

Meeting of the Cabinet

Minutes - 20 July 2016

Attendance

Members of the Cabinet

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

Employees

Dereck Francis	Democratic Support Officer
Kevin O'Keefe	Director of Governance
Linda Sanders	Strategic Director - People
Mark Taylor	Director of Finance

Part 1 – items open to the press and public

- | <i>Item No.</i> | <i>Title</i> |
|-----------------|---|
| 1 | Apologies for absence
Apologies for absence were submitted on behalf of Cllrs John Reynolds and Paul Sweet. |
| 2 | Chairs announcement
Cllr Roger Lawrence announced that following the ending of an embargo by the Big Lottery on publicising the outcome of applications for funding under the HeadStart Phase three project, the report at agenda item 18 (HeadStart phase three) would now be considered in the open session of the meeting. |
| 3 | Declaration of interests
No declarations of interests were made. |
| 4 | Minutes of the previous meeting - 29 June 2016
Resolved:
That the minutes of the previous meeting held on 29 June 2016 be approved as a correct record. |
| 5 | Matters arising
There were no matters arising from the minutes of the previous meeting. |

6 Treasury Management Annual report 2015/16 and activity monitoring quarter one 2016/17

Cllr Andrew Johnson presented the report which set out the results of treasury management activities carried out in 2015/16, together with performance against the Prudential Indicators previously approved by Council. The report also provided monitoring and progress information on treasury management activity for the first quarter of 2016/17, in line with the Prudential Indicators approved by Council in March 2016.

Resolved:

1. That Council be recommended to approve the amendment to paragraph 1.4 of the Annual Investment Strategy by lowering the minimum sovereign rating from AA+ to AA with regard to the Council's investment lending list.
2. That Council be recommended to note:
 - a. That the Council operated within the approved Prudential and Treasury Management Indicators, and also within the requirements set out in the Council's approved Treasury Management Policy Statement during 2015/16.
 - b. That revenue savings of £7.6 million for the General Fund (including a special dividend from Birmingham Airport of £3.6 million) and £1.5 million for the Housing Revenue Account were generated from treasury management activities in 2015/16.
 - c. Revenue savings of £886,000 for the General Fund and £254,000 for the Housing Revenue Account are forecast from treasury management activities in 2016/17.
 - d. The capital programme figures included in the report assumes that the updated requests for capital resources being reported to Cabinet (Resources) Panel on 19 July 2016 and Council on 20 July 2016 are approved. If this were not to be the case revised figures would be provided to Full Council on 21 September 2016.
3. That it be noted that it is proposed that a total of £1.5 million of the treasury underspend in 2015/16 will be transferred into the Treasury Management Equalisation Reserve, this is subject to approval by Cabinet in the Reserves, Provisions and Balances 2015/16 report also being considered at this meeting.

7 Revenue budget outturn 2015/16

Cllr Andrew Johnson presented the report on the positive revenue budget outturn position for the General Fund during 2015/16 compared with approved budgets and targets.

Resolved:

1. That it be noted that the revenue outturn position for 2015/16 for the General Fund; a net underspend of £9.4 million (-4.20%) was achieved against the net budget requirement of £224.9 million, after meeting the cost of redundancy and pension strain totalling £7.8 million.

2. That it be noted that the positive General Fund outturn position for 2015/16 has arisen largely as a result of:
 - i. The receipt of a £3.6 million special dividend from Birmingham Airport in March 2016;
 - ii. A £3.4 million underspend within the Children & Young People service arising as a result of the success of the early intervention programme which has delivered a reduction in costs due to investment in additional social workers at the at the top end of expectations, in addition to,
 - iii. The prudent approach to spending adopted by all budget managers to generate budget reductions during 2015/16, which reflects our ethos whereby every budget manager ensures that they spend money wisely - making every pound go further.
3. That it be noted that whilst the positive General Fund outturn position during 2015/16, and the resulting adjustments to reserves, would help to support the Council's short term financial position, enabling one-off investment to support transformation of the Council, it does not address the challenging financial position that the Council finds itself in over the medium term; namely identifying an additional £54.6 million of budget reduction and income generation proposals over the three year period to 2019/20. Cabinet would be presented with a report at this meeting detailing the progress towards identifying £22.2 million of budget reduction and income regeneration proposals for 2017/18.
4. That it be noted that a comprehensive review of all services would be undertaken following the positive 2015/16 General Fund outturn position to identify any new budget reduction or income generation opportunities; Cabinet would be provided with an update on progress in the October 2016 budget report.
5. That the General Fund outturn position takes into account a number of proposed transfers to and from reserves and provisions for which approval is sought in the Reserves, Provisions and Balances 2015/16 report to be presented at this meeting.
6. That it be noted that schools under the control of the City of Wolverhampton Council drew down £1.3 million net of their reserves during 2015/16, taking the total accumulated reserves to £12.9 million at 31 March 2016.
7. That it be noted that the Housing Revenue Account revenue outturn position for the year was a surplus before allocations of £19.6 million, compared to a budgeted surplus of £15.7 million.
8. That it be noted that the draft financial statements of Yoo Recruit Limited would be subject to external audit.
9. That it be noted that as a result of recruitment through Yoo Recruit Limited, the Council has been able to avoid fees which would have otherwise have been incurred, including approximately £225,000 in relation to the permanent recruitment of individuals who had been previously employed on a temporary basis through the agency.

10. That it be noted that the Collection Fund outturned with a £3.6 million deficit during 2015/16; this resulted in an overall deficit of £9.9 million to be carried forward. In 2014/15, as a result of the adverse outturn against the Collection Fund, primarily owing to the impact of appeals against Business Rates, over which the Council has no control, Cabinet approved the establishment of a Business Rates Equalisation reserve to equalise the impact of appeals on the Council. In the Reserves, Provisions and Balances report to be presented to Cabinet at this meeting, approval is sought to bolster that reserve in 2015/16 to support the Council over the medium term.
11. That it be noted that 75 non-domestic rates accounts totalling £231,206.03 have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
12. That it be noted that 997 council tax accounts totalling £46,119.18 have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
13. That it be noted that 151 sundry debt accounts totalling £81,797.80 have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
14. That it be noted that three housing benefit debt accounts totalling £2,451.98 have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
15. That it be noted that 1,281 net debt write-offs totalling £825,014.32 for Wolverhampton Homes have been incurred during 2015/16 and have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
16. That the net surplus after taxation of £230,000 of Yoo Recruit Limited be retained by the company to enable further business development.

8 **Reserves, provisions and balances 2015/16**

Cllr Andrew Johnson outlined the salient points of the report on the Council's resources currently held as specific reserves, provisions and general balances as at 31 March 2016, taking account of the outturn position for 2015/16.

Resolved:

1. That the transfers (to)/from specific reserves, provisions and general balances as detailed in tables 2, 3 and 4 of the report be approved.
2. That expenditure from provisions for their purposes as set out in Appendix B to the report, up to the value held in each provision as at 31 March 2016 be approved.
3. That the continuation of delegation of authority to the Cabinet Member for Resources, in consultation with the Director of Finance, to allocate funds from the Budget Contingency Reserve, the Regeneration Reserve, the Efficiency Reserve, the Transformation Reserve, the Development Reserve, the Regional Work Reserve, the Enterprise Zone Business Rates Reserve, the

Business Rates Equalisation Reserve, the Treasury Management Equalisation Reserve and the Budget Strategy Reserve during 2016/17 be approved.

4. That the continuation of delegation of authority to the Cabinet Member for Resources, in consultation with the Managing Director, to allocate funds from the Combined Authority Reserve during 2016/17 be approved.
5. The level of the Council's specific reserves, provisions and general balances as at 31 March 2016 and the purposes for which they are being held, as detailed in Appendices A and B to the report be noted.
6. That it be noted that the relevance and adequacy of specific reserves and general balances would be reviewed as required by the Constitution during the 2017/18 budget setting process.
7. That it be noted that the allocation of funding from all specific reserves would be reported to Cabinet (Resources) Panel in the scheduled quarterly budget monitoring reports.
8. That it be noted that the Confident Capable Council Scrutiny Panel would scrutinise the use of reserves as part of the budget setting process as in previous years.
9. That it be noted that the Director of Finance considers that the overall level of all reserves, provisions and balances is sufficient to meet the likely level of obligations to be met from reserves, provisions and general balances in the short term.
10. That it be noted that the positive General Fund outturn position during 2015/16, and the resulting adjustments to reserves, would help to support the Council's short term financial position, enabling one-off investment to support transformation of the Council. However, it does not address the challenging financial position that the Council finds itself in over the medium term; namely identifying an additional £54.6 million of budget reduction and income generation proposals over the three year period to 2019/20. Cabinet would be presented with a report at this meeting detailing the progress towards identifying £22.2 million of budget reduction and income regeneration proposals for 2017/18.
11. That it be noted that the figures quoted in the report are still subject to statutory audit by Grant Thornton UK LLP as part of the 2015/16 accounts closedown process.

9

Draft budget strategy and medium term financial strategy 2017/18 - 2019/20

Cllr Andrew Johnson presented the report which provided an update on progress towards identifying additional budget reduction and income generation targets in order to address the projected £22.2 million budget deficit for 2017/18.

The report was the first of the financial year on the budget and Medium Term Financial Strategy (MTFS) and provided an update on some key factors, the timetable for the budget process and the risks in relation to them.

Resolved:

1. That the budget reduction and income generation targets amounting to £21.9 million in 2017/18, be further developed, including the necessary equalities analyses, for inclusion in the Draft Budget and Medium Term Financial Strategy 2017/18 – 2019/20, to be reported to Cabinet in October 2016 for approval to proceed to the formal consultation and scrutiny stages of the budget process.
2. That the commencement of initial consultation and/or stakeholder engagement relating to individual budget reduction and income generation opportunities, where this is necessary in order that they can be fully developed ahead of the Draft Budget and Medium Term Financial Strategy 2017/18 – 2019/20 being reported to Cabinet in October 2016 be approved.
3. That a high level strategy to address the projected budget deficit over the medium term; namely identifying £32.4 million of budget reduction and income generation proposals in 2018/19 and 2019/20; allocating the People Directorate with a target of identifying a further £18.0 million of budget reduction and income generation proposals by 2019/20, with the remaining £14.4 million to be identified by the rest of the Council. The outcome being that the People Directorate and the rest of the Council share the £54.6 million projected deficit in equal proportions overall be approved.
4. That work starts immediately to identify additional budget reduction and income generation targets to address the projected budget deficit in 2018/19, in order to ensure that a balanced budget can be set.
5. That the prudent postponement of the previously approved 'Reduce the Number of Councillors' budget reduction totalling £90,000 from the Medium Term Financial Strategy in 2018/19, until the outcome of the Boundary Commission work is known be approved. Current indications are that this work would not be complete by 2018/19.
6. That it be noted that the updated projected deficit assumes the achievement of budget reduction proposals amounting to £37.4 million over the four year period to 2019/20. Having identified budget reductions in excess of £175.0 million over the last six financial years, the extent of the financial challenge over the medium term continues to represent the most significant that the Council has ever faced.
7. That it be noted that the due to external factors, budget assumptions remain subject to change. This could therefore result in alterations to the financial position faced by the Council.
8. That it be noted that the while significant progress is being made towards identifying the projected budget deficit for 2017/18; work continues to identify possibilities to deliver the remaining £0.3 million of budget reduction and income generation targets for 2017/18.
9. That it be noted that the over the forthcoming months, Service Directors, Heads of Service and relevant Budget Managers would be participating in 'Review, Challenge and Progress' meetings. The aims of the meetings are to review and challenge the current budget provision for each service, to

consider commercialisation opportunities and to consider how the service can achieve even better value for money and efficiencies. As a result of conducting the 'Review, Challenge and Progress' meetings, it is anticipated that ideas for generating budget reduction and income generation targets in the short and medium term would be discussed and further developed with support from Strategic Finance. In addition to this, the Council seeks to maximise benefits available from income generation, digital transformation, demand management and outcome based service planning workstreams that are currently on-going, however it is important to note that it is likely that there would still have to be further cuts to services. An update on progress would be presented to Cabinet in October 2016.

10. That it be noted that the General Fund revenue outturn position for 2015/16 was a net underspend of £9.4 million (-4.20%) against the net budget requirement of £224.9 million, as reported to Cabinet at this meeting in the Revenue Budget Outturn 2015/16 report.
11. That it be noted that the positive General Fund outturn position for 2015/16 would help to support the Council's short term financial position, enabling one-off investment to support transformation of the Council, however, it is important to note that it does not address the challenging financial position that the Council finds itself in over the medium term; as detailed in this report.
12. That it be noted that the an element of the underspend arising within the 2015/16 General Fund outturn is already factored into the Council's Medium Term Financial Strategy (MTFS), including the early achievement of approved budget reductions.
13. That it be noted that the Council's General Fund Balance remains at £10.0 million; the minimum balance as determined in the Council's approved Reserves and Balances Policy. Emphasis therefore continues to be placed on identifying budget reductions and income generation proposals to meet the projected budget deficit over the medium term.
14. That it be noted that there is an element of uncertainty surrounding the potential impact that the European Union referendum result will have on Local Government. In the event that the challenge increases in 2017/18, it would be necessary to identify more budget reduction and income generation proposals to ensure that the minimum of £10.0 million in the General Fund Balance is maintained for 2017/18.
15. That it be noted that the Draft Budget and Medium Term Financial Strategy 2017/18 – 2019/20, including the risk register, would be updated during the 2017/18 budget setting process to incorporate an update to assumptions and projections arising as a result of emerging information. At the time of writing, there continued to be an element of uncertainty regarding Public Health and Better Care Funding information for future years and the potential transfer of responsibilities that the Government have alluded to. Updates would be reported to Cabinet in the forthcoming months.
16. That it be noted that the Local Government Association recently conducted a Finance Peer Review at the Council. The initial feedback that was received from the team was very positive, and recognised that there has been

significant progress, developments and improvements at the Council, which has resulted in a good grasp of the current budgetary position and future financial challenge. They recommended that it may be timely to revisit and review some of the assumptions built into the Medium Term Financial Strategy, and to also review the assessment of budget risks. An action plan is currently being developed, and would be reported to Cabinet and Confidential Capable Council Scrutiny Panel over the forthcoming months.

17. That it be noted that the 2017/18 budget timetable would, as in previous years, include an updated report presented to Cabinet in October 2016 detailing budget reduction and income generation proposals that will be subject to formal budget consultation and scrutiny during October 2016 - January 2017. Further to this, an update on all budget assumptions and the Provisional Local Government Settlement would be presented to Cabinet by January 2017, with the final budget report due to be approved by Full Council in March 2017.

10 **Wolverhampton Youth Justice plan**

Cllr Val Gibson presented for approval the Youth Justice Plan Refresh 2016/17. The plan related to the work of the Youth Offending Team (YOT) partnership under the oversight of the YOT Management Board and the Safer Wolverhampton Partnership. The plan set out how Youth Justice Services were provided and resourced in Wolverhampton which had a strong track record of delivery and improvement against government targets.

Resolved:

That the adoption of the Youth Justice Plan 2016/17 be formally approved and adopted.

11 **Wolverhampton Anti-social Behaviour team - Anti-social Behaviour policy**

Cllr Peter Bilson presented for approval an updated Anti-Social Behaviour (ASB) policy. The policy provided guidance for frontline officers, residents, businesses and members of the public on how Wolverhampton ASB Team responded to complaints of ASB. The policy also outlined the commitment of partners' duties in relation to the Equality Act 2010 (with regard to ASB and hate crime) which aimed to eliminate unlawful discrimination, advance equality of opportunity and foster good relations.

Resolved:

That the Wolverhampton Anti-social (ASB) Behaviour Team's ASB Policy (titled Statement of Policy and Procedures of Anti-social Behaviour) be endorsed.

12 **Joint All Age Carer strategy 2016-2020**

Cllr Sandra Samuels presented for approval the new Joint All Age Carer Strategy and Implementation Plan for the period 2016 – 2020. The new joint strategy would ensure that the Council develops systems and processes to meet the needs of unpaid carers of all ages, and that the Council fully complied with its legal obligations in a clear and transparent way.

Cllr Val Gibson informed Cabinet that the Wolverhampton Clinical Commissioning Governing Body had approved the Strategy and implementation plan at its meeting on 12 July 2016.

Resolved:

1. That the Joint All Age Carer Strategy 2016 – 2020 and Implementation Plan be approved.
2. That it be noted that the Joint All Age Carer Strategy and Implementation Plan would be presented to the Wolverhampton Clinical Commissioning Governing Body on 12 July 2016 for approval.

13 **Joint commissioning of Independent Living service**

Cllr Sandra Samuels presented the report on a proposal to jointly commission, with the Wolverhampton Clinical Commissioning Group, the delivery of an integrated community equipment service across health and social care.

Resolved:

That the joint commissioning to facilitate the delivery of a joint equipment service with the Wolverhampton Clinical Commissioning Group (CCG) across health and social care be approved.

14 **Wolverhampton's tenant management organisation updated modular management agreements**

Cllr Peter Bilson requested delegated authority to approve the final versions of new updated modular management agreements and their associated schedules for each of the four tenant management organisations (New Park Village, Springfield Horseshoe, Bushbury Hill and Dovecotes TMOs) who managed Council housing on behalf of the Council under the Right to Management Regulations.

Resolved:

1. That authority be delegated to the Cabinet Member for Housing and City Assets and the Strategic Director for Housing to approve the final versions of the updated modular management agreements and their associated schedules and to instruct the Council's Authorised Officer to seal the documents on behalf of the Council.
2. That the progress being made in updating the management agreements for each of the tenant management organisations be noted.

15 **School place planning**

Cllr Claire Darke presented for approval the Primary School Organisation Strategy 2016-2018 and the Secondary Sufficiency Strategy 2016–2018.

The Primary School Organisation Strategy outlined strategic policy with regard to primary school organisation and provided a framework to guide the future development of primary school provision in the City. The Sufficiency Strategy detailed the Council's secondary school organisation policy decisions and offered a framework to guide the future development of the secondary school estate in the City.

Resolved:

1. That the Primary School Organisation Strategy 2016-2018 be approved
2. That the Secondary Sufficiency Strategy 2016-2018 be approved.
3. That the outcome of consultation on the Primary School Organisation Strategy 2016-2018 be noted.
4. That the outcome of consultation on the Secondary Sufficiency Strategy 2016-2018 be noted.
5. That the impact of the demographic uplift on demand for schools in the City be noted.
6. That the need to identify and develop appropriate solutions to meet anticipated demand for primary and secondary educational provision in the future be noted.

16

City Centre highways enhancement works - 2016/17

Cllr Steve Evans requested approval to City Centre highways enhancement works that lead on and complement the major investment that had already taken place in the City Centre.

Resolved:

That the City Centre highway enhancement works proposed to take place in 2016/17 be approved.

17

New Cross residents parking scheme

Cllr Steve Evans presented the report on a proposed approach to the implementation of a Residents/Business and Pay and Display (P&D) Parking Scheme in areas where parking for residents is being severely affected by parking associated with the New Cross Hospital site. Consultations would take place on the proposals with the affected residents and businesses by letter and questionnaire.

Cllr Milkinder Jaspal paid tribute to Bob Willis, Head of Highways Network who had been working on the proposals. He urged residents and business to participate in the consultations.

Resolved:

1. That the phased implementation of a residents/business parking and Pay and Display scheme be supported.
2. That it be endorsed that residents and businesses should be charged £20 for permits and the associated charges to cover some of the costs of the scheme.
3. That the proposed Pay and Display scheme and the associated charges be endorsed.
4. That consultation with affected residents and businesses by letter and questionnaire be approved.

5. That subject to the required overall support for the scheme following the consultation the intention to advertise the necessary Traffic Regulations Orders and implement subject to there being no unresolved objections be noted.

18 **HeadStart phase three**

Cllr Val Gibson reported that the Big Lottery had awarded the Council grant funding of £8.8 million for its phase three HeadStart programme. The HeadStart Phase 3 proposals would specifically target groups of young people for whom the evidence suggested are at risk of developing common mental health issues either through low protective factors or high risk factors. Cabinet approval was requested to delegate authority to enter into contractual arrangements with Big Lottery; to approve the implementation plan and budget for HeadStart Phase 3; and to award contracts for the undertaking of the projects to be funded by the Big Lottery Fund as part of the HeadStart Programme.

Cllr Roger Lawrence placed on record his thanks to all the officers who were working on this incredibly important initiative.

Resolved:

1. That the successful application for HeadStart Phase 3 project funding which results in Big Lottery grant funding of £8.8 million over the next five years be noted.
2. That expenditure of £8.8 million from Big Lottery Fund for the HeadStart programme be approved.

19 **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 item(s) of business as they involve the likely disclosure of exempt information falling within the paragraph 3 of Schedule 12A of the Act.

Part 2 - exempt items, closed to press and public

20 **Local Housing Company**

Cllr Peter Bilson presented the report which sought approval to create a Council-owned housing company to undertake commercial home building, initially on sites to be purchased from the Council.

Resolved:

1. That the formation and structure of the City of Wolverhampton Housing Company, being the Council's local housing company as a private limited liability company as described in the report ("the Company") be approved. Cabinet on 3 February 2016 approved in principle, the development of a wholly owned housing company to assist in the delivery of the Council's housing development and regeneration objectives.

2. That the trading name of the Company be WV Living and the Company begin trading as soon as possible subject to the detailed business plan being approved by Cabinet at its meeting on 14 September 2016 and to it continuing to be viable.
3. That it be approved that the proposed Board of Directors for the Company would be the following:
 - a. Strategic Director of Place
 - b. Strategic Director Housing (as Director and Company Secretary).
 - c. Chief Accountant
4. That the progress on the outline business plan be approved and it be noted that the development of a financial model to support the detailed business plan from within existing and previously approved financial resources would be brought forward as part of a final report for consideration to Cabinet on 14 September 2016 including a financial analysis, risk plan, and loan agreement;
5. That authority be delegated to the Cabinet Members for City Housing and City Assets and Resources in conjunction with the Managing Director and the Director of Finance (Section 151 Officer) to approve through an Individual Executive Decision Notice for the following matters:
 - a. The future appointment of board members of the Company;
 - b. Membership and terms of reference, including delegations, of the Business Plan Monitoring Group;
 - c. Approval of the Company's remuneration and expenses policy;
 - d. The approval of various minor transactions between the Council and the Company in accordance with the Council's Constitution and the Business Plan.
6. That it be noted that a further report would be presented to Cabinet at its meeting on 14 September 2016 to approve the detailed business plan.
7. That it be noted that the detailed business plan Cabinet would be requested to approve at its meeting on 14 September 2016 would include the financing and lending terms for the Housing Company loan funding from the Council and the delegation to approve various minor transactions between the Council and the Company
8. That it be noted that the Company would report quarterly to Cabinet in the first 12 months of operation.
9. That it be noted that the Company would report every six months to Cabinet thereafter.