

# Confident, Capable Council

## Scrutiny Panel

15 March 2017

**Time** 6.00 pm      **Public Meeting?** YES      **Type of meeting** Scrutiny  
**Venue** Committee Room 3 - 3rd Floor - Civic Centre

### Membership

**Chair** Cllr Rita Potter (Lab)  
**Vice-chair** Cllr Andrew Wynne (Con)

#### Labour

Cllr Alan Bolshaw  
Cllr Jacqueline Sweetman  
Cllr Caroline Siarkiewicz  
Cllr Payal Bedi-Chadha  
Cllr Mary Bateman  
Cllr Paula Brookfield  
Cllr Dr Michael Hardacre  
Cllr Louise Miles  
Cllr Ian Brookfield

#### Conservative

Cllr Udey Singh

Quorum for this meeting is three Councillors.

### Information for the Public

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

**Contact** Earl Piggott-Smith  
**Tel/Email** Tel: 01902 551251 or [earl.piggott-smith@wolverhampton.gov.uk](mailto:earl.piggott-smith@wolverhampton.gov.uk)  
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Wolverhampton WV1 1RL

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# Agenda

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

*Item No.*    *Title*

### MEETING BUSINESS ITEMS

- 1            **Apologies**
- 2            **Declarations of interest (11 January 2016)**
- 3            **Minutes of previous meeting** (Pages 3 - 6)  
[To approve the minutes of the previous meeting as a correct record]
- 4            **Matters arising**  
[To consider any matters arising from the minutes]

### DISCUSSION ITEMS

- 5            **Equality in Employment Monitoring Report (report to be tabled)**  
[Arif Sain, Head of Equalities, to present report]
- 6            **School Admission Appeals - Update on Service Level Agreements** (Pages 7 - 12)  
[ Julia Cleary, Scrutiny and Systems Manager, to present report]
- 7            **Budget Update and Review** (Pages 13 - 24)  
[Claire Nye, Chief Accountant, to present information about the Council's finances that has been reported to either the Cabinet and/or Cabinet (Resources) Panel since the last update]
- 8            **Outcome of the Local Government Association Finance Peer Review - update**  
(Pages 25 - 38)  
[Claire Nye, Chief Accountant, to present update report on the outcome of the Local Government Association (LGA) Finance Peer Review]

## Attendance

### Members of the Confident, Capable Council Scrutiny Panel

Cllr Alan Bolshaw  
Cllr Jacqueline Sweetman  
Cllr Mary Bateman  
Cllr Caroline Siarkiewicz  
Cllr Andrew Wynne (Vice-Chair)  
Cllr Harbans Bagri  
Cllr Rita Potter (Chair)  
Cllr Dr Michael Hardacre  
Cllr Louise Miles  
Cllr Udey Singh  
Cllr Paula Brookfield  
Cllr Ian Brookfield

### Employees

Earl Piggott-Smith	Scrutiny Officer
Mark Taylor	Director of Finance

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

*Item No.*    *Title*

1        **Apologies**

Apologies were received from the following members of the panel:

Cllr Payal Bedi-Chadha

2        **Declarations of interest**

There were no declarations of interest recorded.

3        **Minutes of previous meeting (16 November 2016)**

Corrections

Matters arising

The panel agreed to the following amendment to the second paragraph

“Cllr Wynne commented that the meeting was very constructive and the information provided gave a snapshot view of the local economy.”

That the minutes of the meeting held on 16 November 2016, subject to the agreed change, be approved as a correct record and signed by the Chair.

4 **Matters arising**  
**Minute 6: Draft Budget and Medium Term Financial Strategy 2017/18 - 2019/20**

**School Admission Appeal Fees**

The panel discussed the item and requested that a report on the proposal, if approved by Council on 1 March 2017, to increase the level of fees to schools for providing an education appeals service is presented to the meeting on 15 March 2016.

The panel expressed concern that schools may choose to either buy the service from another provider or undertake the work themselves. The panel would also like the report on the demand for school places, the increase in the number of appeals, the work being done to manage the situation and respond to concern of parents about getting their first choice of school. The report to be presented to the panel meeting on 15 March 2017.

The panel expressed concern that a report on employee equalities monitoring that was requested at the last meeting was not on the agenda for discussion. The panel agreed that a report with the information be presented at the meeting on 15 March 2017.

The panel also requested a report on policy and practice concerning the completion of the equalities implications statements in cover reports is presented to Councillors for discussion.

5 **Wolverhampton City-Wide Financial Strategy**  
Mark Taylor, Director of Finance, presented the report and gave an outline on the background to the work done during Phase 1 and the plans for Phase 2 to develop a City Wide Financial Strategy.

The Director of Finance commented that the total public sector budget deficit for the City of Wolverhampton is estimated to be £417 million and that of the seven MET's, only Solihull Council had an estimated public sector budget surplus.

The Director of Finance gave further details of the work done during Phase 1 and explained that the aim is to align the findings to existing strategies, for example The City Strategy, and to put a plan into action to create new jobs. The panel suggested that it might be useful for a joint meeting to be held with members of the Vibrant and Sustainable City Scrutiny Panel to consider the report findings.

The panel queried the implications of the budget deficit figure of £1.8 billion for Birmingham and what impact, if any, it would have on efforts to regenerate the regional economy. The Director of Finance responded that the estimated deficit is a reflection of the reliance of Birmingham on the receiving central grant funding from the state. The Director of Finance added that the budget position of Birmingham would not have a direct impact on the economy of Wolverhampton. However, the

situation will affect the ability of Birmingham to create jobs and respond to challenges of delivering services with reduced levels of Government funding.

The panel discussed the methodology used to calculate the estimates detailed for total public sector deficits across the region and queried its reliability. There was concern expressed that the information detailed in the report could be used to justify further reductions in the level of public sector spending and sought some reassurance.

The Director of Finance explained that the analysis work was done by Black Country Economic Unit, using the United Nations Classification of the Functions of Government, an established methodology. In addition, the model replicates the Centre for Cities model used to establish where tax is raised and spent.

The Director of Finance referred the panel to Appendix 2 of the report which gives more details about the analysis and sources of further information about the breakdown of public sector expenditure. The Director of Finance accepted that while the figures quoted are based on estimates, the approach is based on tried and trusted approaches to calculating income and expenditure at regional and national levels. This approach ensures that the results can be compared to anywhere else that uses this methodology.

There was concern that while the information was useful in future planning it important to remember that Wolverhampton is in a deprived region which is reliant on central government grant funding to deliver services.

The panel commented on the key overarching goals for inclusive growth as detailed in the City Strategy document.

A comment was made that the goal of reducing levels of child poverty should be the overall priority given its impact on City and efforts to improve the local economy and whether the economic targets were ambitious enough. The Director of Finance noted the comment and agreed to refer the proposal to the working group to consider during Phase 2 and acknowledged the impact of the wider dependencies linked to poverty on the city.

The Director of Finance commented that the targets for the city need to be owned by the City Board, working with partners in this way would be essential in order to deliver the Vision 2030. The Director of Finance added that the information produced in Phase 1 will provide a baseline that could be used to measure progress over time.

The panel discussed the need to be confident that the assumptions used in the methodology is properly tested for rigour and reliability to meet its responsibility and firm basis to assess both progress and performance against targets set. The panel agreed that a short briefing paper should be prepared with further details about the methodology and assumptions used to calculate estimates. The panel requested details of the members of the working group that will be leading Phase 2 and the terms of reference. The information to be sent to the panel when available.

The panel welcomed the report and agreed to monitor progress.

Resolved

1. The Director of Finance to arrange for a briefing paper with details of the membership and terms of reference of the working set up to develop a City Wide Financial Strategy by June 2017.
2. The Director of Finance to prepare a short briefing paper to explain the methodology and assumption used when calculating the estimate of the public sector figure.
3. The panel agreed to review progress of the City Wide Financial Strategy document for Phase 2 at a future meeting.
4. The panel comments on the Phase 1 and Phase 2 to be shared with the working group set up to develop a City-Wide Financial Strategy.

# Confident, Capable Council

## Scrutiny Panel

15 March 2017

<b>Report title</b>	School Admission Appeals – Update on Service Level Agreements	
<b>Cabinet member with lead responsibility</b>	Councillor Andrew Johnson Cabinet Member for Resources	
	Councillor Milkinderpal Jaspal Cabinet Member for Governance	
<b>Wards affected</b>	All	
<b>Accountable director</b>	Kevin O’Keefe, Director of Governance	
<b>Originating service</b>	Scrutiny and Systems	
<b>Accountable employee(s)</b>	Julia Cleary Tel Email	Scrutiny and Systems Manager 01902 555046 Julia.cleary@wolverhampton.gov.uk
<b>Report to be/has been considered by</b>		

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### Recommendations for noting:

The Panel is asked to note:

1. The uptake so far in relation to the School Admissions Appeals Clerking Service.
2. The statutory timescales within which appeals must be heard.
3. The new fee structure to be adopted for 2017/18.

## **1.0 Purpose**

- 1.1 To update the panel on the uptake of services by schools in relation to the School Admissions Appeals Clerking Service.
- 1.2 To advise the panel in relation to the statutory timescales that apply to the administration of school admission appeal hearings.
- 1.3 To provide the panel with the background and reasons for the increase in fees.

## **2.0 Background**

- 2.1 At a meeting of the panel held on 16 November 2016 the draft budget proposals were considered and concern expressed by the panel in relation to the increase in fees for clerking services and whether this increase could discourage schools from buying into the service. Concern was also expressed at the meeting regarding the fact that appeals needed to be heard within a suitable timeframe.
- 2.2 The Head of Governance explained at the meeting that the Council incurred considerable costs in dealing with admission appeals on behalf of schools, particularly when hearings did not go ahead as planned.
- 2.3 The number of appeals being dealt with by the service is also increasing with additional staff being recruited to help manage the workload.
- 2.4 For the September admissions in 2015/16 there were 212 Primary School appeals and 211 Secondary School appeals. For the September admissions in 2016/2017 there were 234 primary school appeals and 275 secondary school appeals. The number of schools converting to academies and the introduction of the Royal School Wolverhampton to the schedule has also added to the complexity and density of work with the appeals for the school expected to take approximately three weeks.

## **3.0 Fees and Charges 2017/18**

The Council will make an initial, flat-rate retainer charge of £600, payable with effect from the commencement date; this fee is non-refundable. This differs from previous years when a fee of £520 was initially charged and then offset against the individual appeals.

The Council will also make a charge to the school for each individual pupil admission appeal as follows:

- £150 per appeal where up to 4 appeals are considered at a hearing (increase from £114 where only one or 2 appeals were considered).
- £85 per appeal where more than 4 appeals are considered at a hearing (increase from £82 where more than 2 appeals were considered)

- £60 where a submitted appeal is subsequently withdrawn by the appellant prior to an appeal hearing taking place (increase from £20).

These charges apply to all individual admission appeals formally submitted to the council.

The charge includes:

- Provision of a clerk
- All postage, printing and stationery costs.
- Provision of refreshments at meetings.
- Provision of legal advice by the Council's solicitors to the appeal panel, where required.
- Travel costs incurred by panel members and the clerk in attending any appeal hearing within Wolverhampton.
- Training of panel members.
- Preparation of supporting paperwork in relation to any subsequent complaint to the Local Government Ombudsman.

This cost excludes:

- Hire of external venues, where required.
- Legal representation required by the school at individual appeal hearings or in connection with any matters subsequently investigated by the Local Government Ombudsman, any applications for Judicial Review or reviews undertaken by the Secretary of State
- Interpretation services (this was previously included in the set fee).

#### **4.0 Timescales**

4.1 The timescales within which appeals are heard are covered by Statutory Guidance - The School Admissions Code ("the Code") which is issued under Section 84 of the School Standards and Framework Act 1998.

Admission authorities must set a timetable for organising and hearing appeals that:

- A. includes a deadline for lodging appeals which allows appellants at least 20 school days from the date of notification that their application was unsuccessful to prepare and lodge their written appeal;
- B. ensures that appellants receive at least 10 school days' notice of their appeal hearing;
- C. includes reasonable deadlines for appellants to submit additional evidence, for admission authorities to submit their evidence, and for the clerk to send appeal papers to the panel and parties;
- D. ensures that decision letters are sent within five school days of the hearing wherever possible.

- 4.2 Admission authorities must publish their appeals timetable on their website by 28 February each year.
- 4.3 Admission authorities must ensure that appeals lodged by the appropriate deadlines are heard within the following timescales:
- A. for applications made in the normal admissions round, appeals must be heard within 40 school days of the deadline for lodging appeals;
  - B. for late applications, appeals should be heard within 40 school days from the deadline for lodging appeals where possible, or within 30 school days of the appeal being lodged;
  - C. for applications for in-year admissions, appeals must be heard within 30 school days of the appeal being lodged.
- 4.4 Any appeals submitted after the appropriate deadline must still be heard, in accordance with whatever timescale is set out in the timetable published by the admission
- 4.5 The Council has published the following on its website:

**For Secondary Schools:**

Offer: **1 March 2017**  
Appeals lodged by: **29 March 2017**  
Appeals heard by: **15 June 2017**

- 4.6 Appeals lodged after these dates will be heard within 40 school days of the appeal deadline or 30 school days of the appeal being lodged, whichever is the later date.

**For Primary Schools:**

Offer: **18 April 2017**  
Appeals lodged by: **22 May 2017**  
Appeals heard by: **24 July 2017**

- 4.7 Appeals lodged after these dates will be heard within 40 school days of the appeal deadline or 30 school days of the appeal being lodged, whichever is the later date.
- 4.8 An indicative timetable has already been produced based on expected appeal numbers and schools have been contacted regarding dates for their appeals to be heard.

**5.0 Progress**

- 5.1 The deadline for schools to sign up for the Council's clerking service was 17 February 2017. Responses are still to be received from **four schools that have previously used the service**, two schools that have previously used the service have opted out and four new schools have opted in. Employees in the service area are currently contacting the schools that have opted out to confirm the situation.

## **6.0 Financial implications**

- 6.1 A comprehensive review of the appeals process has revealed that the fee income generated in 2016/17 has not been sufficient to cover the associated staffing and administrative costs. The new fees detailed in paragraph 4 of the report have been set to fully cover the costs of service provision and are anticipated to generate a further £20,000 income based on anticipated fee volumes.  
[GE/03032017/U]

## **7.0 Legal implications**

- 7.1 School Admission Appeals are governed by the School Standards and Framework Act 1998 and by Statutory Guidance made pursuant to that Act, namely the School Admissions Code 2012 compiled and published by the Department for Education.  
[AS/02032017/K]

## **8.0 Equalities implications**

- 8.1 The School Admissions Code states that when an admission authority informs a parent of a decision to refuse their child a place at a school for which they have applied, it must include the reason why admission was refused; information about the right to appeal; the deadline for lodging an appeal and the contact details for making an appeal. Parents must be informed that, if they wish to appeal, they must set out their grounds for appeal in writing. Admission authorities must not limit the grounds on which appeals can be made.
- 8.2 The School Admissions Code states that an admission authority must not discriminate on the grounds of disability, gender reassignment; pregnancy and maternity; race; religion or belief; sex; or sexual orientation, against a person in the arrangements and decisions it makes as to who is offered admission as a pupil.
- 8.3 The Equality Act 2010 contains limited exceptions to the prohibition of discrimination on grounds of religion or belief and sex. Schools designated by the Secretary of State as having a religious character are exempt from some aspects of the prohibition of discrimination on the grounds of religion or belief and this means they can make a decision about whether or not to admit a child as a pupil on the basis of religion or belief. Single-sex schools are lawfully permitted to discriminate on the grounds of sex in their admission arrangements.
- 8.4 Admission authorities are also subject to the Public Sector Equality Duty (created and defined by sections 149 to 157 Equality Act 2010) and therefore must have due regard to the need to eliminate discrimination, harassment and victimisation, advance equality of opportunity, and foster good relations in relation to persons who share a relevant protected characteristic and persons who do not share it.

**9.0 Environmental implications**

9.1 There are no environmental implications

**10.0 Human resources implications**

10.1 There are no human resources implications

**11.0 Corporate landlord implications**

11.1 There are no corporate landlord implications

**12.0 Schedule of background papers**

12.1 None

# Confident Capable Council Scrutiny Panel

15 March 2017

<b>Report title</b>	<b>Budget Update and Review</b>	
<b>Cabinet member with lead responsibility</b>	Councillor Andrew Johnson Resources	
<b>Wards affected</b>	All	
<b>Accountable director</b>	Mark Taylor, Director of Finance	
<b>Originating service</b>	Strategic Finance	
<b>Accountable employee(s)</b>	Claire Nye Tel Email	Chief Accountant 01902 550478 Claire.Nye@wolverhampton.gov.uk
<b>Report to be/has been considered by</b>		

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## Recommendation(s) for action or decision:

The Panel is recommended to:

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

## **1.0 Purpose**

- 1.1 To bring to the Panel's attention, information about the Council's finances that has been reported to either the Cabinet and/or Cabinet (Resources) Panel since the last update, including:

### *Reports relating to the Council's Budget and Medium Term Financial Strategy*

- Provisional Local Government Finance Settlement Update
- 2017/18 Budget and Medium Term Financial Strategy 2017/18 – 2019/20
- Treasury Management Strategy 2017/18

### *Reports relating to Monitoring of the Council's 2016/17 Budgets*

- Capital Budget Quarter Two Monitoring
- Treasury Management Activity Monitoring – Mid Year Review 2016/17
- Revenue Budget Monitoring 2016/17 (Q2)
- Revenue Budget Monitoring 2016/17 (Q3)
- Capital Programme 2016/17 to 2020/21 quarter three review and 2017/18 to 2020/21 budget strategy
- Quarter Three Treasury Management Activity Monitoring

### *Reports relating to the Council's Housing Revenue Account (HRA) Business Plan*

- Housing Revenue Business Plan (including 2016/17 budget rents and service charges)

### *Reports relating to the Council's Collection Fund and National Non-Domestic Rates (NDR) accounts*

- Collection Fund Estimated Outturn 2016/17
- Council Tax Base and Business Rates (NDR) Net Yield 2017/18

## **2.0 Background**

- 2.1 As set out in the Confident Capable Council Scrutiny Panel work plan, regular updates on the budget and medium term financial strategy will be received throughout the year. This is the fourth report of this nature during 2016/17.

2.2 Since the last update on 16 November 2016, nine reports focussing on the Council's finances have been received by Cabinet, as set out below:

Cabinet, 30 November 2016

- Capital Budget Quarter Two Monitoring 2016/17
- Treasury Management Activity Monitoring – Mid Year Review 2016/17

Cabinet, 18 January 2017

- Housing Revenue Business Plan (including 2017/18 budget rents and service charges)
- Provisional Local Government Finance Settlement Update
- Collection Fund Estimated Outturn 2016/17
- Council Tax Base and Business Rates (NDR) Net Yield 2017/18

Cabinet, 22 February 2017

- Capital Programme 2016/17 to 2020/21 Quarter Three Review and 2017/18 to 2020/21 Budget Strategy
- Treasury Management Strategy 2017/18
- 2017/18 Budget and Medium Term Financial Strategy 2017/18 to 2019/20

2.3 In addition, since the last update, three reports focussing on the Council's finances have been received by Cabinet (Resources) Panel, as set out below:

Cabinet (Resources) Panel, 6 December 2016

- Revenue Budget Monitoring 2016/17

Cabinet (Resources) Panel, 28 February 2017

- Quarter Three Treasury Management Activity Monitoring
- Revenue Budget Monitoring 2016/17

In order to minimise printing costs, the Panel Chair has agreed that full versions of the reports will not be circulated again. It is recommended, however, that Panel members review the reports ahead of the meeting, and are requested to please bring the full versions that were circulated with the relevant Cabinet and Cabinet (Resources) Panel

agenda papers to the meeting. Summaries of the relevant reports are shown below together with, for each report, a link to the original document.

### **3.0 Treasury Management Activity Monitoring – Mid Year Review 2016/17**

- 3.1 This report was considered by Cabinet on 30 November 2016 and is [available via this link](#).
- 3.2 The purpose of this report was to provide a monitoring and progress report on treasury management activity for the second quarter of 2016/17 as part of the mid-year review, in line with the Prudential Indicators approved by Full Council in March 2016. 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.
- 3.3 The Cabinet recommended that Full Council notes that a mid-year review of the Treasury Management Strategy Statement had been undertaken and the Council has operated within the limits and requirements. Savings totalling £533,000 for the General Fund and £2.3 million for the Housing Revenue Account (HRA) were forecast from treasury management activities in 2016/17.

### **4.0 Housing Revenue Business Plan (including 2017/18 budget rents and service charges)**

- 4.1 This report was considered by Cabinet on 18 January 2017 and is [available via this link](#).
- 4.2 The purpose of this report was to present an updated Housing Revenue Account (HRA) business plan for recommendation to Full Council. The report also provides a proposed HRA budget for 2017/18, including proposed rents and service charges to take effect from 3 April 2017, and a proposed HRA capital programme for the period 2017/18 to 2020/21 for recommendation to Full Council.
- 4.3 Cabinet recommended that Full Council implements the 1% reduction in social housing rents in accordance with the Welfare Reform and Work Act and to give 28 days' notice to all secure and introductory tenants of the rent reduction from 3 April 2017.
- 4.4 In addition, Cabinet recommended that Full Council adopts the approved Housing Revenue Account (HRA) business plan including the revenue budget for 2017/18 and the capital programme for 2017/18 to 2020/21 including the increased new build programme, and agree the rates for garage rents and service charges, as set out in the appendices of the report.
- 4.5 Cabinet were asked to note:
- That all Council dwelling rents will reduce by 1% in line with the proposals contained in the Welfare Reform and Work Act.

- The consultation responses as outlined at Appendix C within the report.
- Proposals to meet the requirements of the Heat Network Regulations 2014 for the district heating schemes at Heath Town.
- The potential impact of the further implementation of the Housing and Planning Act 2016 on the HRA business Plan.
- The additional £15 million programmed in 2020/21 for further infill council housing development.

## **5.0 Provisional Local Government Finance Settlement Update**

- 5.1 This report, which was considered on 18 January 2017, provided Cabinet with an update on the 2017/18 provisional local government finance settlement, which the Government announced on 15 December 2016.
- 5.2 The Cabinet was recommended to approve the adoption of a minimum funding level for Adult Social Care as outlined in the report.
- 5.3 The Cabinet were asked to note the outcome of the 2017/18 provisional local government finance settlement. In addition to this, Cabinet were asked to note that the final budget report to Cabinet on 22 February 2017 would reflect the outcome of the budget consultation, the outcome of the scrutiny process as well as the detailed budget work for 2017/18, including a review of all savings and the risks associated with their delivery.

## **6.0 Collection Fund Estimated Outturn 2016/17**

- 6.1 This report was considered by Cabinet on 18 January 2017 and is [available via this link](#).
- 6.2 The purpose of this report was to inform Cabinet of the estimated outturn for Council Tax and Business Rates, also referred to as Non-Domestic Rates (NDR), transactions on the Collection Fund in 2016/17.
- 6.3 The Cabinet was recommended to approve the payments to the precepting authorities of their share of the Council Tax surplus in equal instalments. The estimated outturn in 2016/17 is a cumulative surplus of £1.5 million. Based on their proportion of the 2016/17 council tax bill, as approved by Council in March 2016 the amounts are as follows:
- City of Wolverhampton Council £1.35 million
  - West Midlands Police £106,000
  - West Midlands Fire Service £53,000

6.4 The Cabinet was recommended to approve the payments to central government and the precepting authority of their share of the Business Rates, also referred to as Non-Domestic Rates (NDR), deficit in equal instalments. The estimated outturn in 2016/17 is a cumulative deficit of £8.6 million. As prescribed by legislation the amounts are as follows:

- City of Wolverhampton Council £4.2 million
- West Midlands Police £4.3 million
- West Midlands Fire Service £86,000

6.5 The report also proposed delegation of authority to the Cabinet Member for Resources, in consultation with the Director of Finance, to confirm any final changes to the forecast outturn reflecting any further information received ahead of the statutory deadline of 31 January 2017.

## **7.0 Council Tax Base and Business Rates (NDR) Net Yield 2017/18**

7.1 This report was considered by Cabinet on 18 January 2017 and is [available via this link](#).

7.2 This reports set the 2017/18 estimates for the Collection Fund which the Council manages on behalf of precepting authorities and central government.

7.3 In the report, it was recommended that the Cabinet set the Collection Fund Council Tax Base for 2017/18 at 61,397.45 Band D equivalents and set the Non-Domestic Rates (NDR) Net Rate Yield for 2017/18 at £71.7 million.

7.4 The report also proposed delegation of authority to the Cabinet Member for Resources, in consultation with the Director of Finance, to confirm any final changes to the above.

## **8.0 Capital programme 2016/17 to 2020/21 Quarter Three Review and 2017/18 to 2021/22 Budget Strategy**

8.1 This report was considered by Cabinet on 22 February 2017 and is [available via this link](#).

8.2 The purpose of the report was to:

- provide Cabinet with an update on the financial performance of the General Fund and HRA capital programmes for 2016/17 and the revised forecast for 2016/17 to 2021/22 as at quarter three of 2016/11, and
- recommend a revised General Fund capital programme and to note the HRA capital programme for the period 2015/16 to 2020/21.

8.3 Cabinet recommended that Full Council approved the revised medium term General Fund capital programme of £314.5 million and approved additional resources for twelve new and eight existing General Fund projects totalling £14.5 million.

- 8.4 Cabinet was recommended to approve General Fund virements totalling £2.4 million for existing and new projects. In addition to this, Cabinet were asked to approve Housing Revenue Accounts (HRA) virements totalling £400,000 for existing projects.
- 8.5 Cabinet was also asked to approve the updated schedules of work for capital projects and to delegate authority to the Cabinet Member for Resources, in consultation with the Director of Finance, to approve the allocation of the provision of the 'Transformation Development Efficiency Strategy' to individual transformation projects in order to benefit from the capital receipts flexibility announced in the Autumn Statement 2015 and in line with the Medium Term Financial Strategy.
- 8.6 Cabinet were asked to note the General Fund expenditure position for quarter three of 2015/16 which stood at 40.6% (78.3% forecast outturn) of the approved General Fund capital budget, and the Housing Revenue Account expenditure position for quarter three of 2015/16 which stood at 57.8% of the approved HRA capital budget. The report incorporated four budget reduction proposals which were subject to approval at the 22 February meeting and Council on 1 March 2017.
- 8.7 The Cabinet was also asked to note two new projects requiring internal resources which were included in this Cabinet report but were subject to separate detailed reports to Cabinet (Resources) Panel on 28 February 2017.

## **9.0 Treasury Management Strategy 2017/18**

- 9.1 The Treasury Management Strategy for 2017/18 was presented to Cabinet on 22 February 2017. The report ([available via this link](#)) sets out the Council's Treasury Management Strategy for 2017/18 for approval by Full Council.
- 9.2 The strategy incorporates six elements, which are detailed in separate documents appended to the report (Treasury Management Strategy, the Annual Investment Strategy, the Prudential and Treasury Management Indicators, Minimum Revenue Provision (MRP) Statement, the Disclosure for Certainty Rate and the Treasury Management Policy Statement and Treasury Management Practices).
- 9.3 As a result of the report, Cabinet recommended that Council approved:
- The authorised borrowing limit for 2017/18 as required under Section 3(1) of the Local Government Act 2003 be set at £1,024.1 million (PI 5, appendix C).
  - The Treasury Management Strategy Statement 2017/18 as set out in appendix A of the report.
  - The Annual Investment Strategy 2017/18 as set out in appendix B of the report.
  - The Prudential and Treasury Management Indicators as set out in appendix C of the report.

- The Annual Minimum Revenue Provision (MRP) Statement setting out the method used to calculate MRP for 2017/18 onwards as set out in appendix D of the report.
- The Treasury Management Policy Statement and Treasury Management Practices as set out in the report.
- That authority continues to be delegated to the Director of Finance to amend the Treasury Management Policy and Practices and any corresponding changes required to the Treasury Management Strategy, the Prudential and Treasury Management Indicators, the Investment Strategy and the Annual MRP Statement to ensure they remain aligned. Any amendments will be reported to the Cabinet Member for Resources and Cabinet (Resources) Panel as appropriate.

9.4 As a result of the report, Cabinet also recommended that Council notes:

- a. That, as a result of the changes to the MRP policy approved and implemented during 2014/15, the MRP charge for financial year 2017/18 will be zero increasing to £8.2 million in 2018/19.
- b. That Cabinet (Resources) Panel and Council will receive regular Treasury Management reports during 2017/18 on performance against the key targets and Prudential and Treasury Management Indicators in the Treasury Management Strategy and Investment Strategy as set out in paragraph 2.8 and appendices B and C to the report.

9.5 The Cabinet were asked to note that the financial information included in the report was based on the 'Capital programme 2016/17 to 2020/21 quarter three review and 2017/18 to 2021/22 budget strategy' report also on the Cabinet agenda. It was noted that the capital report was subject to a number of reports being separately approved by Cabinet (Resources) Panel on 28 February 2017. Therefore, if any of those approvals were not obtained, a revised version of this report would've needed to be presented to Council on 1 March 2017.

## **10.0 2017/18 Budget and Medium Term Financial Strategy 2017/18 – 2019/20**

10.1 This report, which was considered on 22 February 2017, is the final report of the financial year on the 2017/18 Budget and Medium Term Financial Strategy for the period to 2019/20. This report provided Cabinet with a budget for recommendation to Full Council. The report is [available via this link](#).

10.2 The Cabinet recommended that Full Council approves: the net budget requirement for 2017/18 of £216.2 million for General Fund services, the Medium Term Financial Strategy 2017/18 to 2019/20, and the budget allocation for Adult Social Care in accordance with the Minimum Funding Level for Adult Social Care.

10.3 The Cabinet also recommended that Full Council approves Council Tax for Council services in 2017/18 of £1,481.12 for Band D property, being an increase of 3.99% on

2016/17 levels, which incorporates the 2% increase in relation to Adult Social Care, and that work starts on developing budget reductions for 2018/19 with progress to be reported to Cabinet in July 2017.

10.4 The Cabinet were recommended to approve the changes to the 2017/18 draft budget for General Fund services, since the draft budget was last reported to Cabinet on 18 October 2016. In addition to this, Cabinet approval was sought to delegate authority to the Cabinet Member for Resources, in consultation with the Director of Finance, to amend the budget to reflect any changes arising out of the final settlement, for presentation to Council.

### **11.0 Revenue Budget Monitoring 2016/17**

11.1 The Revenue Budget Monitoring report was considered by Cabinet (Resources) Panel on 6 December 2016, with a further update provided on 28 February 2017; [available via this link](#).

11.2 The purpose of this report is to provide Cabinet (Resources) Panel with a projection of the likely revenue outturn position for the General Fund and Housing Revenue Accounts, compared with the Council's approved revenue budgets for 2016/17.

11.3 Overall, the General Fund projected outturn is currently forecast to underspend against the net budget by £497,000. The forecast outturn position for the Housing Revenue Account is a surplus of £18.3 million, compared to a budgeted surplus of £15.3 million. Returns submitted at 31 October estimated that overall Schools balances would reduce by £7.5 million to £5.2 million.

11.4 The Cabinet (Resources) Panel was recommended to approve: the use of reserves totalling £719,000, write offs totalling £139,500, four virements totalling £2.1 million and the setting up of expenditure budgets within 2016/17 approved budget for grant funded expenditure.

11.5 The Cabinet (Resources) Panel was asked to note that projected redundancy costs totalling £7.0 million were included in the forecast outturn and that £2.3 million of debts have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedures Rules.

### **12.0 Quarter Three Treasury Management Activity Monitoring**

12.1 This report was considered by Cabinet (Resources) Panel on 28 February 2017 and is [available via this link](#).

12.2 This report provides a monitoring and progress report on treasury management activity for the third quarter of 2016/17, in line with the Prudential Indicators approved by Council in March 2016.

12.3 The Cabinet (Resources) Panel is asked to note that the Council is continuing to operate within the Prudential and Treasury Management Indicators approved by Council and that savings of £1.2 million for the General Fund and £2.4 million for the Housing Revenue Account are forecast from the treasury management activities in 2016/17.

### **13.0 Financial implications**

13.1 These are detailed within the individual reports to Cabinet and Cabinet (Resources) Panel.  
[MH/07032017/J]

### **14.0 Legal implications**

14.1 These are detailed within the individual reports to Cabinet and Cabinet (Resources) Panel.  
[Legal Code: TS/07032017/R]

### **15.0 Equalities implications**

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

### **16.0 Environmental implications**

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

### **17.0 Schedule of background papers**

- Capital Budget Quarter Two Monitoring 2016/17, report to Cabinet, 30 November 2016.
- Treasury Management Activity Monitoring – Mid Year Review 2016/17, report to Cabinet, 30 November 2016.
- Housing Revenue Business Plan (including 2017/18 budget rents and service charges), report to Cabinet, 18 January 2017.
- Provisional Government Settlement Update, report to Cabinet, 18 January 2017.
- Collection Fund Estimated Outturn, report to Cabinet, 18 January 2017.
- Council Tax Base and Business Rates (NDR) Net Yield 2017/18, report to Cabinet, 18 January 2017.
- Treasury Management Strategy 2017/18, report to Cabinet, 22 February 2017.

- Capital Programme 2016/17 to 2020/21 Quarter Three Review and 2017/18 to 2020/21 Budget Strategy, report to Cabinet, 22 February 2017.
- 2017/18 Budget and Medium Term Financial Strategy 2017/18 to 2019/20, report to Cabinet, 22 February 2017.
- Revenue Budget Monitoring, report to Cabinet (Resources) Panel, 6 December 2016.
- Revenue Budget Monitoring, report to Cabinet (Resources) Panel, 28 February 2017.
- Quarter Three Treasury Management Activity Monitoring, report to Cabinet (Resources) Panel, 28 February 2017.

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# Confident, Capable Council Scrutiny Panel

15 March 2017

<b>Report title</b>	Progress update on the action plan arising from the LGA Finance Peer Review in June 2016	
<b>Cabinet member with lead responsibility</b>	Councillor Andrew Johnson Cabinet Member Resources	
<b>Wards affected</b>	All	
<b>Accountable director</b>	Mark Taylor, Director of Finance	
<b>Originating service</b>	Finance	
<b>Accountable employee(s)</b>	Claire Nye	Chief Accountant
	Tel	01902 550478
	Email	Claire.nye@wolverhampton.gov.uk
<b>Report has been considered by</b>	Audit and Risk Committee 13 March 2017	

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## Recommendation for action:

The Panel is recommended to:

1. Review the progress on the action plan that arose from the recommendations within the Local Government Association Finance Peer Review final report of June 2016.

## **1.0 Purpose**

1.1 The purpose of this report is to update Confident, Capable Council Scrutiny Panel about progress on the action plan arising from the Local Government Association (LGA) Finance Peer Review carried out in June 2016.

## **2.0 Background**

2.1 As part of the process of ensuring we are providing the best service, the City of Wolverhampton Council invited the LGA to carry out a Finance Peer Review on 7, 8 and 9 June 2016. The outcome of the review and the action plan arising from it was discussed at the Confident, Capable Council Scrutiny Panel on 14 September 2016.

2.2 At that meeting Confident, Capable Council Scrutiny Panel requested a further update on progress against the action plan, in particular the capital programme recommendation which was to make the approach to capital programming more robust.

## **3.0 Progress on the Action Plan**

3.1 The following were the Peer Team's key recommendations to the Council:

- Review and refresh the strategic narrative for addressing the budget deficit so there is further clarity on aspirations, ethos and work streams.
- Revisit and review some of the assumptions and approaches in the financial strategy so that they better reflect and support the future ambitions of the Council.
- Review the Medium Term Financial Strategy risk on the Strategic Risk Register.
- Continue the work on developing the alignment, linkage and interdependency of the financial strategy and information with other plans and processes.
- Make the approach to capital programming more robust.
- Further consider the balance, emphasis and pace between the different components of the financial strategy going forward.

3.2 The action plan arising from these recommendations was approved at Cabinet on September 2016. An update on progress is shown in Appendix A of this report.

3.3 On 9 September 2016 Grant Thornton (the Council's external auditor) carried out a free half day workshop for officers to discuss the outcomes of the final LGA report, provide external challenge to the action plan and consider how the recommendations could be progressed.

**4.0 Update on the Development of Capital Monitoring.**

4.1 The capital programme reflects the Council’s commitment to investment in the City and in transformation. Delivery of the priorities in the capital programme is essential to the delivery the Council’s corporate objectives. The following table shows the percentage outturn against budget over the last 8 years.

	2015/16	2014/15	2013/14	2012/13	2011/12	2010/11	2009/10	2008/09
	%	%	%	%	%	%	%	%
General Fund	74.3	71.1	82.8	84.8	86.7	86.0	87.6	109.6
HRA	80.8	77.1	57.2	86.3	93.8	91.3	100.8	107.6

4.2 Outturn position against budgets is only one indication of performance and therefore it is important that financial information is integrated with other project management data to provide a comprehensive picture.

**5.0 Development plan**

5.1 As a result of the recommendations in the LGA Finance Peer Review report a working group has been established to progress the required improvements in systems and processes to support enhanced delivery and monitoring of the capital programme.

5.2 The following table details the key actions identified to drive improvement with further detail on the development of Qlik View and Verto to provide enhanced reporting tools.

Development Area	Development activities
<p>Communication</p>	<p>Communication and challenge will be provided through:</p> <ul style="list-style-type: none"> <li>• Corporate Review Group</li> <li>• Project Boards</li> <li>• Directorate Leadership Teams</li> </ul> <p>The timing of these reviews should be such that the outcome can be fed into the quarterly monitoring reports to Cabinet (Resources) Panel.</p> <p>Communication through SEB and Leadership Teams to make the use of Verto to manage all projects a mandatory requirement. Verto provides the ability to monitor delivery of project objectives and milestones alongside financial profiles and will help to identify inconsistencies between the two.</p> <p>It is recognised that where there are partnership boards in place there may be an ongoing requirement for specific reporting formats.</p>
<p>Use of Verto Project Management Software</p>	<p>All projects to be captured in Verto with budget holders and project managers identified.</p> <p>Agreed standard reporting requirements in Verto will provide a way of identifying changes in the profile of projects and the causes</p> <p>Through the use of Verto and the Qlik application a template for monitoring will be developed to capture the basic requirements. Projects and programmes will be captured in Verto at a level which is appropriate to their value, complexity and sensitivity.</p> <p>A gap analysis has been undertaken to identify projects which need to be added to Verto and work is underway to ensure that Verto is complete by end of March 2017.</p> <p>This will allow Service Directors and Strategic Directors to view all their projects in one place and to monitor compliance against standard reporting requirements.</p>

Use of Qlik View  
Software for reporting  
financial information

Qlik software is being used to develop a capital programme application.

The first version of the application was launched in January 2017.

Future releases could add the following functionality:

- Visibility of commitments
- Trend analysis
- Forecasts against budgets
- The ability to access Verto data alongside Agresso Financial data.

The development of the Qlik pipeline of projects is overseen by the Future Works Board.

## **6.0 Next Steps**

- 6.1 Work will continue of progressing the Capital Programme monitoring as well as the rest of the action plan. The LGA have been invited back in June 2017 to carry out a short review into progress since their report and to consider progress on the action plan. A further update will be provided after that has taken place.

## **7.0 Financial implications**

- 7.1 The development plans outlined in this report will enable the council to further improve the delivery of the Medium Term Financial Strategy in line with the Corporate Plan.
- 7.2 Development of reporting tools will be delivered within the overall budget for Digital Transformation.

[CN/01032017/N]

## **8.0 Legal implications**

- 8.1 There are no direct legal implications arising from this report.

[TS/01032017/A]

## **9.0 Equalities implications**

- 6.1 There are no equalities implications arising from this report.

## **7.0 Environmental implications**

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

## **8.0 Human resources implications**

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

## **9.0 Corporate landlord implications**

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

## **10.0 Schedule of background papers**

14 September 2016 Cabinet Report - Outcome of the Local Government Association Finance Peer Review.

14 September 2016 Confident, Capable Scrutiny Panel Report - Outcome of the Local Government Association Finance Peer Review.

13 December 2016 Strategic Executive Board LGA Finance Peer Review – action plan update.

**LGA Finance Peer Review June 2016**  
**Approved Action Plan – progress as at February 2017**

Ref	Recommendation	Detail	Responsibility	Progress as at February 2017
1	<b>Review and refresh the strategic narrative for addressing the budget deficit so there is further clarity on aspirations, ethos and work streams.</b>	The overall strategic aim of managing the financial position while continuing to invest and grow the local economy is logical as a longer term strategy, but there needs to be a clearer articulation of how the medium term plan (including commercialisation, demand management, outcome based service planning) will address the current budget deficit.	Strategic Finance /Claire Nye	<ul style="list-style-type: none"> <li>• Consideration has been given to the narrative used to convey both the medium term and long term strategy.</li> <li>• As a result, the Financial Plan (approved by Council on 9 November) was revised to better reflect the strategic narrative.</li> <li>• The same narrative has been taken through the documentation used for the budget consultation process.</li> <li>• It will be necessary to regularly review the narrative communicated going forward.</li> </ul>
2	<b>Revisit and review some of the assumptions and approaches in the financial strategy so that they better reflect and support the future ambitions of the Council.</b>	It is timely to take stock and review whether assumptions and modelling can be more ambitious and optimistic - particularly regarding business rate tax base, interest on new borrowing, staff increments, reserves strategy, capital programme and approach to under-spends.	Strategic Finance/ Claire Nye	<ul style="list-style-type: none"> <li>• The MTFs has been reviewed and changes in assumptions were reported to Cabinet in October.</li> <li>• In particular, forecasts have been amended for interest rates and the business rates tax base.</li> <li>• As part of the budget process Cabinet approved the proposal to remove the automatic budget allocation for increments. This was based on the hypothesis that the cost of increments can be offset by reductions in costs due to natural turnover. However, salary budget modelling during the detailed budget process identified that it was not possible to remove the provision of budget for increments. The Final Budget</li> </ul>

Ref	Recommendation	Detail	Responsibility	Progress as at February 2017
				<p>Report to Cabinet on 22 February 2017 therefore included provision for increments.</p> <ul style="list-style-type: none"> <li>A sub group of the Confident, Capable Council Scrutiny Panel undertook a thorough review of the specific reserves during November. The outcome of this review is being fed in to the budget process for 2017/18 and will also be considered as part of the closure of accounts process for 2016/17.</li> </ul>
	<p><b>Review the Medium Term Financial Strategy risk on the Strategic Risk Register.</b></p>	<p>Currently this appears to be articulated on the basis of the main risk of the council being unable to agree it's medium term financial strategy. The Council may wish to amend the wording so it focusses less on a risk on non-agreement, and more on the risks of delivering the strategy through the various programme, projects, assumptions and projections.</p>	<p>Strategic Finance/ Claire Nye</p>	<ul style="list-style-type: none"> <li>The Strategic Risk Register has been amended and was reported at the Audit and Risk Committee on 12 December.</li> </ul>
<p>4</p>	<p><b>Continue the work on developing the alignment, linkage and interdependency of the financial strategy and information with other plans and processes.</b></p>	<ul style="list-style-type: none"> <li>Linking the assets, workforce, external funding and financial strategies.</li> <li>Integrating financial monitoring information with non-finance performance data and outcomes measurement.</li> </ul>	<p>Strategic Finance/ Claire Nye</p>	<ul style="list-style-type: none"> <li>Outcome based planning work is now underway and will enable better linkage of resources to Corporate Plan objectives.</li> <li>The pipeline of work for the digital transformation programme includes further development of Qlik reporting applications for financial data to include links to project management information in Verto.</li> <li>Further developments will draw on the work outlined below in relation to strategic asset planning and data management.</li> </ul>

Ref	Recommendation	Detail	Responsibility	Progress as at February 2017
5	<b>Make the approach to capital programming more robust.</b>	More accurate profiling is likely to be required in the future to ensure reliable budgeting and a good basis on which to base decisions about the financial impact and implications of the capital programme, as well as deliver the required outcomes from the capital investment.	Strategic Finance/ Claire Nye	<ul style="list-style-type: none"> <li>• A working group of appropriate officers has been established to drive improvements in capital programme development and monitoring.</li> <li>• An Action Plan has been developed.</li> <li>• The development of capital monitoring will maximise the opportunities available through Agresso, Verto and Qlik to ensure budget holders and project managers have appropriate tools to aid decision making and track project delivery.</li> </ul>
6	<b>Further consider the balance, emphasis and pace between the different components of the financial strategy going forward.</b>	The Council should ensure it does not overestimate the potential of commercialisation and income generation, or underestimate the potential of digital transformation, and be realistic on the timeframe for reducing demand on Council services.	Strategic Finance/ Claire Nye	<ul style="list-style-type: none"> <li>• Grant Thornton have now completed their work on the Income Generation project and the outcome has been reported to SEB.</li> <li>• Grant Thornton have identified that a large number of income generation projects are already underway.</li> <li>• A small number of new possibilities have been identified but this is not expected to generate significant income.</li> <li>• The Grant Thornton work has shown that there is no large area that the Council is not already looking at.</li> </ul>

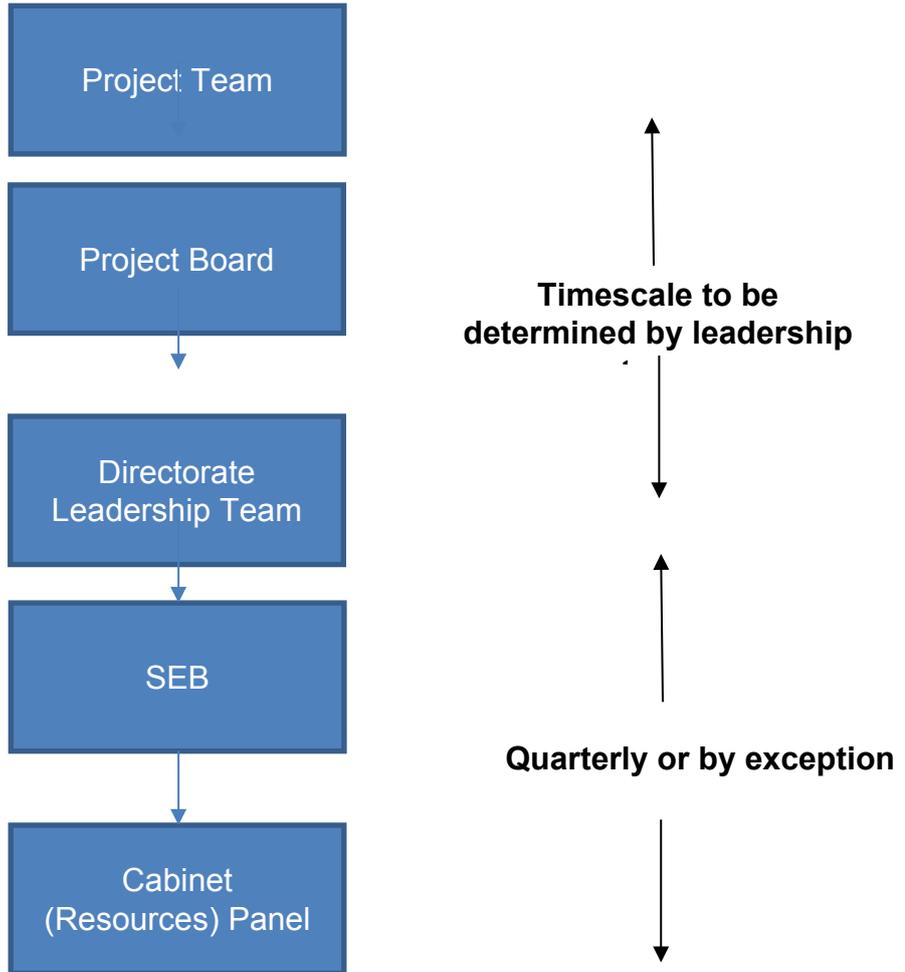
Ref	Recommendation	Detail	Responsibility	Progress as at February 2017
				<ul style="list-style-type: none"> <li>• The Demand Project began in October and is yet to report back</li> </ul>

Strategic Outcomes as a result of external challenge	Progress as at February 2017
The importance of using intelligence to redesign and redefine the asset base – to improve the capital programme approach.	<ul style="list-style-type: none"> <li>• A plan of work packages has been developed.</li> <li>• The work packages will collectively deliver the following outcomes:               <ul style="list-style-type: none"> <li>➤ Development and implementation of a Strategic Asset Plan;</li> <li>➤ Development of a Disposals and Acquisitions Strategy;</li> <li>➤ Have complete and accurate asset information enabling performance reporting;</li> <li>➤ Share asset data and identify co-location opportunities with other partners, e.g. One Public Estate;</li> <li>➤ Maximise the income generation on the commercial portfolio;</li> <li>➤ Provision of a seamless and customer focused service to clients occupying CWC's Investment Portfolio (e.g. i10 and i11)</li> <li>➤ Provision of technical advice and support to enable Community Associations to be sustainable and Community Asset Transfers to be successful.</li> </ul> </li> </ul>
The importance of a 2020 linked wider service and financial plan.	<p>A City Wide Financial Strategy Working Group with Councillors has been established and met in November.</p> <p>Work has been carried out in approximating the total income and expenditure in Wolverhampton, to establish where tax is</p>

	<p>raised and where it is spent. This data has been further analysed to present the city-wide budget for Wolverhampton.</p> <p><b>Next steps</b></p> <ul style="list-style-type: none"><li>• To engage with the City Board to further develop the city-budget and commence phase 2 work to develop a city-wide Financial Strategy which underpins Vision 2030 and existing economic plans.</li><li>• To update the figures when the new data is released by the Black Country Economic Intelligence Unit in December 2016 and share the city budget with partners in a 'glossy' document.</li></ul>
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**Monitoring of the capital programme**

- Each line in the capital programme to be linked to an appropriate Board/Leadership Team.
- All projects to be entered into Verto at an appropriate level.
- Highlight report / dashboard to be fed through project boards to Leadership Teams and then to SEB as appropriate.



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