faced with an incomplete picture of funding to the VCS across Council Services. This makes decisions about future funding and possible duplication very difficult to assess. The process of commissioning being proposed here will provide for a far more accurate, effective and therefore transparent representation of services being procured and funded via the VCS.
- 2.6 The first stage of this process has been a review of current funding by individual budget holders. This has been undertaken in line with the process and timeframe provided by the Policy Team.
- 2.7 Project officers as part of the project management process will already be in regular dialogue with VCS organisations which includes managing the relationship, collecting and analysing information in order to evidence on-going satisfactory delivery against agreed funding outcomes. This also means advising organisations of any changes or concerns that may come to light and following up with the appropriate action including actual or recommended mitigation, again whilst maintaining open channels of discussion with the organisation.
- 2.8 In addition to this on-going project management, a template for completion was sent to all relevant budget holders on 21 May 2015 with a further reminder sent on 2 November 2015 requesting the document is completed no later than December 2015.
- 2.9 This additional process aimed to ensure a consistent approach was taken to decisions around funding to the 12 organisations post March 2016, whilst also checking that we have practices in place that will make this process both transparent and robust.
- 2.10 The Equalities team co-ordinated the gathering of this information, although responsibility sat with the relevant service areas to prepare the relevant submission(s).
- 2.11 Having discussed the outcome with the organisation and on completion of any follow up action, employees have now reported back to the Policy team evidencing how decisions have been reached to continue funding not exceeding 31 March 2017.

2.12 From 1 April 2016 – 31 March 2017, there will follow a period of development in order to implement new processes that will come into use from 1 April 2017.

2.13 The new process will utilise the commissioning and procurement processes recently agreed by the Council and by wider partners, including the VCS at the City Board.

3.0 Progress - Commissioning Cycle, Charter and Procurement Strategy 2015-18

3.1 The commissioning process consists of three elements – commissioning, procurement and contract management.

3.2 The City Board Commissioning Cycle and Charter were developed in partnership with the VCS as a result of joint-working with the Inclusion Board and subsequent endorsement by the City Board.

3.3 The purpose of the approach outlined in this report is to provide clarity and transparency around the first element of the commissioning process in relation to VCS service provision.

3.4 To effectively commission, factors have been defined in the Commissioning Cycle around '*planning*', '*doing*', '*reviewing*' and '*analysing*' which guides the commissioner through the various stages.

3.5 The remaining two elements - procurement and contract management are outlined in the Council's Procurement Strategy 2015-18 which altogether provides a framework which aims to ensure we deliver the best possible outcomes for residents.

3.6 This is detailed in the procurement vision emphasising the importance of;

- Equal treatment and fairness
- Transparency and openness
- Value for money
- On-going commercial management
- Partnerships and collaboration
- Stakeholder engagement
- Market engagement
- Regulatory compliance and governance
- Risk management
- Technology and efficiency

3.7 The primary aim of this proposal is to align current processes for VCS service provision to approved commissioning and procurement models demonstrating a 'One Council' approach to VCS funding.

3.8 Following discussions with Wolverhampton Voluntary Sector Council, it was agreed that a series of master classes on procurement processes will be made available for VCS

organisations, in order to ensure that we maximise potential high quality local submissions from the VCS.

4.0 Financial implications

- 4.1 The report proposes that all grant funding arrangements currently in place are terminated by March 2017 and replaced through commissioned and procured contracts. This report does not preclude any decisions by individual commissioners to reduce funding to groups that sit within their service area budgets in advance of the introduction of the new commissioning model. This decision remains with individual commissioners/service areas. The report does not therefore delay actions which are required due to budget constraints, changing priorities or any other pressing concern within budget holders' service area.
- 4.2 The Council previously agreed to act as 'guarantor' for some VCS organisations that have 'Admitted Body' status within the West Midlands Pension Fund (WMPF). Under the terms of that guarantee if an organisation is unable to meet its pension obligations following the withdrawal of Council grant, liability could fall to the Council. At February 2014 the maximum pension exposure was £13,000. [MF/20012016/L]

5.0 Legal implications

- 5.1 The Legal implications of terminating, amending or continuing funding for each of the grants will need to be determined on a case by case basis and appropriate advice given. [RB/18012016/Q]

6.0 Equalities implications

- 6.1 This report requests approval for a period of continuing funding for those organisations already supported by the Council and listed above at paragraph 2.3. The 12 remaining organisations are those that equalities analysis deemed the strongest in relation to the requirements of the Equality Act 2010.
- 6.2 Subsequently, employees in the Council's Equalities Team have worked in partnership with the VCS Equality and Diversity Forum to develop 'A journey to Equality' that provides a framework for organisations to work towards in embracing best equality practice.
- 6.3 The framework can be further developed with the Inclusion and City Boards to ensure it is fit for the new purpose of evaluating funding outcomes. By aligning it to the commissioning process, already supported by its own equality analysis the Council will be able to demonstrate clear, consistent and transparent methods of how it has reached its funding decisions whilst exercising its responsibilities to eliminate discrimination, advance equal opportunities and foster good relations. Councillors can be confident that the process as a whole will produce outcomes that will satisfy the requirements of the General Equality Duty as established by the Equality Act 2010.

7.0 Risk Implications

- 7.1 This proposal whilst sensitive aims to manage and reduce any risk to the Council by building in sufficient lead in time prior to utilising consistent and transparent approaches.
- 7.2 There may be some risk in terms of possible concerns from the funded organisations which will be mitigated by having early discussions with Wolverhampton Voluntary Sector Council (WVSC) around taking this forward.

8.0 Environmental implications

- 8.1 There may be some environmental implications as some of the funded groups deliver recycling based initiatives.

9.0 Human resources implications

- 9.1 Any loss or reduction of funding to the 12 organisations will potentially result in a loss of posts within that organisation.
- 9.2 As such, there are no Human Resources implications for the Council. [HR/SB/30102015]

10.0 Corporate landlord implications

- 10.1 A small number of the providers occupy Council owned buildings and if there are any future changes to this occupation Corporate Landlord will manage this process and assist providers.

11.0 Schedule of background papers

- 11.1 25 February 2014 Cabinet – Voluntary Sector Community initiatives Grant Funding 2014/15 and 2015/16
- 22 February 2015 Confident, Capable, Council Scrutiny Panel - Future Practice – Procurement Strategy Principles

Project Review Summary

APPENDIX A

How services link to current City targets:

Number	Corporate Priority:
1	Delivering effective core services that people want
2	An environment where new and existing businesses thrive
3	People develop the skills to get and keep work
4	People live longer, healthier lives
5	Adults and children are supported in times of need
6	People and communities achieve their full potential
7	Future Council - stronger council ready and able to deliver change

Name of Organisation & Details of Services Provided	Service Implication End, Reduce, Continue	Specific Focus	Corporate Priority Areas	Ward
Access to Business Support disadvantaged people in Wolverhampton and the wider black Country towards employment with a specialism for supporting people with disabilities and health problems.	Continue to March 2017	Provides city-wide support specifically tailored around employment to this client group, drawing on initiatives and opportunities locally and wider	1,2,3,4,6	City-wide
Age UK Wton Support and develop initiatives that increase the wellbeing of older people in Wolverhampton.	Continue to March 2017	Specialisms in a range of areas in relation to older peoples support	1,2,4,5,6	City-wide

Name of Organisation & Details of Services Provided	Service Implication End, Reduce, Continue	Specific Focus	Corporate Priority Areas	Ward
<p>African Caribbean Community Initiative Support people from Afro-Caribbean background who have long term mental health needs to live in the community, to avoid admission to hospital and promote independence</p>	Continue to March 2017	To offer culturally specific emotional support, advice and guidance, support to carers and day time opportunities, access to work and independence training.	1,2,3,4,5,6	City-wide
<p>Citizens Advice Bureau To provide quality free advice to be offered in high volume to meet local needs for 4 welfare law subjects (Housing, Debt, Benefits, Employment) plus numerous general advice areas (Consumer, Immigration, Relationships, Education and Health), also improving the social policies which affect local people and helping volunteers from the community learn skills and offer services to their fellow citizens (“service users”) Specialisms in Debt Advice and Housing Advice are offered using national resources.</p>	Continue to March 2017	Independent advice and support city-wide to people across all areas of welfare with particular specialisms in housing, debt, benefits, employment. Evidence gathering, campaigning and local trends are also a key feature of the service provision.	1,2,3,4,5,6,7	City-wide
<p>Good Shepherd Ministry (Little Brothers) To provide a food service and basic provision for homeless and vulnerable households.</p>	Continue to March 2017	Provision of food on a daily basis to large numbers of vulnerable and homeless people. Provide volunteering opportunities including supporting service users to volunteer.	1,2,4,5	City-wide

Name of Organisation & Details of Services Provided	Service Implication End, Reduce, Continue	Specific Focus	Corporate Priority Areas	Ward
<p>Haven Wolverhampton Provide support to women and dependent children who are vulnerable to violence and abuse by providing safe emergency accommodation and support services.</p>	<p>End 31.03.16 with transitional amount of £50k from 01.04.16 to 30.09.16</p>	<p>Provision of benefits and immigration advisers. The approach to future support has been negotiated and agreed with the current provider.</p>	<p>1,2,4,5,6</p>	<p>City-wide</p>
<p>Heath Town Senior Citizens Welfare Project Day Service Provision</p>	<p>Day services provision which are currently under review and will be subject to a re-commissioning exercise in April 2016</p>			
<p>Job Change Direct guidance, advice and training aimed at getting local unemployed people into work enabling job readiness and sustaining employment.</p>	<p>Continue to March 2017</p>	<p>To ensure that clients are aware of the employment opportunities using job search resources in addition to providing guidance, advice and training</p>	<p>1,2,3,6</p>	<p>City-wide</p>
<p>St Columba's Day Centre Day Service Provision</p>	<p>Day services provision which are currently under review and will be subject to a re-commissioning exercise in April 2016</p>			<p>City-wide</p>

Name of Organisation & Details of Services Provided	Service Implication End, Reduce, Continue	Specific Focus	Corporate Priority Areas	Ward
<p>Wton City Credit Union Provides affordable and ethical finance to people who live or work in Wton</p>	<p>End March 2016 – organisation business model successfully completed</p>	<p>To make financial options available to all primarily those in receipt of state benefits and/or low incomes including: Savings Accounts, Affordable Loans, Housing Benefit Accounts, Budgeting Accounts, Debit Cards</p>	<p>1,2,3,5,6,7,</p>	<p>City-wide</p>
<p>Wolverhampton Voluntary Sector Council and Youth Organisations Wolverhampton To improve the ability of voluntary and community organisations in Wolverhampton to deliver against the City Strategy. WVSC works to maintain and develop a thriving and diverse Voluntary and Community Sector. In order to achieve this, the following objectives have been agreed by the Board of Trustees.</p>	<p>Continue to March 2017</p>	<p>To improve the ability of VCS organisations in Wolverhampton to deliver against the City Strategy; give the VCS a voice by championing and representing on their behalf; bring funds from external sources to support local organisations to sustain their organisations and deliver to the City's priorities; lead on adults and children's safeguarding on behalf of the VCS.</p>	<p>1,2,3,4,5,6,7</p>	<p>City-wide</p>
<p>Wolverhampton Volunteers Service Support individuals into an array of rewarding volunteering opportunities. Working closely with VIO's (Volunteer Involving Organisations) across the City to secure the best experiences for individuals to gain new skills and invaluable progression routes.</p>	<p>Continue to March 2017</p>	<p>To promote volunteering city-wide to all potential volunteers and volunteering organisations, whilst supporting them both to achieve their goals.</p>	<p>1,2,3,4,6,7</p>	<p>City-wide</p>

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Cabinet (Resources) Panel

9 February 2016

Report title	Quarter Three Treasury Management Activity Monitoring	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Andrew Johnson Resources	
Key decision	No	
In forward plan	Yes	
Wards affected	All	
Accountable director	Mark Taylor, Director of Finance	
Originating service	Strategic Finance	
Accountable employee(s)	Claire Nye Tel Email	Chief Accountant 01902 550478 Claire.Nye@wolverhampton.gov.uk
Report to be/has been considered by	Strategic Executive Board Confident, Capable Council Scrutiny Panel	28 January 2016 20 April 2016

Recommendations for noting:

The Cabinet (Resources) Panel is asked to note:

1. The contents of this report and in particular that the Council is continuing to operate within the Prudential and Treasury Management Indicators approved by Council, and also within the requirements set out in the Council's approved Treasury Management Policy Statement.
2. Savings of £3.7 million for the General Fund and £1.5 million for the Housing Revenue Account are forecast from treasury management activities in 2015/16.

1.0 Purpose

- 1.1 This report provides a monitoring and progress report on treasury management activity for the third quarter of 2015/16, in line with the Prudential Indicators approved by Council in March 2015.

2.0 Background

- 2.1 The treasury management activities of the Council are underpinned by The Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management. For further information on the requirements of the Code please refer to the Treasury Management Strategy 2015/16 report which can be accessed online on the Council's website by following the link:

<http://wolverhampton.moderngov.co.uk/documents/s8386/Treasury%20Management%20Strategy%20201516.pdf>

- 2.2 Treasury management is defined as:

“The management of the local authority's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

- 2.3 The system of controls on local authority capital investment is based largely on self-regulation by local authorities themselves. At its heart is CIPFA's Prudential Code for Capital Finance.
- 2.4 Cabinet / Cabinet (Resources) Panel receives quarterly reports throughout the year to monitor performance against the strategy and Prudential Indicators that have previously been approved by Council.
- 2.5 The Council continues to use Capita Asset Services as its treasury management advisors throughout 2015/16. Capita provides market data and intelligence on which the Council can make decisions regarding all aspects of treasury management activities and in particular, managing the risks associated with investing surplus cash.

3.0 2015/16 forecast

- 3.1 The forecast outturn for treasury management activities in 2015/16 compared to budget is shown in Table 1.

Table 1 – Treasury management budget and forecast outturn 2015/16

	Approved Budget £000	Forecast Outturn £000	Variance £000
General Fund	13,428	9,728	(3,700)
Housing Revenue Account	14,157	12,667	(1,490)
Total	27,585	22,395	(5,190)

3.2 Savings of £3.7 million for the General Fund and £1.5 million for the HRA are projected for the year 2015/16. This is mainly due to a reduced borrowing need in year because of slippage in the capital programme and the re-phasing for the potential PFI refinancing requirement. In addition, following the publication of the Council's Statement of Accounts 2014/15 a detailed analysis of the balance sheet has been undertaken to update the split of interest between the General Fund and HRA. This has resulted in a reduced proportion to the General Fund which has been reflected in the forecasts above. The Council's strategy is to continue to use cash balances to finance capital expenditure rather than external borrowing. Borrowings are actively managed to achieve savings wherever possible.

3.3 Appendix A shows a comparison of the latest estimates of Prudential and Treasury Management Indicators over the medium term period with the equivalent figures which were approved by Council in March 2015.

4.0 Borrowing forecast for 2015/16

4.1 The Council's need to borrow and the rates available continue to be monitored in order to achieve optimum results. The Council's medium term forecast is regularly updated to reflect actual borrowing that takes place along with any revisions to future anticipated borrowing.

4.2 Table 2 shows the average rate of interest payable in 2014/15 and forecast for 2015/16.

Table 2 – Average interest rate payable in 2014/15 and 2015/16

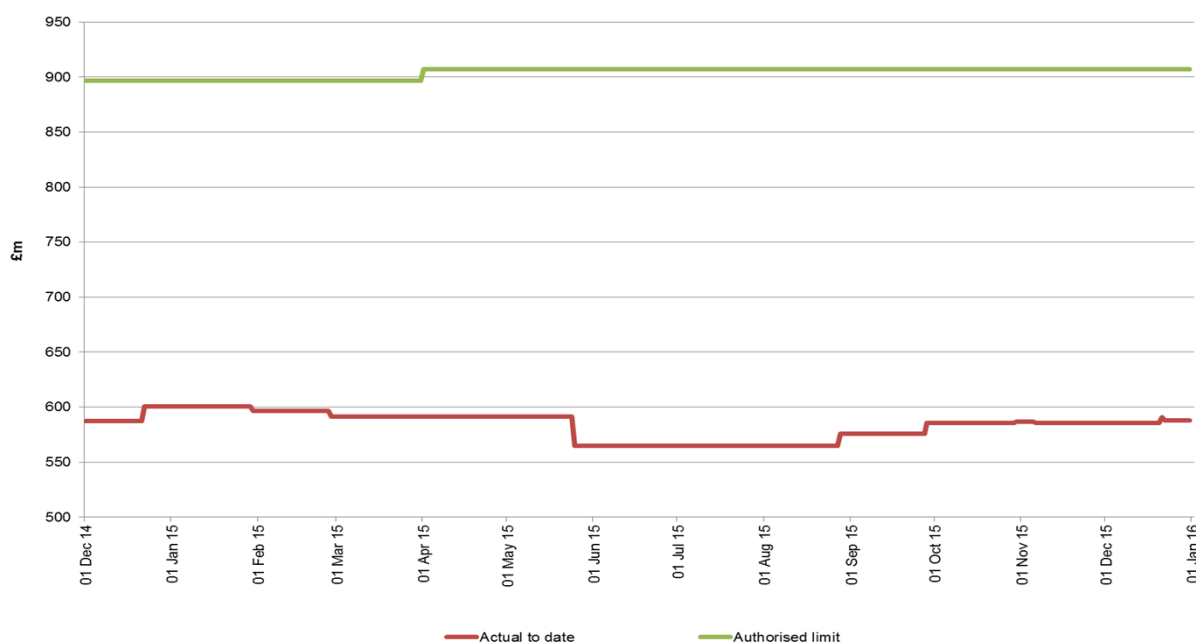
	2014/15 Actual	2015/16 Forecast
Average Interest Rate Payable	3.67%	3.91%

4.3 Each year it is necessary to raise new loans to finance capital expenditure and to replace existing maturing borrowing. The Council's policy is to prioritise the use of capital receipts to finance capital expenditure. Balances which are set aside to meet credit liabilities (i.e. to repay borrowing) are used to reduce the external borrowing requirement. Decisions to

take borrowing will be made by the Director of Finance when it is judged that rates are likely to be at their lowest levels, and probably about to rise according to market indications, and only when an inflow of funds is required to meet imminent cash flow commitments. This will keep overall surplus cash balances to a minimum, in line with the current strategy. Appendix B shows the maturity profile of external borrowing.

- 4.4 Any short term savings made by avoiding new long term external borrowing in 2015/16 and thereafter, will also need to be weighed against the potential for incurring additional long term extra costs by delaying unavoidable new external borrowing until later years, when Public Works Loan Board (PWLB) long term rates are forecast to be higher. Appendix C includes the Capita commentary for quarter three 2015/16 and forecasts that interest rates for both short and long term borrowing will increase up to March 2019. The Director of Finance will continue to keep actual and forecast rates under close review.
- 4.5 The Council's borrowing profile continues to operate within the overall limits previously approved by Council, as shown in Chart 1.

Chart 1: Comparison of borrowing within approved borrowing limits over the previous 12 months



- 4.6 The level of borrowing at 31 December 2015 is £587.8 million. Appendix D shows a summary of this position along with a detailed breakdown of new loans and repayments made throughout the year. £26.2 million of existing borrowing is due to be repaid in quarter four.
- 4.7 In March 2015, Council approved a net borrowing requirement for 2015/16 of £189.9 million. The forecast net borrowing requirement for 2015/16 is £156.3 million, as shown in appendix E. This appendix also shows the details for the disclosure for certainty rate,

which enables the Council to access discounted borrowing at 0.20% below normal PWLB rates.

5.0 Investment forecast for 2015/16

- 5.1 The approach during the year is to continue to use cash balances to finance capital expenditure so as to keep cash balances low.
- 5.2 Table 3 shows the total amount of surplus funds invested as at 30 September 2015 and 31 December 2015.

Table 3 – Total amounts invested 2015/16

	30 September 2015 £000	31 December 2015 £000
Business Reserve Accounts	-	-
Money Market Funds	6,630	6,640
	6,630	6,640
Average cash balance for the year to date	17,286	16,347

- 5.3 Money Market Funds and Business Reserve Accounts are the main investments used as these have high credit ratings and instant access. This is based on the Council's low appetite for risk.
- 5.4 The Council's cash flow balance for the third quarter of the current financial year has moved between a low of £20,000 and a maximum of £30.1 million. The average cash balance for the quarter being £14.3 million.
- 5.5 Table 4 shows the budgeted average rate of interest receivable in 2015/16 and the forecast for the year.

Table 4 – Average interest rate receivable in 2015/16

	2015/16 Budget	2015/16 Forecast
Average Interest Rate Receivable	0.60%	0.46%

- 5.6 The low interest rates will have minimal impact on the budget due to savings generated by avoiding the cost of borrowing.
- 5.7 The Council will avoid locking into longer term deals while investment rates are at historically low levels. Investment rates are expected to continue to be below long term borrowing rates, in which case, the Council can minimise its overall net treasury costs in the short term by continuing to avoid new external borrowing and by using internal cash

balances to finance new capital expenditure or to replace maturing external borrowing (this is referred to as internal borrowing).

- 5.8 The Council manages its investments in-house and invests only in the institutions listed in the Council's approved lending list, which is reviewed each time a counterparty is subject to a credit rating amendment. The Council's strategy allows for investments for a range of periods from overnight to five years, depending on the Council's cash flows, its interest rate view and the interest rates on offer. However, in order to maintain sufficient liquidity whilst total investment levels are relatively low, most investments have been placed for shorter durations.
- 5.9 The approved Treasury Management Code of Practice sets out the criteria to be used for creating and managing approved counterparty lists and limits. As a result of any changes to credit criteria, the Director of Finance is authorised to make changes to the list of approved counterparties. In the event that any of these counterparties fall below the Council's minimum lending criteria, activity in that account will temporarily cease and any balance withdrawn immediately. Appendix F shows the Council's current specified investments lending list.
- 5.10 In quarter three 2015/16 the Director of Finance has not been required to use his discretion to temporarily exceed any upper limits with approved counter-parties.

6.0 Financial implications

- 6.1 The financial implications are discussed in the body of this report.

[SH/21012016/G]

7.0 Legal implications

- 7.1 Treasury Management relates to the management of the Council's cash flow, borrowing and cash investments. This involves seeking the best rates of interest for borrowing, earning interest on investments, whilst managing risk in making financial decisions and adopting proper accounting practice.
- 7.2 The area is heavily regulated. The Local Government and Housing Act 1989 regulates the operation of the Housing Revenue Account. The 'CIPFA Code of Practice for Treasury Management in the Public Services', contains Treasury Management indicators and advice on Treasury Management Strategy. Investment strategy is regulated by 'DCLG Guidance on Local Government Investments' issued initially in 2004 and re-issued in 2010. Part 2 of this Guidance is statutory guidance.

[TS/21012016/V]

8.0 Equalities implications

- 8.1 This report has no equality implications.

9.0 Environmental implications

9.1 This report has no environmental implications.

10.0 Human resources implications

10.1 This report has no human resources implications.

11.0 Corporate landlord implications

11.1 This report has no corporate landlord implications.

12.0 Schedule of background papers

Treasury Management Strategy 2015/16, Report to Cabinet, 25 February 2015

Treasury Management – Annual Report 2014/15 and Activity Monitoring Quarter One 2015/16, Report to Cabinet, 22 July 2015

Revenue Budget Monitoring 2015/16, Report to Cabinet (Resources) Panel, 17 November 2015

Capital programme 2015/16 to 2019/20 quarter two review, Report to Cabinet, 9 December 2015

Treasury Management Activity Monitoring – Mid Year Review 2015/16, Report to Cabinet, 9 December 2015

13.0 Schedule of appendices

App	Title	Page
A	Prudential and Treasury Management Indicators	8
B	Maturity rate profile	12
C	Capita commentary quarter three 2015/16	13
D	Borrowing type, borrowing and repayments	16
E	Certainty rate disclosure	18
F	Lending list	19

APPENDIX A

Debt and Treasury Management - Prudential and Treasury Management Indicators

Prudential Indicators (PI)

PI for Affordability - These indicators are used to ensure the total capital investment of the council is within a sustainable limit and the impact of these decisions are considered with regard to acceptable council tax and housing rent levels.

PI 1 - Estimates and Actual ratio of financing costs to net revenue stream.

This represents the cost of financing capital expenditure as a % of net revenue for both the General Fund and HRA.

	Approved by Council 4 March 2015			As at 31 December 2015		
	2015/16	2016/17	2017/18	2015/16	2016/17	2017/18
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
General Fund	6.1%	8.2%	8.9%	4.3%	6.2%	8.0%
HRA	11.3%	13.2%	13.0%	35.0%	35.7%	37.3%

PI 2 - Estimates of the incremental impact of capital investment decisions on the council tax and housing rents.

The council could consider different options for its capital investment programme in relation to their different impact on the council tax and housing rents. Negatives reflect a reduction in total capital expenditure.

	Approved by Council 4 March 2015			As at 31 December 2015		
	2015/16	2016/17	2017/18	2015/16	2016/17	2017/18
	Forecast £	Forecast £	Forecast £	Forecast £	Forecast £	Forecast £
Financial year impact						
Implications of the capital programme for year:						
For Band D council tax	202.52	235.55	239.70	62.55	153.56	172.61
For average weekly housing rents	6.21	6.69	7.38	1.73	3.39	5.57
Marginal impact to previous quarter						
Implications of the capital programme for year:						
For Band D council tax	-	-	-	(39.95)	4.19	4.61
For average weekly housing rents	-	-	-	(0.67)	(0.99)	0.30

PI 3 - Estimates and actual capital expenditure.

Full details of capital expenditure plans and funding can be found in the quarter three capital budget monitoring 2015/16 report.

	Approved by Council 4 March 2015			As at 31 December 2015		
	2015/16	2016/17	2017/18	2015/16	2016/17	2017/18
	Forecast £000	Forecast £000	Forecast £000	Forecast £000	Forecast £000	Forecast £000
General Fund	78,032	39,093	9,305	92,760	102,066	34,892
HRA	62,501	29,057	30,326	62,826	48,616	52,014
	140,533	68,150	39,631	155,586	150,682	86,906

APPENDIX A

Debt and Treasury Management - Prudential and Treasury Management Indicators

PI 4 - Estimates and actual capital financing requirement General Fund and HRA.

The capital financing requirement measures the authority's underlying need to borrow for a capital purpose.

	Approved by Council 4 March 2015			As at 31 December 2015		
	2015/16	2016/17	2017/18	2015/16	2016/17	2017/18
	Forecast £000	Forecast £000	Forecast £000	Forecast £000	Forecast £000	Forecast £000
General Fund	598,167	617,974	618,602	563,763	626,241	636,653
HRA	344,687	333,959	323,772	298,440	299,975	314,648
	942,854	951,933	942,374	862,203	926,216	951,301

PI 5 - Authorised limit for external debt.

These limits apply to the total external debt gross of investments and separately identify borrowing from other long term liabilities such as finance leases including Private Finance Initiatives (PFI).

	Approved by Council 4 March 2015		
	2015/16	2016/17	2017/18
	Limit £000	Limit £000	Limit £000
Borrowing	906,895	915,620	923,031
Other Long Term Liabilities	96,557	94,671	92,574
Total Authorised Limit	1,003,452	1,010,291	1,015,605
Actual and Forecast External Debt as at 31 December 2015	750,810	829,705	867,700
Variance (Under) / Over Authorised limit	(252,642)	(180,586)	(147,905)

PI 6 - Operational boundary for external debt.

This is based on the same estimates as the authorised limit but directly reflects the Director of Finance's estimate of the most likely, prudent but not worst case scenario, without the additional headroom included.

	Approved by Council 4 March 2015		
	2015/16	2016/17	2017/18
	Limit £000	Limit £000	Limit £000
Borrowing	880,937	908,683	920,161
Other Long Term Liabilities	96,557	94,671	92,574
Total Operational Boundary Limit	977,494	1,003,354	1,012,735
Actual and Forecast External Debt as at 31 December 2015	750,810	829,705	867,700
Variance (Under) / Over Operational Boundary Limit	(226,684)	(173,649)	(145,035)

APPENDIX A

Debt and Treasury Management - Prudential and Treasury Management Indicators

PI 7 - HRA limit on indebtedness.
This maximum debt limit has been set by Government as part of the self-financing regime and is compared to the HRA capital financing requirement.

	Approved by Council 4 March 2015			As at 31 December 2015		
	2015/16 Forecast £000	2016/17 Forecast £000	2017/18 Forecast £000	2015/16 Forecast £000	2016/17 Forecast £000	2017/18 Forecast £000
HRA Debt Limit	356,770	356,770	356,770	356,770	356,770	356,770
HRA Capital Financing Requirement	344,687	333,959	323,772	298,440	299,975	314,648
Headroom	12,083	22,811	32,998	58,330	56,795	42,122

PI for Prudence - Ensuring that external debt is sustainable and compliance with good professional practice are essential features of

PI 8a - Gross debt and the capital financing requirement.
"In order to ensure that over the medium term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years". This replaced PI 8 net debt and the capital financing requirement from 2013/14 onwards.

	Approved by Council 4 March 2015			As at 31 December 2015		
	2015/16 Forecast £000	2016/17 Forecast £000	2017/18 Forecast £000	2015/16 Forecast £000	2016/17 Forecast £000	2017/18 Forecast £000
Forecast Capital Financing Requirement at end of Second Year	951,933	951,933	951,933	951,300	951,300	951,300
Gross Debt	835,260	861,120	870,501	750,810	829,705	867,700
Capital Financing Requirement Greater than Gross Debt	Yes	Yes	Yes	Yes	Yes	Yes

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

APPENDIX A

Debt and Treasury Management - Prudential and Treasury Management Indicators

Treasury Management Indicators (TMI)

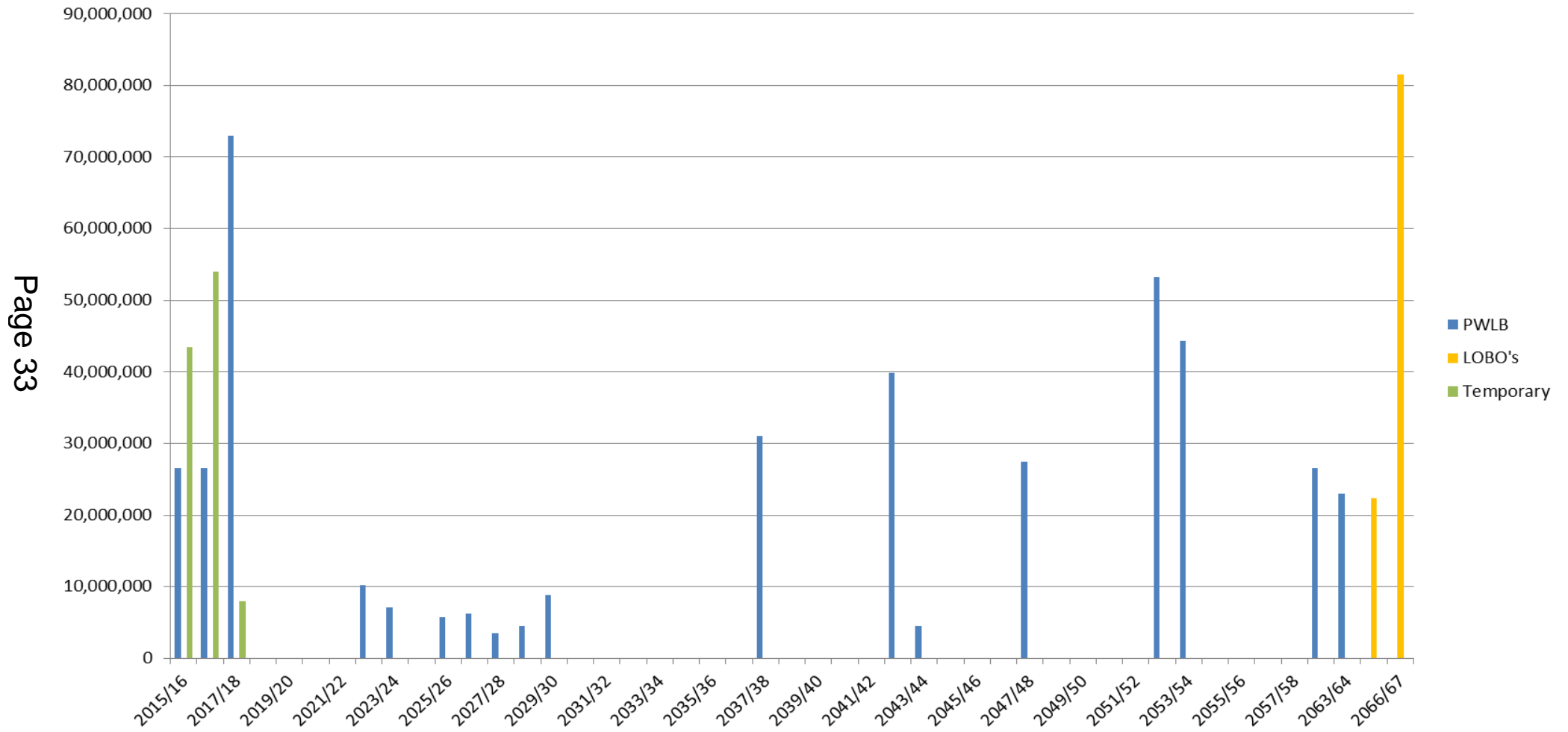
TMI 1 - Upper limits on fixed interest and variable interest exposures.						
These relate to the levels of net outstanding principal sums exposed to fixed and variable interest rates.						
	Approved by Council 4 March 2015			As at 31 December 2015		
	2015/16 Limit	2016/17 Limit	2017/18 Limit	2015/16 Forecast	2016/17 Forecast	2017/18 Forecast
Upper limit for fixed rate	100%	100%	100%	84%	86%	87%
Upper limit for variable rate	20%	20%	20%	16%	14%	13%

TMI 2 - Upper and lower limits to the maturity structure of its borrowing.			
These limits relate to the % of fixed rate debt maturing.			
	Approved by Council 4 March 2015		As at 31 December 2015
	Upper Limit	Lower Limit	2015/16 Forecast Borrowing
Under 12 months	25%	0%	18.51%
12 months and within 24 months	25%	0%	5.37%
24 months and within 5 years	40%	0%	8.67%
5 years and within 10 years	50%	0%	4.00%
10 years and above	90%	50%	63.45%

TMI 3 - Upper limits to the total of principal sums invested longer than 364 days.						
This details the maximum amount which can be invested for up to 5 years (as per paragraph 1.6 of the Annual Investment Strategy).						
	Approved by Council 4 March 2015			As at 31 December 2015		
	2015/16 Limit £000	2016/17 Limit £000	2017/18 Limit £000	2015/16 Forecast £000	2016/17 Forecast £000	2017/18 Forecast £000
Upper limit for more than 364 days	35,000	35,000	35,000	35,000	35,000	35,000

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[NOT PROTECTIVELY MARKED]

Borrowing Maturity at 31 December 2015



Economic Background

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

UK

UK GDP growth rates in 2013 of 2.2% and 2.9% in 2014 were the strongest growth rates of any G7 country; the 2014 growth rate was also the strongest UK rate since 2006 and the 2015 growth rate is likely to be a leading rate in the G7 again. However, quarter 1 of 2015 was weak at +0.4% (+2.9% y/y) though there was a slight increase in quarter 2 to +0.5% (+2.3% y/y) before falling back to +0.4% (+2.1% y/y) in quarter 3. Growth is expected to improve to about +0.6% in quarter 4 but the economy faces headwinds for exporters from the appreciation of Sterling against the Euro and weak growth in the EU, China and emerging markets, plus the dampening effect of the Government's continuing austerity programme, although the pace of reductions was eased in the November autumn statement.

Despite these headwinds, the Bank of England November Inflation Report included a forecast for growth over the three years of 2015, 2016 and 2017 to be around 2.7%, 2.5% and 2.6% respectively, although statistics since then would indicate that an actual outturn for 2015 is more likely to be around 2.2%. Nevertheless, this is still moderately strong growth which is being driven mainly by strong consumer demand as the squeeze on the disposable incomes of consumers has been reversed by a recovery in wage inflation at the same time that CPI inflation has fallen to, or near to, zero over the last quarter. Investment expenditure is also expected to support growth.

The November Bank of England Inflation Report forecast was notably subdued with inflation barely getting back up to the 2% target within the 2-3 year time horizon. However, with the price of oil taking a fresh downward direction and Iran expected to soon rejoin the world oil market after the impending lifting of sanctions, there could be several more months of low inflation still to come, especially as world commodity prices have generally been depressed by the Chinese economic downturn.

There are, therefore, considerable risks around whether inflation will rise in the near future as strongly as previously expected; this will make it more difficult for the Bank of England to make a start on raising Bank Rate as soon as had been expected in early 2015, especially given the subsequent major concerns around the slowdown in Chinese growth, the knock on impact on the earnings of emerging countries from falling oil and commodity prices, and the volatility we have seen in equity and bond markets during 2015, which could potentially spill over to impact the real economies rather than just financial markets.

USA

The American economy made a strong comeback after a weak first quarter's growth at +0.6% (annualised), to grow by no less than 3.9% in quarter 2 of 2015 before easing back to +2.0% in quarter 3. While there had been confident expectations during the summer that the Fed. could

APPENDIX C

start increasing rates at its meeting on 17 September, downbeat news during the summer about Chinese and Japanese growth and the knock on impact on emerging countries that are major suppliers of commodities, was cited as the main reason for the Fed's decision to pull back from making that start. The nonfarm payrolls figures for September and revised August, issued on 2 October, were also disappointingly weak. However, since then concerns on both the domestic and international scene have abated and so the Fed made its long anticipated start in raising rates at its December meeting.

Eurozone

In the Eurozone, the ECB fired its big bazooka in January 2015 in unleashing a massive €1.1 trillion programme of quantitative easing to buy up high credit quality government and other debt of selected EZ countries. This programme of €60bn of monthly purchases started in March 2015 and it was intended to run initially to September 2016. At the ECB's December meeting, this programme was extended to March 2017 but was not increased in terms of the amount of monthly purchases. The ECB also cut its deposit facility rate by 10bps from -0.2% to -0.3%. This programme of monetary easing has had a limited positive effect in helping a recovery in consumer and business confidence and a start to some improvement in economic growth. GDP growth rose to 0.5% in quarter 1 2015 (1.3% y/y) but has then eased back to +0.4% (+1.6% y/y) in quarter 2 and to +0.3% (+1.6%) in quarter 3. Financial markets were disappointed by the ECB's lack of more decisive action in December and it is likely that it will need to boost its QE programme if it is to succeed in significantly improving growth in the EZ and getting inflation up from the current level of around zero to its target of 2%.

Interest rate forecasts

The Council's treasury advisor, Capita Asset Services, has provided the following forecast:

	Mar-16	Jun-16	Sep-16	Dec-16	Mar-17	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18	Sep-18	Dec-18	Mar-19
Bank rate	0.50%	0.75%	0.75%	1.00%	1.00%	1.25%	1.50%	1.50%	1.75%	1.75%	2.00%	2.00%	2.00%
5yr PWLB rate	2.40%	2.60%	2.70%	2.80%	2.80%	2.90%	3.00%	3.20%	3.30%	3.40%	3.50%	3.50%	3.60%
10yr PWLB rate	3.00%	3.10%	3.20%	3.30%	3.40%	3.50%	3.60%	3.70%	3.80%	3.90%	4.00%	4.10%	4.10%
25yr PWLB rate	3.70%	3.80%	3.90%	4.00%	4.10%	4.10%	4.20%	4.30%	4.30%	4.40%	4.40%	4.40%	4.50%
50yr PWLB rate	3.60%	3.70%	3.80%	3.90%	4.00%	4.00%	4.10%	4.20%	4.20%	4.30%	4.30%	4.30%	4.40%

Capita Asset Services undertook a review of its interest rate forecasts on 9 November after the August Bank of England Inflation Report. This latest forecast includes no change in the timing of the first increase in Bank Rate as being quarter 2 of 2016. With CPI inflation now likely to be at or near zero for most of 2015 and into early 2016, it is currently very difficult for the MPC to make a start on increasing Bank Rate. In addition, the Inflation Report forecast was also notably subdued with inflation barely getting back up to the 2% target within the 2-3 year time horizon.

APPENDIX C

Despite average weekly earnings excluding bonuses hitting 2.5% in quarter 3, this has subsided to 1.9% and is unlikely to provide ammunition for the MPC to take action to raise Bank Rate soon as labour productivity growth would mean that net labour unit costs are still only rising by less than 1% y/y. The significant appreciation of Sterling against the Euro in 2015 has also acted to dampen UK growth while volatility in financial markets since the Inflation Report has resulted in volatility in equity and bond prices and bond yields (and therefore PWLB rates). But CPI inflation will start sharply increasing around mid-year 2016, once initial falls in fuel and commodity prices fall out of the 12 month calculation of inflation; this will cause the MPC to take a much keener interest in the forecasts for inflation over their 2-3 year time horizon from about mid-year.

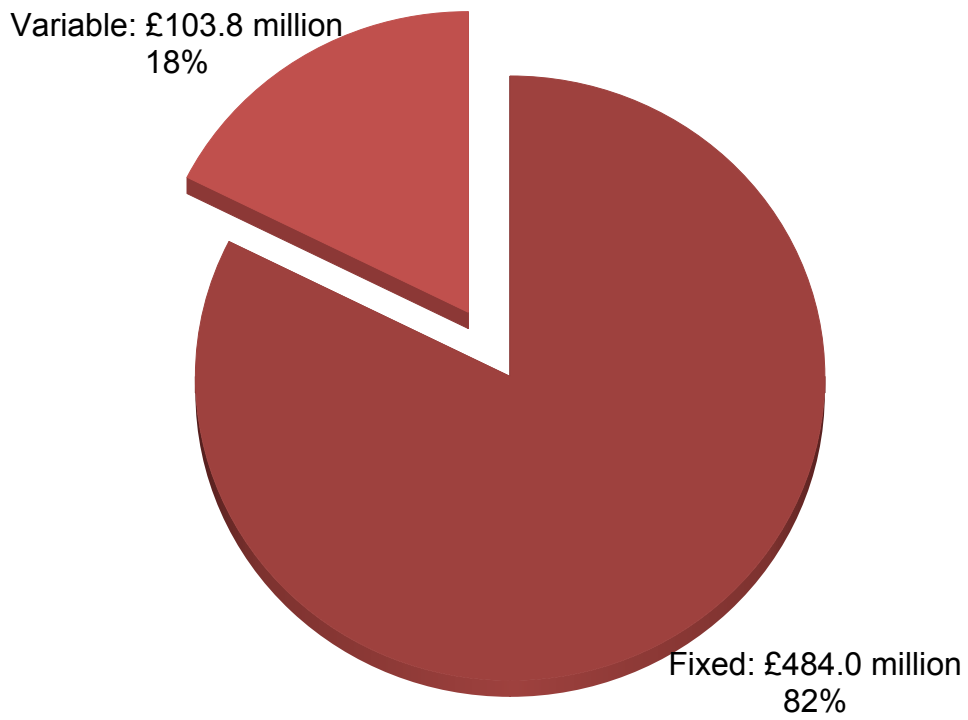
The Governor of the Bank of England, Mark Carney, has repeatedly stated that increases in Bank Rate will be slow and gradual after they do start. The MPC is concerned about the impact of increases on many heavily indebted consumers, especially when average disposable income is only just starting a significant recovery as a result of recent increases in the rate of wage inflation, though some consumers will not have seen that benefit come through for them.

APPENDIX D

Borrowing: Graphical Summary

As at 31 December 2015

Borrowing by Type



APPENDIX D

Borrowing and Repayments in 2015/16

	Maturity Date	Amount £000	Length	Interest Rate	Full Year Interest £
2015/16 Borrowing					
Temporary Loans			days		
Bristol City Council	26/08/2016	14,000	364	0.60%	84,000
Bristol City Council	26/08/2016	3,000	364	0.60%	18,000
Wokingham Borough Council	26/08/2016	2,000	364	0.58%	11,600
LB of Hillingdon	26/09/2016	7,000	364	0.60%	42,000
Solihull DC	26/09/2016	2,000	364	0.60%	12,000
LB of Barking & Dagenham	28/09/2017	8,000	731	0.94%	75,200
Derbyshire Pension Fund	06/11/2015	1,250	7	0.50%	120
Solihull DC	25/11/2016	2,000	364	0.65%	13,000
Derbyshire County Council	25/11/2016	3,000	364	0.67%	20,100
Bristol City Council	28/11/2016	6,000	364	0.65%	39,000
Milton Keynes Borough Council	19/12/2016	10,000	364	0.64%	64,000
West Sussex County Council	19/12/2016	4,000	364	0.70%	28,000
Bath & North East Somerset DC	19/12/2016	1,000	364	0.64%	6,400
		63,250		0.64%	413,420
2015/16 Repayments					
PWLB Fixed Maturity			years		
497365	25/05/2015	26,605	5	2.37%	630,539
		26,605		2.37%	630,539
Temporary Loans			days		
London Borough of Brent	28/08/2015	5,000	546	1.00%	50,000
Cambridge City Council	28/08/2015	3,000	546	1.00%	30,000
London Borough of Hillingdon	28/09/2015	7,000	550	0.95%	66,500
Derbyshire Pension Fund	06/11/2015	1,250	7	0.50%	120
West Midlands Police Authority	27/11/2015	5,000	364	0.65%	32,500
Bristol City Council	30/11/2015	6,000	364	0.70%	42,000
Milton Keynes Borough Council	21/12/2015	10,000	364	0.68%	68,000
Portsmouth City Council	22/12/2015	3,000	365	0.64%	19,200
		40,250		0.77%	308,320

Disclosure for Certainty Rate

Certainty Rate

This table details the information that is required to enable the Council to submit a return for 2015/16.

	As at 25 February 2015			As at 31 December 2015		
	2015/16 Forecast £000	2016/17 Forecast £000	2017/18 Forecast £000	2015/16 Forecast £000	2016/17 Forecast £000	2017/18 Forecast £000
Net Borrowing Requirement:						
Borrowing to Finance approved Capital Expenditure	103,832	27,746	11,478	62,982	80,781	40,092
Existing Maturity Loans to be Replaced During the Year	101,805	76,605	123,000	110,055	97,605	134,000
Less:						
Minimum Revenue Provision for Debt Repayment	0	0	0	0	0	0
Voluntary Debt Repayment	(15,729)	(16,781)	(18,940)	(16,727)	(14,882)	(12,910)
	(15,729)	(16,781)	(18,940)	(16,727)	(14,882)	(12,910)
Loans Replaced Less Debt Repayment	86,076	59,824	104,060	93,328	82,723	121,090
Net Advance Requirement	189,908	87,570	115,538	156,310	163,504	161,182

City of Wolverhampton Council
2015/16 Specified Investments Lending List as at 31 December 2015

Institution	Country (Sovereign Rating)	Limit £000	Term Limit
Australia & New Zealand Banking Group Ltd	Australia (AAA)	10,000	6 mths
Bank Netherlandse Gemeenten	Netherlands (AAA)	20,000	12 mths
Bank of Montreal	Canada (AAA)	10,000	6 mths
Bank of New York Mellon, The	USA (AAA)	20,000	12 mths
Bank of Nova Scotia	Canada (AAA)	10,000	6 mths
Canadian Imperial Bank of Commerce	Canada (AAA)	10,000	6 mths
Commonwealth Bank of Australia	Australia (AAA)	10,000	6 mths
Cooperatieve Centrale Raiffeisen - Boerenleenbank BA	Netherlands (AAA)	10,000	6 mths
DBS Bank Ltd	Singapore (AAA)	10,000	6 mths
HSBC Bank plc	UK (AA+)	10,000	6 mths
JP Morgan Chase Bank NA	USA (AAA)	10,000	6 mths
National Australia Bank Ltd	Australia (AAA)	10,000	6 mths
Nordea Bank AB	Sweden (AAA)	10,000	6 mths
Nordea Bank Finland plc	Finland (AAA)	10,000	6 mths
Oversea Chinese Banking Corporation Ltd	Singapore (AAA)	10,000	6 mths
Royal Bank of Canada	Canada (AAA)	10,000	6 mths
Svenska Handelsbanken AB	Sweden (AAA)	10,000	6 mths
Toronto Dominion Bank	Canada (AAA)	10,000	6 mths
United Overseas Bank Ltd	Singapore (AAA)	10,000	6 mths
Wells Fargo Bank NA	USA (AAA)	10,000	6 mths
Westpac Banking Corporation	Australia (AAA)	10,000	6 mths
Nationalised Banks			
Royal Bank of Scotland Group plc			
National Westminster Bank plc	UK (AA+)	10,000	3 mths
The Royal Bank of Scotland plc	UK (AA+)	10,000	3 mths
Money Market Funds			
Fund Rating			
Invesco STIC Account	Fitch AAAmmf	20,000	Instant Access
Standard Life Investments Sterling Liquidity Fund	Fitch AAAmmf	20,000	Instant Access
Federated Short-Term Sterling Prime Fund	Fitch AAAmmf	20,000	Instant Access
Black Rock Sterling Liquidity Fund	Moody's Aaa-mf	20,000	Instant Access
Scottish Widows Sterling Liquidity Fund	Moody's Aaa-mf	20,000	Instant Access

Non-rated Institutions

County Councils, London Boroughs, Metropolitan Districts and Unitary Authorities - limits £6m and 12 months.
Shire District Councils, Fire and Civil Defence Authorities, Passenger Transport Authorities and Police
Authorities - limits £3m and 12 months.

Cabinet (Resources) Panel

9 February 2016

Report title	Procurement Strategy 2015 to 2018	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Andrew Johnson Resources	
Key decision	No	
In forward plan	No	
Wards affected	All	
Accountable director	Mark Taylor, Finance	
Originating service	Procurement	
Accountable employee(s)	Andy Moran	Head of Procurement
	Tel	01902 554132
	Email	andy.moran@wolverhampton.gov.uk
Report to be/has been considered by	Strategic Executive Board	26 January 2016
	Equality Advisory Group	23 June 2015
	Executive Team	1 June 2015
	Confident Capable Council Scrutiny Panel	22 April 2015

Recommendation(s) for action or decision:

The Cabinet (Resources) Panel is recommended to:

1. Approve the Procurement Strategy for 2015 to 2018.

1.0 Purpose

- 1.1 The Procurement Strategy sets out the strategic view and aims for procurement. It highlights the priority areas we will focus on over the next three years and how we will measure progress and success.

2.0 Background

- 2.1 This strategy gives the Council a framework to work within to ensure that we deliver the best possible outcomes for residents from every pound we spend with third parties. The procurement of goods, works and services has a fundamental impact on the success of any organisation and in particular the public sector with the current financial challenges.

3.0 Key Principles

- 3.1 The strategy is based on the key principles that;

- We are clear on how what we spend with third parties is allocated and how this offers value for money.
- We will ensure that our spend with third parties maximises the impact of each pound in contributing to delivering our City Strategy of;
 - Encouraging Enterprise and Business
 - Empowering People and Communities
 - Re-invigorating our City
- We will listen to what customers and communities tell us about services delivered by third parties and act upon what they tell us.
- We will ensure that performance of third parties is actively managed and that the realisation of benefits is monitored.
- We will ensure equal treatment and transparency so that services are as inclusive as our resources will allow and will comply with the Equality Act 2010.

- 3.2 We will include Social Value as a key principle of procurement by implementing the following;

- For contracts over £164,176 which is the threshold for advertising in Official Journal of European Union (known as OJEU), there will be a minimum of 10% of the evaluation criteria linked to the City Strategy priorities;

- For contracts between £50,000 and £164,176 we will consider whether it is appropriate and practical to include social value criteria based on the type of product or service and the local priorities;
- For contracts below £50,000 we will have a preference to buy these locally if a suitable supplier exists and can provide value for money.

3.3 Our Corporate Plan aim is to increase the value of spend with local organisations by £10 million during 2015/16. In 2014/15 the Council spent £95 million directly with organisations based in Wolverhampton. We will also work with our major suppliers to engage with and build local supply chains.

3.4 Consultation

A public consultation was undertaken during October to December 2015 and there were two responses. The very limited response means that no conclusions can be made from the outcome of the consultation.

3.5 The consultation was promoted to stakeholders in the local public, business and voluntary, community and social enterprise sectors.

3.6 The local public sector bodies were contacted as follows;

- University of Wolverhampton
- City of Wolverhampton College
- Royal Wolverhampton NHS Hospitals Trust
- Black Country Partnership NHS Foundation Trust
- West Midlands Police

3.7 Local businesses were contacted via the Black Country Chamber and representatives on the Growth Board.

3.8 Voluntary and social enterprise sectors were contacted as follows;

- Wolverhampton Voluntary Sector Council
- Refugee and Migrant Centre
- Citizens Advice Bureau
- Access to Business
- Workers' Educational Association
- Heantun Housing
- Aspiring Futures

3.9 As a result of the lack of response to the consultation the period was extended and stakeholders reminded that this was still open for response, for example at the Budget consultation meeting with voluntary, community and social enterprise organisations.

4.0 Financial implications

4.1 The Procurement Strategy is part of the Future Practice work stream. The C3 programme is intended to deliver transformation, improve efficiency and the increase the quality of

services and will, therefore, directly contribute towards the delivery of the Medium Term Financial Strategy, including challenging savings requirements.

- 4.2 Achieving and demonstrating value for money through spend with third parties is essential, as Council resources must be used in the most effective manner to provide high quality services. The Procurement Strategy has been developed to maximise the value of spend with third parties in pursuit of the objectives outlined in the City Strategy.

[MH/01022016/A]

5.0 Legal implications

- 5.1 The relevant legislation that applies to public sector procurement and has been taken into account when developing the Procurement Strategy including;

- EU Procurement Directive (Public Sector) 2014/24/EU
- EU Procurement Directive (Concessions) 2014/23/EU
- Public Contracts Regulations 2015
- Social Value Act 2012
- Local Government Acts in relation to non-commercial considerations
- Cabinet Office Guidance
- Equality Act 2010

- 5.2 Further details are included within the Procurement Strategy.

[TS/28012016/A]

6.0 Equalities implications

- 6.1 An initial equality analysis has been undertaken and this did not identify any discriminatory, differential or adverse impacts as a result of implementing this strategy.
- 6.2 A public consultation was undertaken and there were no responses that raised any equalities related issues.

7.0 Environmental implications

- 7.1 Procurement activity will include whole life costing and broader equalities, economic, social and environmental factors in assessment criteria for tenders to ensure that the Council achieves best value for the City and its residents in procurement. The Council will work with suppliers to promote equality and corporate social responsibility in their own operations and throughout the supply chain through their recruitment policies; their dealings with employees and suppliers; and by their environmental policies.
- 7.2 Further details are included within the Procurement Strategy.

8.0 Human resources implications

8.1 We will maintain a procurement team that contains the necessary skills and expertise to effectively manage the Council's third party spend and continue to develop expert procurement and contract management capabilities.

8.2 Further details are included within the Procurement Strategy.

9.0 Corporate landlord implications

9.1 Corporate Landlord will as part of its processes in respect of all contract and land and property transactions work in conjunction with the Procurement Team to ensure the key corporate requirements are incorporated into each of the tender processes.

10.0 Schedule of background papers

10.1 Future Practice – Procurement Strategy Principles, Confident Capable Council Scrutiny Panel 22 April 2015.
Procurement Strategy 2015 to 2018, Strategic Executive Board 19 May 2015.
Procurement Strategy 2015 to 2018, Executive Team 1 June 2015.

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City of Wolverhampton Council's Procurement Strategy 2015 – 2018



Investing in our city

Wolverhampton. Making it happen

Wolverhampton
City Council

Partnership with
Balfour Beatty neptune

For office and
leisure space
Wolverhampton
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Investing in jobs,
prosperity and growth

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Date: 13 May 2015
Author: Andy Moran, Head of Procurement
Owner: Mark Taylor, Director of Finance

1

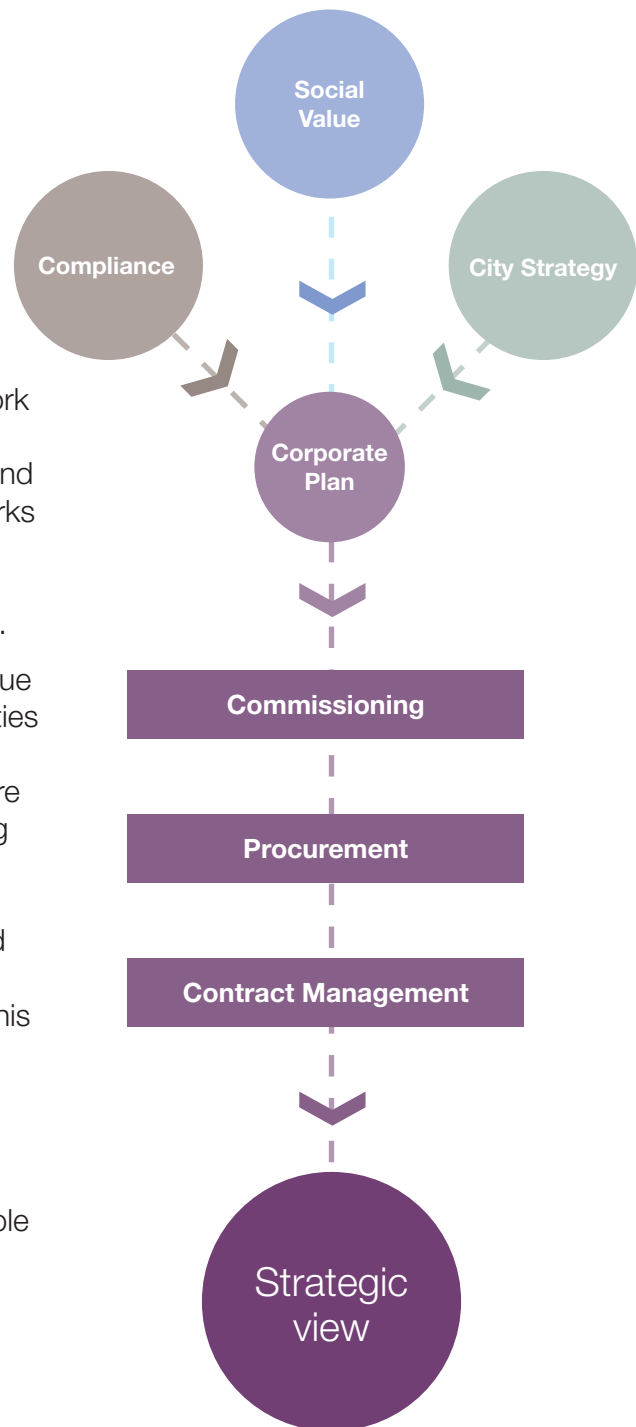
Foreword

This strategy gives the council a framework to work within to ensure that we deliver the best possible outcomes for residents from every pound we spend with third parties. The procurement of goods, works and services has a fundamental impact on the success of any organisation and in particular the public sector with the current financial challenges.

The new Public Contracts Regulations, Social Value Act and the Care Act implement new responsibilities on the council in relation to commissioning, procurement and contract management. There are a number of priorities we need to address ranging from European and national public procurement policy and legislation, working with partners in the city, through to the needs of communities and individuals. Our local priorities are key to how we deliver additional value and this strategy will put this at the heart of our procurement work.

Our focus will be on ensuring that our spend with third parties maximises the impact of each pound on the local economy and we support the creation of opportunities for high quality sustainable employment for local people.

This strategy sets the best practice and high standards that we will work to and how we will maximise the benefits from what we spend.



This document sets out our strategic view and aims for procurement. It highlights the priority areas we will focus on over the next three years and how we will measure progress and success.

2

What we will do and key principles



This strategy is based on key principles that;

- We are clear on how what we spend with third parties is allocated and how this offers value for money.
- We will ensure that our spend with third parties maximises the impact of each pound in contributing to delivering our City Strategy of;
 - Encouraging Enterprise and Business
 - Empowering People and Communities
 - Re-invigorating our city
- We will listen to what customers and communities tell us about services delivered by third parties and act upon what they tell us.
- We will ensure equal treatment and transparency so that services are as inclusive as our resources will allow and will comply with the Equality Act.
- We will ensure that performance of third parties is actively managed and that the realisation of benefits is monitored.



3

What is Procurement?

The Commissioning Cycle

Review

- Exit Strategy
- Gather feedback
- Review strategy and market performance
- Review customer outcomes
- Review strategic outcomes

Do

- Manage and build the market
- Manage relationships
- Secure goods or service
- Manage the contract

Analyse

- Analysis of market
- Customer insight
- Existing service provision
- Legislation & statutory requirement
- Needs assessment

Plan

- Gap Analysis
- Review outcomes
- Gather feedback
- Commissioning strategy
- Options Appraisal
- Make or Buy Review
- Develop specifications



Procurement is part of the Commissioning Cycle which we use to analyse, plan, procure and manage the goods, works and services from third parties.

The Procurement strategy covers the procurement and contract management parts of the Commissioning Cycle. Directorates and service teams are responsible for the commissioning strategies.

The process for commissioning, procurement and contract management is set out in the Commissioning Cycle diagram above.

Key Definitions

Commissioning: Commissioning is a whole system process from researching and analysing needs of residents to developing commissioning strategies and work programmes. It entails working with suppliers and customers to develop, stimulate and redesign through co-produced specifications. This enables services to be designed and commissioned that reflect current and future needs of a population and also determines how public bodies decide to spend available resources to achieve the best possible outcomes for local people.

Procurement: Procurement is the process of acquiring goods, works and services from third parties. The process spans the whole life cycle from identification of needs, through to the end of a contract or the end of the useful life of an asset.

Contract Management: Contract management is the management of supplier relationships to ensure their compliance with contract obligations and to understand and control the financial and risk implications of any change. Contract management also includes the performance monitoring and quality assurance of the supplier.



4

How we will work to the key principles

We are clear on how what we spend with third parties is allocated and how this offers value for money:

We will establish three year plans for each category of spend which will identify:

- The areas where performance needs to improve;
- Initiatives and plans that optimise the outcomes identified in the service team commissioning strategies whilst providing the most effective use of our resources and demonstrating value for money;
- Potential gaps in future service provision and where we need to build capacity and capabilities to meet forecast demand;
- Develop and implement work programmes that clearly set out milestones and timescales for each activity;
- We will consider both the design of the service and the procurement process itself to ensure we deliver value for money through the sourcing process.



We will ensure that our spend with third parties maximises the impact of each pound in contributing to delivering our City Strategy:

The council is facing a period of intense change, with an increasing demand for services, a reduction of funding and a challenging policy environment. The council is working with public, private and voluntary sector organisations to develop a City Strategy approach to public services. We will work with organisations in identifying the use of similar resources and where we deliver similar services, we will collaborate to realise better value for money, return on investment and service outcomes.

- We will, with our City Board Partners develop a Wolverhampton Charter that organisations will be encouraged to agree to which will set out how they will contribute to making the city the very best it can be for local people;
- We will work with our public sector partners to collaborate and co-ordinate our procurement activity;
- We will engage with local suppliers, in particular Small and Medium Enterprises (SMEs), voluntary, community and social enterprise (VCSE) organisations, to keep them updated on procurement related issues such as changes in legislation, where to find opportunities and upcoming contracts;
- We will offer training on our e-tendering system and guidance on what a good tender submission should be. This will ensure that local organisations are able to compete for opportunities both within Wolverhampton, nationally and Europe;
- We will include requirements in our major contracts that the sourcing of subcontract opportunities from the local market that supports local employment is encouraged to be the first choice;
- We will develop a consistent measure of the social, economic and environmental value delivered through our spend with third parties.

We will listen to what customers and communities tell us about services delivered by third parties and act upon what they tell us:

- Through consultation and active engagement we will encourage customers and communities to be involved in the sourcing process. Where services are key to a group of customers or a community we will offer the opportunity to take part in deciding the performance priorities and in the evaluation of suppliers' proposals;
- We will provide open and easy ways that customers can provide feedback to us and we will show what we and the suppliers have done in response.

We will ensure that performance of third parties is actively managed and that the realisation of benefits is monitored:

- We will use a Performance Management Framework approach based on outcomes to monitor the quality of services we contract for;
- Incorporate best practice and continuous improvement benchmarking to ensure value for money is being achieved;
- Ensure that risks are identified, managed and appropriately mitigated;
- Incorporate equality and diversity considerations as a key part in defining quality of services and check to ensure outcomes are met;
- Ensure positive outcomes and experiences for customers and communities.

5

Procurement Vision



Competitive markets and a variety of service provision options are key to supporting value for money and choice for customers. This requires an increased focus on market development and supply chain management to ensure a sustainable mix of suppliers from all sectors.

The Procurement Vision is – To secure demonstrable value for money and maximise the benefits from spend with third parties, supporting delivery of innovative, cost effective and high quality services for the people of Wolverhampton, meeting the highest standards of legal and procurement practice and undertaking such activities in the most efficient manner possible.



Equal Treatment and Fairness

Suppliers are treated in a fair and equal manner to enable them to bid on a level playing field, having access to relevant and necessary information.



Transparency and Openness

Procurement processes are conducted in a way that is fair and competitive, with all relevant non-commercially sensitive information being shared openly and in a timely manner.



Value for Money

Balancing the appropriate degree of quality and scope of requirements with the whole-life cost of the goods services or works, to meet customer needs at the best value possible.



On-going Commercial Management

Effective contract management processes are applied across the council to ensure the effective management of commercial arrangements.



Partnerships and Collaboration

The council recognises that collaboration and co-operation between local authorities and other public, private and voluntary sector organisations provides more flexible and cost effective services, and we will collaborate with external bodies to consult, share good practice, learn from experiences and develop good working relationships to enhance service provision.



Stakeholder Engagement

Customers and communities are engaged in developing service delivery requirements and their views on delivery performance are taken into account and acted upon.



Market Engagement

Tendering opportunities attract sufficient market interest to establish a competitive number of quality bids as a result of pre-procurement market engagement. We work with suppliers to understand local supply chains and develop subcontracting opportunities for local companies and support local employment.



Regulatory Compliance and Governance

Spending public money requires high levels of probity and accountability, supported by a framework of mechanisms to ensure that standards are met. The Contract Procedure Rules provide a robust framework that governs the process for sourcing from third parties and protects the council from exposure to challenge or legal action by clearly determining the accountabilities and responsibilities of officers involved in procurement activity and by monitoring and enforcing compliance with those responsibilities.



Risk Management

Contracts are written in a manner that protects the council from risk and adverse movements in inflation, legislation, or developments in technology. Contracts remain flexible enough to take into account changes in the commissioning strategy.



Technology & Efficiency

Efficiency requires us to achieve the same or more with less, and technology will play a major role in achieving this. Streamlining of processes will be required, in addition to elimination of unnecessary activity and innovative approaches to structuring contracts and delivering services. The use of technology, such as e-tendering, improves the procurement process and reduces the costs of sourcing and tendering. Technology will improve access to procurement information for officers, customers and suppliers, and to support the transparency of our processes.

1 Compliance and Risk Management

2 Value for Money

3 Sustainability

4 Skills Development & Capacity Building

5 Partnerships, Collaboration & Relationship Management

6

How we will deliver

1. Compliance and Risk Management

European and national public procurement policy is increasing the level of transparency and requirement for competition and we need to ensure that processes and systems are in place to ensure compliance to protect the council from the risk of legal challenge.

Objectives

- To ensure that procurement activities reflect and support the council's core values, and corporate aims and objectives;
- To ensure Contract Procedure Regulations reflect developments in procurement legislation, guidance and best practice and provide a robust framework to support the spending of council money;
- To structure contracts in a manner that protects the council from risk and adverse movements in inflation, legislation, or developments in technology;
- To ensure contracts remain flexible enough to take into account changes in policy and commissioning strategies;
- To ensure that all contracts are subjected to a proportionate degree of competition and advertising;
- To provide challenge to procurement decisions and practices across the council through a combination of Gateway, Peer and Scrutiny reviews;
- To protect the council from exposure to challenge or legal action by having clear guidance and processes for advertising, specifying and evaluating tenders;
- Clearly determining the accountabilities and responsibilities of officers involved in procurement activity and monitoring, enforcing compliance with those responsibilities.

Outcomes

The council will have a set of processes and procedures for undertaking procurement exercises to follow, ensuring compliance with current legislation as applicable at the time reducing and mitigating the risk of a challenge.

2. Value for Money

Achieving value for money and being able to demonstrate it are essential as the resources we have must be used in the most effective manner to provide high quality services.

Objectives

- To improve our market intelligence gathering, and use it to develop competitive markets from which to purchase;
- To stimulate competition in securing delivery of all externally provided services;
- To manage our contracts to deliver continuous improvement in performance and value for money throughout their lifetimes;
- To give consideration, where appropriate, to including payment by results and use of incentives and penalties for non-performance;
- To prioritise customer satisfaction and choice, and ensure contracts provide sufficient flexibility and variety to support improvements in these areas;
- To develop reporting systems to provide relevant accurate and timely management information on our spend profile with external suppliers;
- To consider the whole system cost of contracts taking into account long term financial and commissioning plans.

Outcomes

A formal framework for Contract Management will be in place ensuring that the council demonstrates value for money and the quality of outcomes. All contract managers will regularly seek and act on customer feedback on opportunities for improvements in quality or satisfaction through changes to delivery or management arrangements. We recognise that value for money is only achieved if contracts are as inclusive as resources will allow. The council will adopt a proportionate approach to contracts and equalities issues linked to the subject matter of the contract under consideration.

3. Sustainability

Sustainable Procurement is a process whereby organisations meet their need for goods, services, works and utilities in a way that meets value for money on a whole life basis in terms of generating benefits not only to the organisation, but also to society and the economy, whilst minimising damage to the environment.

Objectives

- To challenge the need for new goods, services, works and utilities and consider alternatives at the start of the process. Alternatives such as doing without, purchasing a reduced quantity or reusing or repairing what is existing;
- To assess goods, services, works and utilities, where relevant, on the basis of whole life costing which considers the financial costs alongside wider economic, social and environmental costs to the city;
- To have a consistent implementation of the Public Services Social Value Act and the consideration of equalities, environmental, social and economic benefits linked to the City Strategy priorities;
- To engage with voluntary, community and social enterprise organisations to encourage a wider and more diverse base of suppliers;
- To not knowingly work with suppliers whose activities do not comply with the conventions of the International Labour Organisation, or who support, encourage or facilitate trade in illegal drugs or slavery;
- To specify products that do not have a harmful impact such as sustainable timber and prohibiting those tested on animals;
- To specify products that minimise the use of energy, water and raw materials in their production, transportation and operation;
- To specify products that minimise the creation of pollution, including air and water pollution and the production of carbon emissions and other greenhouse gases, in their production, transportation and operation;
- To use renewable energy, recycled materials or materials;
- To ensure that the organisations we contract with have good employment practice and develop a healthy, engaged and diverse workforce.

Outcomes

Procurement activity will include whole life costing and broader equalities, economic, social and environmental factors in assessment criteria for tenders to ensure that the council achieves best value for the city and its residents. The council will work with suppliers to promote equality and corporate social responsibility in their own operations and throughout the supply chain through their recruitment policies; their dealings with employees, suppliers and contractors; and by their environmental policies.

4. Skills Development & Capacity Building

Improvement in procurement activity requires the development of staff to deliver a new approach. The skills required include procurement, contract law knowledge, project management, performance management, change management, contract and relationship management.

Objectives

- To define the various roles and responsibilities associated with procurement and contract management;
- By workforce planning we aim to provide trained staff with expert or specialist skills and knowledge;
- For lower value contracts develop processes for service teams to facilitate procurement;
- To develop skills and provide support to officers involved in procurement and contract management across the council;
- To implement a programme of contract management training;
- To attract, retain and motivate high-quality, skilled procurement and commercial professionals and create on-going opportunities for development.

Outcomes

We will maintain a procurement team that contains the necessary skills and expertise to effectively manage the council's third party spend and continue to develop expert procurement and contract management capabilities.

5. Partnerships, Collaboration & Relationship Management

The council recognises that the Government has encouraged links between local authorities and other public, private and voluntary sectors as a way of providing more flexible and cost effective services, and we will seek to collaborate with external bodies, share best practice, learn from experiences and develop good working relationships to enhance service provision. The council is also fully committed to involving residents and customers in developing service delivery and consult more frequently on satisfaction, to involve suppliers in designing service delivery, and to work with other public organisations to provide users with a joined up service.

Objectives

- We will continue to develop and build on the links we have with other public sector bodies, particularly those within Wolverhampton and the Black Country sub-region;
- To increase the pre-procurement engagement we undertake with stakeholders;
- To create tendering opportunities that attract sufficient market interest to establish a competitive number of quality bids;
- To work with contractors and suppliers to deliver demonstrable continuous improvement in delivery of works, services or supplies contracts;
- To work with suppliers to secure efficiencies within supply chains and develop subcontracting opportunities for local organisations.

Outcomes

We will have a co-ordinated approach with other public sector partners in Wolverhampton and the Black Country sub-region that makes it simple for organisations to find and tender for opportunities. We have an understanding of the markets from which we buy and understand the factors which affect them. We work with first tier suppliers so that subcontract opportunities are available to local organisations.



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Wolverhampton WV1 1SH

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Cabinet (Resources) Panel

9 February 2016

Report title	Accountable body for Pocket Parks bids by Bushbury Hill EMB and Wolverhampton Homes	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Peter Bilson City Assets	
Key decision	No	
In forward plan	No	
Wards affected	Bilston East; Bushbury South and Low Hill	
Accountable director	Lesley Roberts, City Housing	
Originating service	Housing Services	
Accountable employee(s)	Kenny Aitchison	Service Manager – Housing Strategy and Development 01902 554841 kenny.aitchison@wolverhampton.gov.uk
	Tel	
	Email	
Report to be/has been considered by	NA	

Recommendation(s) for action or decision:

The Cabinet (Resources) Panel is recommended to:

1. Agree that the Council act as accountable body for Wolverhampton Homes and Bushbury Hill Estate Management Board (EMB) in respect to their bids to Department for Communities and Local Government (DCLG) Pocket Parks fund.
2. Delegate authority to the Cabinet Member for City Assets and the Director of Finance to enter into such Funding and Collaboration/ Grant Agreements in relationship to DCLG Pocket Parks projects as may be required.

Recommendations for noting:

The Cabinet (Resources) Panel is asked to note:

1. The contents of the bids by Wolverhampton Homes and Bushbury Hill EMB to DCLG Pocket Park fund.

1.0 Purpose

- 1.1 The purpose of this report is seek Cabinet (Resources) Panel approval to act as accountable body on behalf of Wolverhampton Homes and Bushbury EMB in respect to their bids to DCLG Pocket Parks Fund.

2.0 Background

- 2.1 In November 2015, the DCLG launched a Pocket Parks prospectus to provide £1.5 million for up to 100 'pocket parks'. Pocket Parks are small areas of inviting public space within deprived urban areas up to 0.4 hectares (although many are around 0.02 hectares, the size of a tennis court) which may already be under grass but which is unused, undeveloped or derelict.
- 2.2 The idea behind the scheme is that communities will take the initiative to bid for funding (revenue and capital) to improve local spaces and make them more usable. Due to the emphasis being on bids from community groups there is a DCLG requirement that in all instances the local authority has to agree to act as accountable body.
- 2.3 In Wolverhampton bids have been submitted by Wolverhampton Homes and by Bushbury Hill EMB. Despite both organisations being well established with their own bank accounts and record of delivery the Council is still required to act as accountability.

3.0 The bids

- 3.1 Wolverhampton Homes have submitted a bid for an area of derelict land at Johnson Place, The Lunt, Bilston East, in conjunction with One Voice - Action for Disability Community Group. The bid is for £10,000 funding from DCLG and will be matched by Wolverhampton Homes who will provide £15,000 from its Corporate Social Responsibility Fund. (See location map Appendix A)
- 3.2 Bushbury Hill EMB has submitted a bid for £15,100 supported by Bushbury Hill Community Action Group (BHCAG) and Scotlands & Bushbury Hill (SBH) Big Local Partnership to improve the Strawberry Patch at Hendon Close Low Hill. Match funding of £15,100 will be provided by BHCAG, and SBH Chatterbox and Awards for All grants. (See location map Appendix B)
- 3.3 The Council would be required to enter into a funding agreement with DCLG and agree to hold the funds on behalf of Wolverhampton Homes and Bushbury Hill EMB. The

Council will need enter an agreement with both Wolverhampton Homes and Bushbury Hill EMB to cover any exposure to financial risk of the Council.

3.4 Both sites referred to above are in Council ownership and each falls within the management responsibility for Wolverhampton Homes and Bushbury Hill EMB respectively.

3.5 The closing date for bids was 10 December 2015 and if successful all funds are to be spent by 31 March 2016.

4.0 Financial implications

4.1 The Council will be required to enter a funding agreement with DCLG and hold the grant funding on behalf of the managing agents.

4.2 The agreement with DCLG does not give any circumstances under which the grant could be subject to clawback and the Council will enter into an agreement with both Wolverhampton Homes and Bushbury Hill EMB to cover any exposure to financial risk. Therefore there will be no revenue or capital implications for the Council as the grant will be passed directly to the managing agents and there is no agreement for any further council funding to be provided.

[JB/05012016/O]

5.0 Legal implications

5.1 If the bids are successful, the grant funding will be paid to the Council under section 31 of the Local Government Act 2003 so that it can be released to the managing agents as they need it to deliver.

RB/05012016/T

6.0 Equalities implications

6.1 Each of the bids seek to support vulnerable groups in areas of multiple deprivation. Pocket Parks are expected to provide wellbeing opportunities, as well as helping to improve community integration, community pride and social action, especially where communities are involved in the upkeep and development decisions of the park.

7.0 Environmental implications

7.1 If successful, the bids will improve sites that are currently derelict and under used creating community managed open spaces.

8.0 Human resources implications

8.1 There are no human resources implication resulting from this report.

9.0 Corporate landlord implications

- 9.1 The two sites that are subject of this report are within the Housing Revenue Account and fall within the management responsibility of the managing agents submitting the bid.

10.0 Schedule of background papers

- 10.1 Department for Communities and Local Government - Pocket parks: support for small areas of inviting public space where people can enjoy relief from the hustle and bustle of city streets Prospectus

Cabinet (Resources) Panel

9 February 2016

Report title	Schedule of Individual Executive Decision Notices	
Decision designation	AMBER	
Cabinet member with lead responsibility	All	
Key decision	No	
In forward plan	No	
Wards affected	All	
Accountable director	Kevin O'Keefe, Governance	
Originating service	Democratic Support	
Accountable employee(s)	Abigail Vella Tel Email	Graduate Management Trainee 01902 553219 Abigail.Vella@wolverhampton.gov.uk
Report to be/has been considered by	N/A	

Recommendations for noting:

The Cabinet (Resources) Panel is asked to note the summary of open and exempt individual executive decisions approved by the appropriate Cabinet Members following consultation with the relevant employees.

Schedule of Individual Executive Decision Notices

Part 1 – Open Items

1. Corporate

Decision maker	In consultation with	Date Approved	Contact Officer
Councillor Claire Darke	Director, Education	13 January 2016	Emma Balchin, 01902 555269
Title and Summary of Decision			
Instrument of Government That the Cabinet Member for Education, in consultation with the Director, Education, approves the proposed Instrument of Government for Ashmore Park and Phoenix Nursery Schools Federation.			

2. People

None

3. Place

None

Part 2 – Exempt Items

1. Corporate

Decision maker	In consultation with	Date Approved	Contact Officer
Councillor Claire Darke	Director, Education	19 January 2016	Marc Webb, 01902 551368
Title and Summary of Decision			
Acceptance of tender for Coppice High School: replacement boilers That the Cabinet Member for Education, in consultation with the Director of Education, accept the tender from RMC Mechanical Services Ltd for the replacement of boilers.			

2. People

Decision maker	In consultation with	Date Approved	Contact Officer
Councillor Elias Mattu	Strategic Director, People	13 January 2016	Kathy Roper, 01902 550975
Title and Summary of Decision			
Award of Contract for Independent Health Complaints Advocacy Service (IHCAS) and Healthwatch (HWW) That the Cabinet Member for Adults, in consultation with the Strategic Director, People, awards the contract for Independent Health Complaints Advocacy Service (IHCAS) and Healthwatch Wolverhampton (HWW) to Engaging Communities Staffordshire.			

3. Place

Decision maker	In consultation with	Date Approved	Contact Officer
Councillor Peter	Strategic Director,	19 January 2016	Karen Beasley,

Bilson	Housing		01902 554893
Title and Summary of Decision			
Low Hill Residential Repairs (pods) – Private Property Acquisitions That the Cabinet Member for City Assets, in consultation with the Strategic Director for Housing, approves the disposal at auction of the vacant properties at Dickinson Avenue, Old Fallings Crescent, Second Avenue and Park Lane.			

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