

Time 5.30 pm **Public Meeting?** YES **Type of meeting** Executive

Venue Committee Room 3 - Civic Centre, St Peter's Square, Wolverhampton WV1 1SH

Membership

Chair Cllr Louise Miles (Lab)
Vice-chair Cllr Roger Lawrence (Lab)

Labour

Cllr Peter Bilson
Cllr Steve Evans
Cllr Val Gibson
Cllr Hazel Malcolm
Cllr Lynne Moran
Cllr John Reynolds
Cllr Sandra Samuels OBE
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 Services team:

Contact Dereck Francis, Democratic Services
Tel/Email 01902 555835 or dereck.francis@wolverhampton.gov.uk
Address Democratic Services, Civic Centre, 1st floor, St Peter's Square,
Wolverhampton WV1 1RL

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

Agenda

Part 1 – items open to the press and public

Item No. *Title*

MEETING BUSINESS ITEMS

- 1 **Apologies for absence**
- 2 **Declarations of interests**
- 3 **Minutes of the previous meeting - 5 February 2019** (Pages 5 - 10)
[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 (RESOURCES) PANEL)

- 5 **Revenue Budget Monitoring 2018-2019** (Pages 11 - 66)
[To approve matters relating to the 2018-2019 revenue budget as at the end of the third quarter]
- 6 **Treasury Management Activity Monitoring Quarter Three 2018-2019** (Pages 67 - 94)
[To provide an update on treasury management activity in the third quarter of 2018-2019]
- 7 **Police and Crime Commissioner Grant Allocation 2019-2020** (Pages 95 - 102)
[To approve the delegation of the Police Grant Community Fund allocation to Safer Wolverhampton Partnership to aid the delivery of agreed citywide crime and community safety objectives]
- 8 **Acquisition of Privately Owned Empty Property by Agreement or Compulsory Purchase: 46 Mount Pleasant, Bilston, WV14 7NE** (Pages 103 - 116)
[To approve the acquisition of the property by agreement of compulsory purchase]
- 9 **Acquisition of Privately Owned Empty Property by Agreement or Compulsory Purchase: 100 Kitchen Lane, Wolverhampton WV11 2JA** (Pages 117 - 126)
[To approve the acquisition of the property by agreement of compulsory purchase]
- 10 **Schedule of Individual Executive Decision Notices** (Pages 127 - 130)
[To note the summary of open and exempt individual executive decisions approved by cabinet members following consultation with relevant employees]

- 11 **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 on the grounds shown below]

Part 2 - exempt items, closed to press and public

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|----|--|--|
| 12 | Procurement - Award of Contracts for Works, Goods and Services (Pages 131 - 160)
[To approve the award of contracts for works, goods and services] | Information relating to the financial or business affairs of any particular person (including the authority holding that information) Para (3) |
| 13 | Review of Council Share Holdings (Pages 161 - 174)
[To consider a possible sale of share holdings] | Information relating to the financial or business affairs of any particular person (including the authority holding that information) Para (3) |
| 14 | Civic Halls Improvement and Restoration Programme Update (Pages 175 - 262)
[To provide an update on the Civic Halls Improvement and Restoration Programme] | Information relating to the financial or business affairs of any particular person (including the authority holding that information) Para (3) |

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CITY OF WOLVERHAMPTON COUNCIL	Cabinet (Resources) Panel Minutes - 5 February 2019
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Attendance

Members of the Cabinet (Resources) Panel

Cllr Louise Miles (Chair)
Cllr Roger Lawrence (Vice-Chair)
Cllr Peter Bilson
Cllr Steve Evans
Cllr Val Gibson
Cllr Hazel Malcolm
Cllr Lynne Moran
Cllr John Reynolds
Cllr Sandra Samuels OBE
Cllr Paul Sweet

Employees

Dereck Francis	Democratic Services Officer
Tim Johnson	Managing Director
Ged Lucas	Strategic Director for Place
Kate Martin	Service Director of City Housing
Claire Nye	Director of Finance
Kevin O'Keefe	Director of Governance

Part 1 – items open to the press and public

Item No. Title

- 1 **Apologies for absence**
No apologies for absence were received for the meeting.
- 2 **Declarations of interest**
Councillor Sandra Samuels OBE declared a non-pecuniary interest in item 5 (Business Rates Discretionary Reliefs) in so far as she is a Director of a small business in the City.

Ged Lucas, Strategic Director for Place and Kate Martin, Service Director of City Housing both declared a non-pecuniary interest in item 10 (Land at Reedham Gardens – Housing Revenue Account Site Development) in so far as they are Directors of WV Living.

3 **Minutes of the previous meeting - 15 January 2019**

Resolved:

That the minutes of the meeting held on 15 January 2019 be approved as a correct record and signed by the Chair.

4 **Matters arising**

There were no matters arising from the minutes of the previous meeting.

5 **Business Rates Discretionary Reliefs**

Councillor Louise Miles presented the report on proposals to extend the Council's local scheme for business rates discretionary reliefs with effect from 1 April 2019. The proposal would continue the Council's commitment to small businesses in the city by rolling out existing discretionary relief rates.

Resolved:

1. That the following extensions to the local business rates discretionary relief policy be approved:
 - a. In respect of revaluation support for one year from 1 April 2019.
 - b. In respect of charitable and voluntary organisations for one year from 1 April 2019.
 - c. In respect of local newspaper discount for one year from 1 April 2019.
 - d. In respect of retail discount for two years from 1 April 2019.
2. That authority be delegated to the Head of Revenues and Benefits to award relief in individual cases, in respect of new categories d. above.

6 **Future Use of Former Old Fallings Adventure Playground**

Councillor Peter Bilson presented the report on proposals to formally declare surplus to the Council's requirements the former Old Fallings Adventure Playground and on options for the future use of the site. The site had a minimal valuation due to access constraints and was unlikely to be an attractive proposition for a private developer for either housing or other uses. Following engagement with local residents and ongoing communication with Housing Development, the preferred option was to appropriate the site to the Housing Revenue Account for affordable housing, subject to further cost, viability investigations and planning consent.

Resolved:

1. That the former Old Fallings Adventure Playground be formally declared surplus to the Council's requirements.
2. That the future use of the site and its feasibility for affordable council housing development (100% affordable homes, to be principally affordable rent Council housing, with a proportion of affordable home ownership to be considered as required by planning regulations) be explored.
3. That authority be delegated to the Cabinet Member for City Assets and Housing in consultation with the Strategic Director for Place to approve the disposal or appropriation of the former Old Fallings Adventure Playground.

4. That authority be delegated to the Cabinet Member for City Assets and Housing in consultation with the Service Director City Housing to approve the development of the site for Affordable Council Housing once feasibility studies and site investigations are complete.
5. That authority be delegated to the Cabinet Member for City Assets and Housing in consultation with the Service Director City Housing to approve agreements including but not limited to deed of covenants, collateral warranties, assignments and such other ancillary agreements, including capital variations as may be necessary in order to facilitate housing development on this site and the adjacent garage site.

7 Schedule of Individual Executive Decision Notices

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.

8 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 of business as it involves the likely disclosure of exempt information falling within the paragraph 3 of Schedule 12A of the Act.

Part 2 - exempt items, press and public excluded

9 Procurement - Award of Contracts for Works, Goods and Services

The Panel considered proposals for the award of contracts for works, goods and services.

Councillor Paul Sweet informed the Panel that in relation to the contract for Voluntary Adoption Agency Services, the proposed employee delegation should be to the Director of Children's Services and not the Strategic Director for People.

Resolved:

1. That authority be delegated to the Cabinet Member for City Assets and Housing, in consultation with the Strategic Director for Place, to approve the award of two contracts: (1) Site Investigations; (2) Ground Stabilisation, when the evaluation process is completed.
2. That the contract for Tuberculosis and Infection Prevention Control services be awarded to Royal Wolverhampton NHS Trust of New Cross Hospital, Wolverhampton Road, Wolverhampton, West Midlands, WV10 0QP for two years with the option to extend for an additional two years from 1 April 2019 to 31 March 2023, for a maximum contract value of £1.072 million.
3. That authority be delegated to the Cabinet Member for Adults, in consultation with the Strategic Director for People, to approve the award of the contract for Community Activities Young People and Adults under 65, when the evaluation process is completed.

4. That authority be delegated to the Cabinet Member for Children and Young People, in consultation with the Director for Children's Services, to approve the award of the contract Voluntary Adoption Agency Services when the negotiation process is complete.
5. That the Director of Governance be authorised to execute contracts in respect of the above as required.

10

Land at Reedham Gardens - Housing Revenue Account Site Development

Councillor Peter Bilson presented the report on proposals to develop the land between Reedham Gardens and Oakley Road for affordable housing through the Housing Revenue Account (HRA).

Resolved:

1. That the development of the site between Reedham Gardens and Oakley Road through the Housing Revenue Account for affordable housing be approved.
2. That authority be delegated to the Director of Governance to execute legal agreements in respect of the land at Reedham Gardens development as required.
3. That authority be delegated to the Cabinet Member for City Assets and Housing in consultation with the Service Director of City Housing for the approval of any minor variations to the project required for its delivery.
4. That it be noted that this site was previously approved for transfer to WV Living, but the site is no longer to be developed through the WV Living Business Plan.

11

Horseley Fields, Canalside South - Site Disposal

Councillor John Reynolds presented the report on a proposal seeking approval to enter into a Lock-Out (or Exclusivity) Agreement, Licence Agreement with a developer and to agree Heads of Terms for a land sale with developer in order to progress proposals to regenerate the area known as Canalside South which included the Council's landholdings at Horseley Fields (the former Edward Vaughan Stamping Works).

Resolved:

1. That the Council enter into a six-month Exclusivity Agreement with Placefirst, to deal with any unforeseen barriers to progress either an adoptable masterplan or outline planning application for its land on Phase 1 at Canalside South and an infrastructure plan.
2. That a licence be granted to Placefirst to enable due diligence works on the Horseley Fields site.
3. That the Council enter into a conditional agreement to transfer the Council's Canalside South land holding at Horseley Fields to Placefirst to support the wider aspirations of the Canalside South masterplan. The details of the disposal would be subject to a separate Individual Executive Decision Notice, but the heads of terms are set out in the report.

4. That the principle be adopted that Placefirst would be given support to develop the wider Phase 1 masterplan area including support for acquiring listed neighbouring properties and approval of the terms of any support be delegated to the Cabinet Member for City Economy in consultation with the Director of Regeneration.
5. That authority be delegated to the Cabinet Member for City Economy in consultation with the Director of Regeneration to approve any early termination of the Council's lease with Dunton Environmental.
6. That authority be delegated to the Cabinet Member for City Economy in consultation with the Director of Regeneration to approve the terms of any sale of the Council's land at Limekiln Wharf (also known as Commercial Wharf).
7. That approval of the final terms of the disposal of Canalside South land holding at Horseley Fields to Placefirst be delegated to the Cabinet Member for City Economy in consultation with the Director of Regeneration.

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CITY OF WOLVERHAMPTON COUNCIL	Cabinet (Resources) Panel 5 March 2019
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Report title	Revenue Budget Monitoring 2018-2019	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Louise Miles Resources	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All	
Accountable director	Claire Nye, Finance Director	
Originating service	Strategic Finance	
Accountable employee(s)	Alison Shannon Tel Email	Chief Accountant 01902 554561 Alison.Shannon@wolverhampton.gov.uk
Report to be/has been considered by	Strategic Executive Board	12 February 2019

Recommendations for decision:

That Cabinet (Resources) Panel is recommended to:

1. Approve the use of £190,000 from the Highway Management Reserve to fund various works and schemes as detailed at paragraph 8.5 of this report.
2. Approve the use of £287,000 from the Efficiency Reserve to fund the Delivering Independent Travel programme support resource which will enable the successful delivery of the project and enhanced budget reductions as detailed at paragraph 8.6 of this report.
3. Approve the setting up of supplement expenditure budgets as a result of receipt of grant totalling £210,000 over the period of 2018-2019 to 2019-2020 to support preparations for Brexit and to delegate authority to the Director of Public Health to allocate expenditure including contributions to the West Midlands Combined Authority to support regional work (paragraph 7.2 of this report).

4. Approve the setting up of supplementary expenditure budgets as a result of receipt of Adult Social Care – Winter Pressures grant totalling £1.4 million for 2018-2019 and to delegate authority to the Director of Adult Services to allocate the grant (paragraph 7.3 of this report).
5. Approve the setting up of supplementary expenditure budgets as a result of receipt of NHS Digital Innovation Grant totalling £32,000 for 2018-2019 and to delegate authority to the Director of Adults Services to allocate the grant (paragraph 7.4 of this report).
6. Approve 17 virements totalling £4.3 million, for transfers within directorates, as detailed in Appendix 7 to this report.
7. Approve the write off of one Non-Domestic Rates (NDR) debts totalling £5,516.73 as detailed in Appendix 8 to this report.
8. Approve the write off of four sundry debts totalling £34,709.40 as detailed in Appendix 9 to this report.

Recommendations for noting:

That Cabinet (Resources) Panel is asked to note:

1. The overall projected outturn for the General Fund for 2018-2019 is forecast to be an underspend in the region of £95,000.
2. That it is important to note that redundancy costs, including the cost of pension strain, are forecast to be in the region of £3 to £4 million for 2018-2019. It is anticipated that the use of reserves, will offset the cost of redundancies.
3. That 461 council tax accounts totalling £211,564.47, as detailed in paragraph 11.5 of this report, have been approved by for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
4. That 22 Non-Domestic Rates (NDR) debts totalling £73,121.55, as detailed in paragraph 11.6 of this report, have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
5. That 55 sundry debt accounts totalling £109,548.66, as detailed in paragraph 11.3 of this report, have been approved by for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
6. That 22 housing benefit overpayments totalling £10,082.01, as detailed in paragraph 11.10 of this report, have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.

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7. That 23 debts relating to Business Improvement District (BID) totalling £10,814.26, as detailed in paragraph 11.7 of this report, have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
8. That a £17.0 million surplus on the Housing Revenue Account (HRA) is projected compared with a budgeted surplus of £15.2 million as shown at Table 9 and in detail at Appendix 6 to this report. The projected increased surplus of £1.8 million will be used to redeem debt in line with the HRA Business Plan.

1.0 Purpose

- 1.1 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 2018-2019.
- 1.2 This is the third report of this financial year detailing the likely outturn projection for 2018-2019.

2.0 Background

- 2.1 Overall, the General Fund projected outturn is currently forecast to underspend against the net budget, as analysed in Table 1.

Table 1 – 2018-2019 General Fund Revenue Budget Projected Outturn

	Net Controllable Budget 2018-2019 £000	Projected Outturn 2018-2019 £000	Projected Variation Over/(Under)	
			£000	%
People	118,074	119,190	1,116	0.95%
Corporate	53,652	50,864	(2,788)	-5.20%
Place	51,088	52,690	1,602	3.14%
Education	6,326	6,301	(25)	-0.40%
Net Budget Requirement	229,140	229,045	(95)	-0.04%
Council Tax (including Adult Social Care Precept)	(96,970)	(96,970)	-	0.00%
Enterprise Zone Business Rates	(1,958)	(1,958)	-	0.00%
Business Rates (net of WMCA growth payment)	(72,356)	(72,493)	(137)	0.19%
Business Rates Autumn Statement Compensation	(7,847)	(7,201)	646	-8.23%
Business Rates Equalisation Reserves	-	(509)	(509)	0.00%
Government Grant (General)	(48,283)	(48,283)	-	0.00%
Collection Fund Deficit	(1,726)	(1,726)	-	0.00%
Total Resources	(229,140)	(229,140)	-	0.00%
Net Budget (Surplus) / Deficit	-	(95)	(95)	-0.04%

- 2.2 An overspend of £2.7 million for 2018-2019, was projected for quarter one at the time of reporting to Cabinet (Resources) on 24 July 2018. Services were asked to deliver in year budget reductions in order to address this projected overspend. As a result, the forecast overspend for quarter two reported to Cabinet on 21 November 2018 had reduced to £1.7 million. Directorates were then issued with in-year budget reduction stretched targets. In addition Strategic Directors are undertaking in-depth review and challenge of all service budgets, both revenue and capital, to identify both in year and future budget reduction proposals. As a result, a projected underspend of £95,000 is now forecast for 2018-2019.

- 2.3 When considering budget proposals for 2019-2020, Cabinet on 17 October 2018 delegated authority to the Director of Finance to implement Financial Transactions and Base Budget revisions at the earliest opportunity. As a result £954,000 has been vired from service areas to Corporate Budgets, during 2018-2019. This contributes to the overall projected underspend of £2.8 million in the Corporate directorate.
- 2.4 The Council continues to be faced with a challenging projected financial position over the medium term, and significant budget reduction and income generation proposals are required in order to achieve a robust financial position. The Budget 2019-2020 and Medium Term Financial Strategy 2019-2020 to 2023-2024 will be presented to Full Council on 6 March 2019. The report identifies that the Council is now faced with finding further budget reductions totalling £27.3 million for 2020-2021 rising to £40 to £50 million over the medium term. It is important to note that the updated projected budget deficit assumes the achievement of prior year budget reduction and income generation proposals amounting to £9.6 million over the five year period from 2019-2020 to 2023-2024. Over the last eight financial years the Council has identified budget reductions in excess of £220.0 million. This continues to represent the most significant challenge that the Council has ever faced. The Council's budget for 2019-2020 does not require the use of general reserves.
- 2.5 Work must start immediately to identify budget efficiencies, budget reductions and income generation proposals to address the £27.3 million deficit for 2020-2021, rising to £40 to £50 million over the medium term.
- 2.6 An update on the General Fund budget risks is provided at section 9.0. Due to the uncertainty and increasing pressures over the medium term, the overall level of risk associated with the Draft Budget and Medium Term Financial Strategy 2018-2019 to 2019-2020 is assessed as Red. This was reported in the October 2018 Budget Report to Cabinet.
- 2.7 It is important to note that redundancy costs, including the cost of pension strain, are forecast to be in the region of £3 to £4 million for 2018-2019. It is anticipated that the use of reserves, will offset the cost of redundancies.
- 2.8 In accordance with the Council's financial procedures rules, all virements in excess of £50,000, or those that result in a transfer between Employees and Other Controllable Expenditure headings, require the approval at this meeting. There are 17 virements that require approval in this report as detailed in Appendix 7 to this report.
- 2.9 The most significant factors contributing towards the projected net overspend against the budget are reported on a service-by-service basis in section 3.0 to 6.0.

2.10 The forecast outturn position for the Housing Revenue Account is a surplus of £17.0 million, compared to a budgeted surplus of £15.2 million. The projected additional surplus of £1.8 million will be used to redeem debt to comply with the Council's approved HRA Business Plan.

3.0 General Fund Revenue Budget Monitoring: Service Analysis

3.1 People

3.2 A summary of the projected outturn against the People 2018-2019 revenue budget is provided in Table 2, whilst a detailed analysis is provided in Appendix 1.

Table 2 – 2018-2019 Revenue Budget Projected Outturn - People

	2018-2019 Controllable Budget £000	2018-2019 Forecast Outturn £000	Projected Variation Over/(Under)	
			£000	%
Strategic Director People including Commissioning	4,714	4,195	(519)	-11.01%
Adults Services	63,769	63,769	-	0.00%
Children & Young People	49,551	51,204	1,653	3.34%
Public Health & Wellbeing	40	22	(18)	-45.00%
People Total	118,074	119,190	1,116	0.95%

3.3 Overall a net overspend of £1.1 million (0.95%) is projected for the year. The main factors contributing towards this forecast overspend are:

1. **Strategic Director People including Strategic Commissioning** – There is a projected net underspend of £519,000 against these budgets mainly due to a forecast underspend within Strategic Commissioning totalling £526,000 as a result of efficiencies identified in year. Budgets totalling £25,000 have been vired to Corporate Budgets as referred within paragraph 2.3.
2. **Adult Services** – The budget for Adult Services accounts for 28% of the Council's net budget, making it the largest service budget across the Council. The service is under constant pressure due to increasing demand for services and support that can be difficult to predict. A break-even position for 2018-2019 is only possible due to the one-off resources made available to the service and the daily effective management across service provision. It should be noted that the growing demand within this service continues to represent a significant financial risk and budget pressure over the medium term. This situation is not unique to Wolverhampton and is a position seen nationally. Other factors contributing to the proposed balance budget include:

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- a. A forecast overspend within Learning Disabilities Care Purchasing totalling £909,000 due to a combination of cost pressures across care purchasing budgets totalling £2.3 million arising as a result of increasing demand for support and challenges associated with the transformation programme. This overspend is partially offset by a proposed drawdown from the Adult Social Care Reserve and other grants totalling £1.4 million.
- b. A forecast overspend within the Mental Health Assessment and Care Management service totalling £915,000 as a result of increasing demand for social care packages including those jointly funded by health.
- c. A forecast overspend within Older People Care Purchasing totalling £175,000 as a result of pressure on short term placements and Domiciliary Care.
- d. A forecast overspend within Physical Disabilities Care Purchasing service totalling £122,000 as a result increasing demand for support and challenges associated with the transformation programme across care purchasing budgets.

These forecast overspends are offset by projected underspends within the following services:

- e. The Carer Support service is projecting an underspend of £341,000 as a result of a one-off forecast budget underspend on carer support spot purchasing.
- f. The Adults Assessment and Care Management service is projecting an underspend of £344,000 as a result of additional income, one-off unfilled staff vacancies along with efficiencies on general budgets.
- g. The Learning Disability Provider service is projecting an underspend of £135,000 mainly as a result of underspend due to unfilled staff vacancies and additional income.
- h. The Service Director Adults is projecting an underspend of £1.1 million which is offsetting budget pressures elsewhere within Adult Services. This underspend relates to the one-off resources as referred to in paragraph 3.3.2.
- i. The Independent Living Service is projecting an underspend of £276,000 as a result of additional income, one-off unfilled staff vacancies and budget efficiencies within Telecare.

3. **Children and Young People** - There is a forecast overspend totalling £1.7 million for this service, after budgets totalling £198,000 have been vired to Corporate Budgets as referred within paragraph 2.3. The overspend is mainly due to:
- a. A forecast overspend within Children and Young People in Care service totalling £3.2 million as a result of a projected overspend against Children and Young People in Care placement budgets based on latest financial modelling. This is partially offset by efficiencies across staffing budgets and additional income from the Home Office for unaccompanied asylum-seeking children. Wolverhampton has seen a reduction in the number of children in care, which is continuing to buck the national trend, as many councils continue to see children in care numbers increase significantly. However, the cost of placements is rising, causing a cost pressure within the service. It is important to note that the Director of Children's Service is confident that robust procedures are in place to ensure that only those children that need to come into care are brought into care.

The forecast overspend in Children in Care is offset by projected underspends within the following services:

- b. The Youth Offending service is projecting an underspend totalling £140,000 as a result of underspend due to one-off unfilled staff vacancies along with an increase in external contributions.
- c. The Director of Children's Services is projecting an underspend totalling £322,000 as a result of use of one-off grant along with a reduction in spend against general expenditure budgets.
- d. The Strengthening Families service is projecting an underspend totalling £716,000 as a result of the use of one-off grant along with a reduction in expenditure for Section 17 payments and no recourse to public funds.
- e. The Specialist Support service is projecting an underspend totalling £119,000 as a result of one-off unfilled staff vacancies partially offset by increased expenditure.
- f. The Safeguarding Service is projecting an underspend totalling £309,000 as a result of one-off reduction in costs associated with the Deprivation of Liberty Safeguards (DoLS) due to delays in starting contracts for Best Interest Assessors, Mental Health Doctors and the Independent Mental Capacity Advocate.

4.0 Corporate

4.1 A summary of the projected outturn against the Corporate 2018-2019 revenue budget is provided in Table 3, whilst a detailed analysis is provided in Appendix 2.

Table 3 – 2018-2019 Revenue Budget Projected Outturn – Corporate

	2018-2019 Controllable Budget £000	2018-2019 Forecast Outturn £000	Projected Variation Over/(Under)	
			£000	%
Corporate Services	14,488	12,982	(1,506)	-10.39%
Governance	2,873	2,814	(59)	-2.05%
Managing Director including Corporate Business Support	5,329	4,925	(404)	-7.58%
Corporate Budgets	30,962	30,143	(819)	-2.65%
Corporate Total	53,652	50,864	(2,788)	-5.20%

4.2 Overall a net underspend of £2.8 million (-5.20%) is projected for the year. The main factors contributing towards the projected underspend are:

1. **Corporate Services** – There is a projected net underspend of £1.5 million for this service directorate. Budgets totalling £163,000 have been vired to Corporate Budgets as referred within paragraph 2.3. The projected underspend within this service directorate is as a result of:
 - a. A projected underspend within Audit Services totalling £136,000 due to unfilled staff vacancies held across the service.
 - b. A projected underspend within Central Corporate Budgets totalling £588,000 due to a reduction in the external audit fee, lower than anticipated enhanced pension costs and a reduction in bank charges following the switch from an external to in house payment hosting system.
 - c. A projected underspend within Revenues and Benefits service totalling £473,000 as a result of receipt of one-off additional grant income.
2. **Managing Director** – There is a projected underspend totalling £404,000 mainly due to unfilled staff vacancies within both Corporate Business Support totalling £162,000 and within Corporate Communications totalling £234,000 along with the use of one-off grant. Budgets totalling £81,000 have been vired to Corporate Budgets as referred within paragraph 2.3.

3. **Corporate Budgets** - Overall there is a projected underspend of approximately £819,000 against this budget primarily as a result of identified budget efficiency virements from service budgets as detailed in paragraph 2.3. It is important to note that redundancy costs, including the cost of pension strain, are forecast to be in the region of £3 to £4 million for 2018-2019. It is anticipated that the use of reserves, will offset the cost of redundancies.

5.0 Place

- 5.1 A summary of the projected outturn against the Place 2018-2019 revenue budget is provided in Table 4, whilst a detailed analysis is provided in Appendix 3.

Table 4 – 2018-2019 Revenue Budget Projected Outturn – Place

	2018-2019 Controllable Budget £000	2018-2019 Forecast Outturn £000	Projected Variation Over/(Under)	
			£000	%
Strategic Director	610	591	(19)	-3.11%
Land Property Investment Fund	-	-	-	0.00%
Regeneration	5,684	5,671	(13)	-0.23%
Commercial Services	17,613	19,182	1,569	8.91%
Housing	1,506	1,249	(257)	-17.07%
Public Service Reform	3,618	3,560	(58)	-1.60%
City Environment	22,057	22,437	380	1.72%
Place Total	51,088	52,690	1,602	3.14%

- 5.2 Overall, a net overspend of £1.6 million (3.14%) is projected for the year. The main factors contributing towards this overspend are:

1. **Regeneration** – A £13,000 underspend is forecast within this service directorate. Budgets totalling £14,000 have been vired to Corporate Budgets as referred within paragraph 2.3. The forecast underspend is as a result of:
 - a. An underspend within in Planning Services totalling £165,000 as a result of unfilled staff vacancies and other efficiencies across the service. Further efficiencies from a number of other services within the Regeneration service directorate have also contributed to the projected underspend.
 - b. These underspends are partially offset by a forecast overspend within Visitor Economy totalling £257,000 arising as a result of reduced income linked to the implementation of a restructure and holding costs associated with the closure of the Civic Halls.

2. **Commercial Services** – Overall there is a net forecast overspend totalling £1.6 million within this service directorate. Budgets totalling £177,000 have been vired to Corporate Budgets as referred within paragraph 2.3. The net forecast overspend within this service directorate is as a result of:
- a. An underachievement of income is forecast within Catering Services totalling £385,000 as a result of reduction in income due to increased competition and loss of school business which is offset in part by reduced expenditure for additional hours. Income levels are based upon known service levels and change in such levels will impact on the outturn position. Close monitoring and review of the service has assisted in managing the projected overspend.
 - b. A forecast overspend within the Capital Programme service totalling £220,000 due to a reduction in external income generation opportunities whilst also reflecting the impact of long term staff absences on the ability to recover chargeable time from capital projects and associated costs.
 - c. A forecast overspend is projected within Facilities Management totalling £362,000 as a result of increased repairs aiding statutory compliance and reduced income from Community Centres.
 - d. An overspend is forecast within the Maintenance Programme totalling £502,000 as a result of increased repair and maintenance costs on Council assets and works carried out to ensure statutory compliance.
 - e. An overspend is forecast totalling £125,000 within Corporate Asset Management as a result of costs incurred in regards to Community Associations and aiding statutory compliance works, offset in part by anticipated underspend on energy costs.
 - f. An overspend is forecast within Customer Services totalling £102,000 as a result of reflecting an increase in the use of agency resource. Work is underway to reduce agency spend and agree service recharges to mitigate further the projected revenue pressures.

These forecast overspends are offset mainly by projected underspend totalling £195,000 within ICTS due to unfilled staff vacancies held in acknowledgement of a planned restructure.

3. **City Housing** – Overall there is a net projected underspend totalling £257,000 within this service directorate. This is due to currently unfilled staff vacancies, owing to service realignment planning in readiness for 2019-2020 and an increased level of enforcement fees, due to the introduction of a new Service Model for Private Housing Service in October 2018.

4. **City Environment** – Overall there is a forecast overspend totalling £380,000 within this service directorate. Budgets totalling £25,000 have been vired to Corporate Budgets as referred within paragraph 2.3. The forecast overspend within this service directorate is as a result of:
- a. An under achievement of income totalling £819,000 forecast within Parking Services as a result of reduced car parking and enforcement income due to ongoing transport improvement schemes in the City Centre.
 - b. An overspend is forecast totalling £131,000 within Street Lighting due to an increase in the electricity tariff charged by the energy supplier.
 - c. An overspend is forecast totalling £131,000 within Transportation Service as a result of underachievement of internal cost reallocation to capital and Section 38 Adoptions income. This is compensated for in part by underspend on School Crossing Patrols due to unfilled staff vacancies.

This forecast overspend is offset mainly by a projected underspend within the following services:

- d. The projected underspend within Fleet Services totalling £239,000 which is due to a combination of unfilled staff vacancies, reduced spend anticipated on spare parts as a result of investment in fleet and an increase in salvage income from the sale of low value off-hired vehicles.
- e. A projected underspend within Highways Maintenance totalling £387,000 as a result of patching revenue expenditure to be capitalised and funded from the Pothole monies capital grant.

6.0 Education

- 6.1 A summary of the projected outturn against the Education 2018-2019 revenue budget is provided in Table 5, whilst a detailed analysis is provided in Appendix 4.

Table 5 – 2018-2019 Revenue Budget Projected Outturn - Education

	2018-2019 Controllable Budget £000	2018-2019 Forecast Outturn £000	Projected Variation Over/(Under)	
			£000	%
Education	6,326	6,301	(25)	-0.40%
Education Total	6,326	6,301	(25)	-0.40%

6.2 Overall a net underspend of £25,000 (0.40%) is projected for the year as a result of projected underspends totalling £130,000 within Skills and £230,000 within School Improvement service, as a result of unfilled staff vacancies across the both services. These underspends are partially offset by forecast overspends totalling £153,000 within Central Education service due to reduction in income based on schools converting to academies during 2018-2019 and a further projected overspend within Special Education Needs totalling £138,000 on costs associated with the transporting children with Special Education Needs to and from schools.

7.0 Changes to Grant Funded Expenditure

7.1 Its is not always possible to reflect all grant funded expenditure in the budget approved by Full Council proper to the start of the financial year. This is due to the late notification from the grant awarding bodies of grant amounts, and proactive grant applications during the year.

7.2 On 28 January 2019 the Secretary of State awarded additional funding for local authorities in preparation for Brexit. The allocation for Wolverhampton is £210,000 over the period of 2018-2019 to 2019-2020. Approval is sought from the Panel to establish supplementary expenditure budgets within 2018-2019 support Brexit preparedness. Approval is also sought to delegate authority to allocate the funding, including any contributions to the West Midlands Combined Authority for regional work to the Director of Public Health.

7.3 Approval is sought from this Panel to establish a supplementary expenditure budget totalling £1.4 million within 2018-2019 funded by the Adults Social care Winter pressure Grant for supporting Adult Services to fund increased expenditure over the winter period. Approval is also sought to delegate authority to the Director of Adult Services to allocate the funding.

7.4 Approval is sought from this Panel to establish a supplementary expenditure budget totalling £32,000 within 2018-2019 funded by the NHS Digital Innovation Grant to fund a data integration and visualisation project using health and social care data to identify potential trends and inform future commissioning intentions. Approval is also sought to delegate authority to the Director of Adult Services to allocate the funding.

8.0 Reserves and Balances

8.1 The General Fund Balance remains unchanged at £10.0 million.

8.2 In addition to the General Fund balance, the Council also holds a number of earmarked reserves. The total earmarked reserves balance including school balances at the end of 2017-2018 was £55.7 million.

8.3 Transfers to/from Earmarked Reserves

8.4 Approval is sought for a number of transfers to/from earmarked reserves, as set out in the following paragraphs. In the event that the use of capital receipts replaces previously approved earmarked reserve drawdowns as a result of the new capital receipts flexibilities announced by central government, an update will be provided to Cabinet and Council.

8.5 Highway Management Reserve

Approval is sought from this meeting for the use of £190,000 from the Highway Management Reserve to fund expenditure as shown in Table 6.

Table 6 – Allocations from Highway Management Reserve

Service	Amount Allocated £000	Details
Transportation	22	To support highway improvement works associated with First World War commemorations.
Transportation	168	Funding requested over seven-year period (£24,000 per annum) to fund the cost of borrowing associated with Black Country collaborated investment in average speed enforcement scheme.

8.6 Efficiency Reserve

Approval is sought for the use of £287,000 from the Efficiency Reserve to fund the Delivering Independent Travel programme support resource. This will enable the successful delivery of the project and enhance budget reductions.

9.0 General Fund Budget Monitoring – Risk Management

9.1 The overall level of risk associated with the budget 2018-2019 was changed to Red in the Draft Budget and Medium-Term Financial Strategy 2018-2019 – 2019-2020 report to Cabinet in October 2018 due to the uncertainty and increasing pressures over the medium term. The main areas of risk are summarised in the table at Appendix 5.

10.0 Revenue Budget Monitoring – Schools’ Budgets

10.1 Maintained schools are required to submit budget plans detailing their expected income and planned spending levels at two points in the year, 31 May and 31 October. Returns submitted on 31 May estimated that overall balances would reduce by £5.0 million to £1.8 million as reported in quarter one. Returns received in October 2018, estimate that the balance will be reduced by further £200,000 to £1.6 million as illustrated in Table 7.

Table 7 – Projected Movement on Schools’ Balances 2018-2019

Sector	Balances as at 31 March 2018 £m	Forecast Use of Balances in 2018-2019 £m	Forecast Balances as at 31 March 2019 £m
Secondary	(2.1)	0.6	(1.5)
Primary	3.9	(0.9)	3.0
Junior	0.6	(0.5)	0.1
Infant	0.1	(0.1)	-
Nursery	1.1	(0.8)	0.3
Special	1.0	(1.4)	(0.4)
Pupil Referral Units	2.2	(2.1)	0.1
Total	6.8	(5.2)	1.6

10.2 Schools with Surplus Balances

10.3 At the end of 2017-2018 maintained schools had balances of £6.8 million. 26 schools were identified as having balances above recognised thresholds detailed in the local scheme (5% for secondary schools and 8% for primary, special and nursery schools).

10.4 All schools that have balances above these criteria have now reported their intended use. Local authority officers have scrutinised these plans and will be meeting with the headmasters of five of these schools. A decision will then be made whether any, of all, of these schools will be moved forward into the arbitration process as detailed below.

10.5 The Scheme for Financing Schools establishes an arbitration process to review the Authority’s decision and determine if, and to what level, any excess balances should be recovered. To date, a total of £119,700 has been clawed back from schools holding excess surplus balances. This has subsequently been awarded back to schools to support school improvement initiatives and to assist Special Schools to increase their provisions to avoid the need to send additional children to placements out of city, thus reducing the continued burden on the Out of City Special Education budget.

10.6 Schools in a deficit balance position.

10.7 As part of its overview of schools in deficit, a Schools at Financial Risk (SFR) Board chaired by the Head of School Organisation reviews the financial information from schools in deficit to evaluate the financial position of the schools. The chair of Schools Forum is also a member of the board. The current position of schools that have anticipated a deficit position at the end of 2017-2018 is detailed in Table 8, with additional information based on spending profiles.

Table 8 – Schools with anticipated deficits in 2018-2019

Name	Actual Balance at end of 2017-2018 £	Anticipated Balance at end of 2018-2019 (from budget plan) £	Anticipated Balance from Current Spending £	Status
Coppice	(430,249)	(480,000)	(517,000)	The school converted to an academy under the sponsored route on 01 June 2018, and final balances are currently being agreed. The deficit is to be met by the Local Authority.
St Alban's Church of England Primary	(7,521)	N/A	(90,500)	The school converted to an academy in September 2018 under the sponsorship route. Their deficit is to be met by the Local Authority
Woodthorne Primary	(78,689)	(64,400)	N/A	The school converted to an academy in September 2018 under the conversion route. The final balance has now been approved by the DfE and will be transferred to the academy trust. The amount to be refunded by the DfE is £64,400.
St Matthias	(1,243,939)	(1,115,813)	(1,120,185)	A deficit recovery plan and application are under discussion with the school.
The King's Church of England	(449,536)	(641,446)	(1,246,535)	Licensed deficit application has been received and approved. The school are currently in breach of their licensed deficit (partly due to redundancy costs and increased pension strain). Meetings are being arranged with the school and their financial adviser to progress a new licensed deficit application.
Dovecotes Primary	(21,283)	(20,357)	(108,069)	The school will require a licensed deficit.
St Patrick's RC Primary	25,428	(28,018)	(48,783)	Will require a licensed deficit application if outturn remains as planned. The situation is being monitored.
Phoenix Nursery	32,737	(5,369)	5,140	No licensed deficit is required as the deficit balance falls below the threshold of (£10,000)

10.8 Deficits Following Sponsored Academy Conversion

- 10.9 The schools surplus or deficit balance on conversion to academy status usually transfers at the same time. However, where the conversion is directed by Department for Education (DfE) through a sponsorship arrangement any deficit remains with the local authority. Such costs must be met from the Authority's General Fund, and it is anticipated that these costs will be in the region of £600,000 in this financial year, and this deficit will be met from the Budget Contingency Reserve.
- 10.10 Two Wolverhampton schools have conversion orders in place, The Kings Church of England School and Trinity Church of England School. Of these schools, Trinity are to convert under the "conversion" route. They have a surplus balance and their conversion will not have any financial impact upon the authority. The King's School are to convert under the directed "sponsorship" route, and any deficit will remain with the local authority. The King's School currently have a large deficit balance, but have not managed to secure a sponsor to support their conversion, and therefore the conversion date is not yet know. The Local Authority are working closely with the school to identify savings to reduce the deficit, and the subsequent impact on the general fund, should a sponsor be sourced.
- 10.11 The Local Government Association (LGA) has stated that this policy of deficit retention is unfair on local authorities. However, DfE have said that the academies are vital part of the plan for transforming education and that the accumulated deficits for sponsored academies must be met by local authorities.

11.0 Debt Write Offs

- 11.1 Debts are only written off as a last resort, when all feasible recovery action has been exhausted. If the situation surrounding an individual case changes in the future, steps would be taken to pursue the debt, despite the debt having been written off.
- 11.2 **Sundry Debtors** - Income is due to the Council for a wide range of services provided to individuals and businesses. To reflect the fact that, despite the Council's best efforts, not all of this income will actually be collected, the Council makes provision for bad and doubtful debts, which it charges directly to the General Fund.
- 11.3 Overall, 59 debt write offs totalling £144,258.06 have been incurred. All but four valued at £34,709.40 in total, which require the approval of Cabinet (Resources) Panel (see Appendix 9), have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedures Rules.

- 11.4 **The Collection Fund** - The City of Wolverhampton Council acts as billing and collecting authority for council tax and non-domestic rates income. The Council administers a separate Collection Fund account for this purpose. The Collection Fund accounts for the receipt of council tax and business rates (non-domestic rates) income and payments to precepting authorities such as the Fire Authority and the Police. Within this account, provisions are made for bad and doubtful debts and any write offs are charged to the council tax or business rates provision as appropriate.
- 11.5 **Council Tax** – Overall, 461 debt write offs totalling £211,564.47 have been incurred. All have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedure Rules.
- 11.6 **Non-Domestic Rates (NDR)** – Overall, 23 debt write off totalling £78,638.28 have been incurred. All but one valued at £5,516.73 in total, which require the approval of Cabinet (Resources) Panel (see Appendix 8), have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedures Rules.
- 11.7 In addition to this, the Director of Finance has approved the write off 23 debts relating to the Business Improvement District (BID) totalling £10,814.26, in accordance with the Council's Financial Procedure Rules.
- 11.8 **Housing Benefits** - Housing benefit overpayments occur when rent rebate or rent allowance awards exceed a recalculated entitlement. Whilst the Council aims to limit the incidence of overpayments they may occur for a number of reasons including as a result of fraud or error. In general, overpaid benefit is written off in line with Government guidance where recovery would cause hardship, where the debtor has died or cannot be traced.
- 11.9 The Council receives Government subsidy in respect of overpaid housing benefit at rates of between 40% and 100% according to the circumstances in which the overpayment arose. The unsubsidised element of any overpayment is charged to the General Fund.
- 11.10 Overall, 22 overpayments totalling £10,082.01 have been incurred. All have been approved for write off by the Director of Finance in accordance with the Council's Financial Procedures Rules.
- 12.0 Housing Revenue Budget Monitoring**
- 12.1 The table below shows the latest forecast revenue outturn against budget for the Housing Revenue account (HRA). The forecast outturn position for the year is a surplus of £17.0 million, compared to a budgeted surplus of £15.2 million. The projected additional surplus of £1.8 million will be used to redeem debt to comply with the Council's approved HRA Business Plan.

Table 9 – Housing Revenue Account Projected Outturn 2018-2019

	Budget	Projected Outturn	Projected Variation
	£000	£000	£000
Total income	(96,452)	(95,453)	999
Total expenditure	70,872	68,165	(2,707)
Net cost of HRA services	(25,580)	(27,288)	(1,708)
Interest payments etc.	10,394	10,274	(120)
(Surplus)/deficit before transfers to/from reserves and provision for redemption of debt	(15,186)	(17,014)	1,828
<i>Allocation of (surplus)/deficit</i>			
Provision for redemption of debt	15,186	17,014	1,828
Balance for the year	-	-	-

12.2 Rental income from dwellings and service charges is forecast to be lower than budgeted by £1.0 million, due to higher than anticipated right to buy sales and changes to the projected forecasts for affordable rent from new build properties.

12.3 Expenditure charged to repairs and maintenance is forecast to be £580,000 lower than budgeted, due to an increase in recharged costs reducing net expenditure. Expenditure charged to supervision and management is forecast to be £881,000 lower than budget due to an adjustment to service recharges.

12.3 The increase in provision for bad debt is forecast to underspend by £1.3 million. This is because the delays to the implementation of Universal Credit have meant that the prudent budget provision of £2.3 million was higher than required.

13.0 Evaluation of alternative options

13.1 The write-offs, virements and use of reserve requests requiring the approval of Cabinet (Resources) Panel are all considered to be prudent in the opinion of the Director of Finance and the Cabinet Member for Resources.

14.0 Reason for decision(s)

14.1 In accordance with the Council's financial procedures rules, all virements in excess of £50,000, or those that result in a transfer between Employees and Other Controllable Expenditure headings, require the approval of Cabinet (Resources) Panel. Contribution to and from reserves also requires the approval of Cabinet (Resources) Panel. The write-offs, virements and use of reserve requests detailed in this report which seek the approval of Cabinet (Resources) Panel are all considered to be prudent in the opinion of the Director of Finance and the Cabinet Member for Resources.

15.0 Financial Implications

- 15.1 The financial implications are discussed in the body of the report.
[MH/22022019/X]

16.0 Legal Implications

- 16.1 Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs. It is a legal requirement under s25 of the Local Government Act 2003 to set a balanced budget and monitor the financial position throughout the year.
[TC/22022019/C]

17.0 Equality Implications

- 17.1 This report provides details of the projected outturn for 2018-2019. The necessary equalities analysis will form part of the 2019-2020 budget setting process.

18.0 Environmental Implications

- 18.1 A range of services focused upon the Council's environmental policies is supported through revenue budgets reviewed in this report. Changes in levels of funding will be considered as such changes are proposed.

19.0 Health and Wellbeing Implications

- 19.1 Revenue Budget Monitoring reports on forecast outturn position of all Council services including services which seek to improve the health and wellbeing of all the population of City of Wolverhampton.

20.0 Background Papers

- 20.1 Revenue Budget Monitoring 2018-2019, report to Cabinet, 21 November 2018.
- 20.2 Budget 2018-2019 and Medium Term Financial Strategy 2018-2019 to 2019-2020, report to Cabinet, 17 October 2018.
- 20.3 Revenue Budget Monitoring 2018-2019, report to Cabinet (Resources) Panel, 24 July 2018.
- 20.4 Budget 2018-2019 and Medium Term Financial Strategy 2018-2019 to 2019-2020, report to Cabinet, 11 July 2018.
- 20.5 Reserves, Provisions and Balances 2017-2018, report to Cabinet, 11 July 2018.
- 20.6 Revenue Budget Outturn 2017-2018, report to Cabinet, 11 July 2018.

20.7 Budget 2018-2019 and Medium Term Financial Strategy 2018-2019 to 2019-2020, report to Full Council, 7 March 2018.

20.8 2018-2019 Budget and Medium Term Financial Strategy 2018-2019 to 2019-2020, report to Cabinet, 20 February 2018.

21.0 Appendices

21.1 Appendix 1 – Revenue Budget Monitoring – People

21.2 Appendix 2 – Revenue Budget monitoring – Corporate

21.3 Appendix 3 – Revenue Budget Monitoring – Place

21.4 Appendix 4 – Revenue Budget Monitoring – Education

21.5 Appendix 5 – General Fund Budget Risks 2018-2019

21.6 Appendix 6 – Housing Revenue Account Budget Monitoring

21.7 Appendix 7 – General Fund Budget Virements

21.8 Appendix 8 – Non-Domestic Rates (NDR) Write Offs to be approved by
Cabinet

21.9 Appendix 9 – Sundry Debts Write Offs to be approved by Cabinet

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Revenue Budget Monitoring – People

	Net Controllable Revised Budget 2018-2019 £000	Net Controllable Forecast 2018-2019 £000	Net Controllable Variance (Forecast v Budget) Q3 £000	Net Controllable Variance (Forecast v Budget) Q2 £000	Net Controllable Variance (Forecast v Budget) Q1 £000	Reason for Variance Q3
Strategic Director People including Commissioning						
Strategic Commissioning	4,476	3,950	(526)	(280)	(207)	A forecast underspend as a result of efficiencies identified in year.
Strategic Director People	238	245	7	10	(6)	
Total Strategic Director People	4,714	4,195	(519)	(270)	(213)	

Revenue Budget Monitoring – People

	Net Controllable Revised Budget 2018-2019 £000	Net Controllable Forecast 2018-2019 £000	Net Controllable Variance (Forecast v Budget) Q3 £000	Net Controllable Variance (Forecast v Budget) Q2 £000	Net Controllable Variance (Forecast v Budget) Q1 £000	Reason for Variance Q3
Adult Services						
Adults Assessment and Care Management	409	65	(344)	(354)	(273)	The projected underspend is due to additional income, one-off staffing saving along with efficiencies across general budgets.
Better Care Fund	-	-	-	-	-	
Business Support	40	40	-	-	-	
Carer Support	1,225	884	(341)	(460)	(384)	A forecast underspend as a result of one-off savings on carer support spot purchasing.
Community Financial Support	1,609	1,631	22	47	(2)	
Community Support	899	899	-	-	-	
Emergency Duty Team	327	394	67	73	25	
Independent Living Service	1,806	1,530	(276)	(23)	(26)	The projected underspend is due to one off unfilled staff vacancies and budget efficiencies within the Telecare service.
Learning Disabilities Care Purchasing	18,283	19,192	909	693	443	Projected overspend across care purchasing budgets of £2.3 million due to increasing demand for support and challenges associated with the transformation programme. This overspend is partially offset by a proposed drawdown from the Adult Social Care Reserve and other grants totalling £1.4 million.
Learning Disability Provider	4,719	4,584	(135)	(116)	(48)	The projected underspend is due to unfilled staff vacancies across the service and additional income.
Mental Health Assessment & Care Management	3,961	4,876	915	927	272	The projected overspend is due to increasing demand for social care packages including those jointly funded by health.
Older People Care Purchasing	18,723	18,898	175	250	250	The overspend is due to pressure on short term placements and Domiciliary Care.

Revenue Budget Monitoring – People

	Net Controllable Revised Budget 2018-2019 £000	Net Controllable Forecast 2018-2019 £000	Net Controllable Variance (Forecast v Budget) Q3 £000	Net Controllable Variance (Forecast v Budget) Q2 £000	Net Controllable Variance (Forecast v Budget) Q1 £000	Reason for Variance Q3
Older People Provider Services	4,665	4,590	(75)	(70)	(119)	
Physical Disabilities Care Purchasing	4,411	4,533	122	123	(96)	Projected overspend across care purchasing budgets due to increasing demand for support and challenges associated with the transformation programme.
Quality Assurance and Policies	360	380	20	20	20	
Service Director Adults & Additional monies	2,332	1,273	(1,059)	(1,110)	(62)	The underspend is offsetting pressures across the Adult Services. The underspend relates to one off funding.
Total Adult Services	63,769	63,769	-	-	-	

Revenue Budget Monitoring – People

	Net Controllable Revised Budget 2018-2019 £000	Net Controllable Forecast 2018-2019 £000	Net Controllable Variance (Forecast v Budget) Q3 £000	Net Controllable Variance (Forecast v Budget) Q2 £000	Net Controllable Variance (Forecast v Budget) Q1 £000	Reason for Variance Q3
Children & Young People						
Child Protection	-	-	-	(201)	(23)	Due to restructure these services have been amalgamated within services below.
Early Intervention	-	-	-	(400)	65	Due to restructure these services have been amalgamated within services below.
Headstart	-	-	-	-	-	This service is fully grant funded.
Inclusion Support	862	882	20	21	6	
Strengthening Families	10,971	10,255	(716)	21	6	The underspend is as a result of the use of one-off grant along with a reduction in expenditure for Section 17 payments and no recourse to public funds.
Children and Young People In Care	29,810	33,049	3,239	3,121	2,118	Projected overspend against Children and Young People in Care placements budgets based on latest financial modelling. This is partially offset by efficiencies across staffing budgets and additional income from Home Office for unaccompanied asylum-seeking children. Wolverhampton has seen a reduction in the number of children in care, which is continuing to buck the national trend, as many councils continue to see children in care numbers increase significantly. However, the cost of placements is rising causing a cost pressure within the service. It is important to note the Director of Children's Service's is confident that robust procedures are in place to ensure that only those children that need to come into care are brought into care.

Revenue Budget Monitoring – People

	Net Controllable Revised Budget 2018-2019 £000	Net Controllable Forecast 2018-2019 £000	Net Controllable Variance (Forecast v Budget) Q3 £000	Net Controllable Variance (Forecast v Budget) Q2 £000	Net Controllable Variance (Forecast v Budget) Q1 £000	Reason for Variance Q3
Safeguarding	2,917	2,608	(309)	(38)	(16)	One-off reduction in costs associated with Deprivation of Liberty Safeguards (DoLs) due to delay in starting contracts for Best Interest Assessors, Mental Health Doctor's and the Independent Mental Capacity Advocates.
Director of Children's Services	979	657	(322)	(135)	(4)	The underspend is as a result of the use of one-off grant along with a reduction in spend against general expenditure budgets.
Specialist Support	2,898	2,779	(119)	(122)	(14)	The underspend is as a result of one-off staffing vacancies totalling £132,000 partially offset by increased expenditure.
Youth Offending	1,114	974	(140)	(135)	-	The underspend is as a result of one-off staffing vacancies of £89,000 along with an increase in external contributions of £53,000.
Total Children & Young People	49,551	51,204	1,653	2,132	2,138	

Revenue Budget Monitoring – People

	Net Controllable Revised Budget 2018-2019 £000	Net Controllable Forecast 2018-2019 £000	Net Controllable Variance (Forecast v Budget) Q3 £000	Net Controllable Variance (Forecast v Budget) Q2 £000	Net Controllable Variance (Forecast v Budget) Q1 £000	Reason for Variance Q3
Public Health & Wellbeing						
Business Continuity & Emergency Planning	9	(9)	(18)	-	-	
Commissioning	-	-	-	-	-	
Community Safety	31	31	-	(15)	(2)	
Contracts	-	-	-	-	-	
Health Protection & NHS Facing	-	-	-	-	-	
Healthier Places Service	-	-	-	-	-	
Healthy Ageing	-	-	-	-	-	
Healthy Life Expectancy	-	-	-	-	-	
Intelligence & Evidence	-	-	-	-	-	
Management and Administration	-	-	-	-	-	
Public Health Business Management	-	-	-	-	-	
Service Director Public Health & Wellbeing	-	-	-	-	-	
Sports Development	-	-	-	-	-	
Starting and Developing Well	-	-	-	-	-	
System Leadership	-	-	-	-	-	
Transformation - Public Health	-	-	-	-	-	
Total Public Health & Well Being	40	22	(18)	(15)	(2)	
Total People	118,074	119,190	1,116	1,826	1,917	

Revenue Budget Monitoring – Corporate

Service/Budget	Net Controllable Revised Budget 2018-2019 £000	Net Controllable Forecast 2018-2019 £000	Net Controllable Variance (Forecast v Budget) Q3 £000	Net Controllable Variance (Forecast v Budget) Q2 £000	Net Controllable Variance (Forecast v Budget) Q1 £000	Reason for Variance Q3
Corporate Services						
Audit Services	1,830	1,694	(136)	(127)	(67)	The forecast underspend is as a result of unfilled staff vacancies held across the service.
Central Corporate Budgets	4,392	3,804	(588)	(361)	(60)	An underspend is forecast due to a reduction in external audit fees, lower than anticipated enhanced pension costs and a reduction in bank charges following the switch from an external to in house payment hosting system.
Finance Director	151	151	-	-	-	
Leisure Services	1,307	1,209	(98)	(120)	-	
Revenues & Benefits	2,531	2,058	(473)	(419)	(14)	The receipt of one-off additional grant income has resulted in a forecast underspend within this area.
Service Improvement	91	45	(46)	-	-	
Strategic Finance	2,563	2,470	(93)	(19)	(27)	
The Hub	1,623	1,551	(72)	(8)	-	
Total Corporate Services	14,488	12,982	(1,506)	(1,054)	(168)	

Revenue Budget Monitoring – Corporate

Service/Budget	Net Controllable Revised Budget 2018-2019 £000	Net Controllable Forecast 2018-2019 £000	Net Controllable Variance (Forecast v Budget) Q3 £000	Net Controllable Variance (Forecast v Budget) Q2 £000	Net Controllable Variance (Forecast v Budget) Q1 £000	Reason for Variance Q3
Governance						
Director of Governance	162	161	(1)	(1)	-	
Governance Services	544	536	(8)	23	(44)	
Legal Services	2,167	2,117	(50)	(29)	-	
Total Governance	2,873	2,814	(59)	(7)	(44)	

Revenue Budget Monitoring – Corporate

Service/Budget	Net Controllable Revised Budget 2018-2019 £000	Net Controllable Forecast 2018-2019 £000	Net Controllable Variance (Forecast v Budget) Q3 £000	Net Controllable Variance (Forecast v Budget) Q2 £000	Net Controllable Variance (Forecast v Budget) Q1 £000	Reason for Variance Q3
Managing Director						
Corporate Business Support	1,492	1,330	(162)	(149)	(154)	The underspend is forecast due to unfilled staff vacancies held across the service.
Corporate Communications	1,951	1,717	(234)	(291)	(109)	The underspend is forecast due to unfilled staff vacancies held across the service along with the drawdown of one-off grant.
Human Resources	1,704	1,698	(6)	(32)	-	
Managing Director	182	180	(2)	(3)	(22)	
Total Managing Director	5,329	4,925	(404)	(475)	(285)	

Revenue Budget Monitoring – Corporate

Service/Budget	Net Controllable Revised Budget 2018-2019 £000	Net Controllable Forecast 2018-2019 £000	Net Controllable Variance (Forecast v Budget) Q3 £000	Net Controllable Variance (Forecast v Budget) Q2 £000	Net Controllable Variance (Forecast v Budget) Q1 £000	Reason for Variance Q3
Corporate Budgets						
Treasury Management Budgets	25,233	25,233	-	-	-	It is currently projected that there may be an overspend against the Treasury Management budget in the region of £2.0 million, primarily as a result of an increase in Minimum Revenue Provision (MRP) charges following a review. If the forecast outturn is realised, the overspend can be met by a future drawdown from the Treasury Management Equalisation Reserve subject to approval by Councillors.
Central Provision for Auto-enrolment and Pay Award Costs	(5,451)	(5,451)	-	-	-	
West Midlands Transport Levy	10,276	10,276	-	-	-	
Environment Agency Levy	71	73	2	-	-	
Birmingham Airport - Rent	(69)	(69)	-	-	-	
Gross Redundancy Costs	-	-	-	-	-	
Capital Receipts Flexibility - Redundancy Costs	-	-	-	-	-	
Apprenticeship Levy	540	474	(66)	(70)	-	
Other Corporate / Transformation Budgets and Contingencies	218	(537)	(755)	(337)	(422)	This is planned underspend in order to help offset overspends within other directorates.
Cross-cutting savings proposals	-	-	-	-	-	
Corporate Adjustments	144	144	-	-	-	

Revenue Budget Monitoring – Corporate

Service/Budget	Net Controllable Revised Budget 2018-2019 £000	Net Controllable Forecast 2018-2019 £000	Net Controllable Variance (Forecast v Budget) Q3 £000	Net Controllable Variance (Forecast v Budget) Q2 £000	Net Controllable Variance (Forecast v Budget) Q1 £000	Reason for Variance Q3
Contribution from the Budget Contingency Reserve re special dividend from Birmingham Airport	-	-	-	-	-	
			-			
Total Corporate Budgets	30,962	30,143	(819)	(407)	(422)	
Total Corporate	53,652	50,864	(2,788)	(1,943)	(919)	

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Revenue Budget Monitoring - Place

Service/Budget	Net Controllable Revised Budget 2018-2019 £000	Net Controllable Forecast 2018-2019 £000	Net Controllable Variance (Forecast v Budget) Q3 £000	Net Controllable Variance (Forecast v Budget) Q2 £000	Net Controllable Variance (Forecast v Budget) Q1 £000	Reason for Variance Q3
Strategic Director Place						
Strategic Director Place	610	591	(19)	-	-	
Total Strategic Director Place	610	591	(19)	-	-	

Revenue Budget Monitoring - Place

Service/Budget	Net Controllable Revised Budget 2018-2019 £000	Net Controllable Forecast 2018-2019 £000	Net Controllable Variance (Forecast v Budget) Q3 £000	Net Controllable Variance (Forecast v Budget) Q2 £000	Net Controllable Variance (Forecast v Budget) Q1 £000	Reason for Variance Q3
Land Property Investment Fund						
Land and Property Investment Support	-	-	-	-	-	
Total Strategic Director Place	-	-	-	-	-	

Revenue Budget Monitoring - Place

Service/Budget	Net Controllable Revised Budget 2018-2019 £000	Net Controllable Forecast 2018-2019 £000	Net Controllable Variance (Forecast v Budget) Q3 £000	Net Controllable Variance (Forecast v Budget) Q2 £000	Net Controllable Variance (Forecast v Budget) Q1 £000	Reason for Variance Q3
Regeneration						
City Development	647	575	(72)	(89)	(20)	
Enterprise	936	890	(46)	2	-	
Planning	944	779	(165)	(60)	(77)	An underspend is projected as a result of vacant posts and other efficiencies across the service.
Director Regeneration	152	180	28	28	12	
Service Director City Economy	-	15	15	14	51	
Local Economy	1,856	1,826	(30)	(5)	(58)	
Visitor Economy	1,149	1,406	257	300	310	An overspend is forecast due to reduced income linked to the implementation of a restructure and holding costs associated with the Civic Halls closure.
Total Regeneration	5,684	5,671	(13)	190	218	

Revenue Budget Monitoring - Place

Service/Budget	Net Controllable Revised Budget 2018-2019 £000	Net Controllable Forecast 2018-2019 £000	Net Controllable Variance (Forecast v Budget) Q3 £000	Net Controllable Variance (Forecast v Budget) Q2 £000	Net Controllable Variance (Forecast v Budget) Q1 £000	Reason for Variance Q3
Commercial Services						
Capital Programme	(93)	127	220	135	135	An overspend is forecast due to a reduction in external income generation opportunities whilst also reflecting the impact of long-term staff absences on the ability to recover chargeable time from capital projects and associated costs.
Catering	(1,025)	(640)	385	342	652	An overspend is forecast due to loss of schools' business offset in part by reduced expenditure for additional hours. Income levels are based upon known service levels and change in such levels will impact on the outturn position. Close monitoring and review of the service has assisted in managing the projected overspend.
Cleaning	1,386	1,455	69	26	30	
Corporate Asset Management	7,773	7,898	125	(294)	(72)	An overspend is forecast reflecting increased costs in regard to Community Associations and aiding statutory compliance works, offset in part by an anticipated underspend on energy costs.
Corporate Landlord Support	500	493	(7)	(12)	-	
Estates and Valuations	(3,989)	(3,935)	54	180	47	
Facilities Management	822	1,184	362	188	175	An overspend is forecast as a result of increased repairs aiding statutory compliance and reduced income from Community Centres.
Head of Corporate Landlord	111	68	(43)	(31)	-	
ICTS	5,822	5,627	(195)	-	-	An underspend is forecast due in part to vacant posts held in acknowledgement of a planned restructure.

Revenue Budget Monitoring - Place

Service/Budget	Net Controllable Revised Budget 2018-2019 £000	Net Controllable Forecast 2018-2019 £000	Net Controllable Variance (Forecast v Budget) Q3 £000	Net Controllable Variance (Forecast v Budget) Q2 £000	Net Controllable Variance (Forecast v Budget) Q1 £000	Reason for Variance Q3
Customer Services	3,246	3,348	102	33	-	An overspend is forecast reflecting an increase in the use of agency resource. Work is underway to reduce agency spend and agree service recharges to mitigate further the projected revenue pressures.
Digital Transformation Programme	400	400	-	-	(6)	
Procurement Services	673	668	(5)	45	(6)	
Maintenance Programme	1,987	2,489	502	(18)	(1)	An overspend is forecast reflecting increased repair and maintenance costs on Council assets and works carried out to ensure statutory compliance.
Total Commercial Services	17,613	19,182	1,569	594	954	

Revenue Budget Monitoring - Place

Service/Budget	Net Controllable Revised Budget 2018-2019 £000	Net Controllable Forecast 2018-2019 £000	Net Controllable Variance (Forecast v Budget) Q3 £000	Net Controllable Variance (Forecast v Budget) Q2 £000	Net Controllable Variance (Forecast v Budget) Q1 £000	Reason for Variance Q3
City Housing						
Housing	1,506	1,249	(257)	(150)	(108)	An underspend is forecast due to currently unfilled staff vacancies, owing to service realignment planning in readiness for 2019-2020 and an increased level of enforcement fees, due to the introduction of a new Service Model for Private Housing Service in October 2018.
Total City Housing	1,506	1,249	(257)	(150)	(108)	

Revenue Budget Monitoring - Place

Service/Budget	Net Controllable Revised Budget 2018-2019 £000	Net Controllable Forecast 2018-2019 £000	Net Controllable Variance (Forecast v Budget) Q3 £000	Net Controllable Variance (Forecast v Budget) Q2 £000	Net Controllable Variance (Forecast v Budget) Q1 £000	Reason for Variance Q3
Public Service Reform						
Public Service Reform	3,618	3,560	(58)	(136)	(98)	
Total Public Service Reform	3,618	3,560	(58)	(136)	(98)	

Revenue Budget Monitoring - Place

Service/Budget	Net Controllable Revised Budget 2018-2019 £000	Net Controllable Forecast 2018-2019 £000	Net Controllable Variance (Forecast v Budget) Q3 £000	Net Controllable Variance (Forecast v Budget) Q2 £000	Net Controllable Variance (Forecast v Budget) Q1 £000	Reason for Variance Q3
City Environment						
Bereavement Services	(1,887)	(1,929)	(42)	(71)	-	
Black Country Transport	34	34	-	-	-	
Environmental Maintenance	6,000	5,998	(2)	-	-	
Fleet Services	216	(23)	(239)	(132)	-	A projected underspend is mainly due to a combination of unfilled vacant posts, reduced spend anticipated on spare parts as a result of investment in fleet and an increase in salvage income from the sale of low value off-hired vehicles.
Highways Maintenance	1,652	1,265	(387)	-	-	An underspend is forecast due to £390,000 of patching revenue expenditure to be capitalised and funded from the Pothole monies capital grant.
Landscape	31	30	(1)	-	-	
Licensing	-	-	-	-	-	
Markets	(614)	(660)	(46)	(19)	(19)	
Operation & Maintenance of Existing Network	1,003	1,048	45	-	-	
Parking Services	(3,512)	(2,693)	819	500	-	An overspend is forecast as a result of reduced car parking and enforcement income due to ongoing transport improvement schemes in the City Centre.
Public Protection	1,877	1,849	(28)	(10)	-	
Service Director City Environment	188	187	(1)	(2)	-	
Street Lighting	2,632	2,763	131	103	-	An overspend is forecast due to an increase in the electricity tariff charged by the energy supplier.

Revenue Budget Monitoring - Place

Service/Budget	Net Controllable Revised Budget 2018-2019 £000	Net Controllable Forecast 2018-2019 £000	Net Controllable Variance (Forecast v Budget) Q3 £000	Net Controllable Variance (Forecast v Budget) Q2 £000	Net Controllable Variance (Forecast v Budget) Q1 £000	Reason for Variance Q3
Transportation	685	816	131	15	-	An overspend is forecast due to an underachievement of internal cost reallocation to capital and Section 38 Adoptions income. This is offset in part by an underspend on School Crossing Patrols unfilled vacant posts.
Waste and Recycling Service	13,752	13,752	-	-	-	
Total City Environment	22,057	22,437	380	384	(19)	
Total Place	51,088	52,690	1,602	882	947	

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Revenue Budget Monitoring - Education

Service/Budget	Net Controllable Revised Budget 2018-2019 £000	Net Controllable Forecast 2018-2019 £000	Net Controllable Variance (Forecast v Budget) Q3 £000	Net Controllable Variance (Forecast v Budget) Q2 £000	Net Controllable Variance (Forecast v Budget) Q1 £000	Reason for Variance Q3
Director of Education						
Adult Education	(150)	(150)	-	-	1	
Director of Education	435	435	-	20	-	
Early Years	289	288	(1)	(3)	-	
School Planning & Resources	383	428	45	30	49	
Central Education	(1,630)	(1,477)	153	162	87	A overspend is forecast due to reduction in income based on schools converting to Academies during 2018-2019.
Schools	-	-	-	-	-	
Skills	2,472	2,342	(130)	(80)	(51)	An underspend is forecast due to unfilled staff vacancies across the service
Special Educational Needs	3,723	3,861	138	30	-	An overspend is forecast due to the cost of transporting children with Special Educational Needs to and from school.
School Improvement	804	574	(230)	(60)	-	An underspend is forecast due to unfilled staff vacancies within Governor Support and School Improvement teams
Total Director of Education	6,326	6,301	(25)	99	86	

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General Fund Budget Risks 2018-2019

Risk	Description	Level of Risk
Medium Term Forecasting	Risks that might materialise as a result of the impact of non-pay inflation and pay awards, uptake of pension auto enrolment, and National Living Wage.	Amber
Service Demands	Risks that might materialise as a result of demands for services outstretching the available resources. This risk often applies to adults and children's social care.	Red
Identification of Budget Reductions	Risks that might materialise as a result of not identifying budget reductions due to limited opportunity to deliver efficiencies.	Amber
Budget Management	Risks that might materialise as a result of the robustness of financial planning and management, in addition to the consideration made with regards to the loss of key personnel or loss of ICTS facilities.	Green
Transformation Programme	Risks that might materialise as a result of not delivering the reductions incorporated into the budget and not having sufficient sums available to fund the upfront and one-off costs associated with delivering budget reductions and downsizing the workforce.	Amber
Reduction in Income and Funding	<p>Risks that might materialise as a result of the Comprehensive Spending Review 2020 and the Fair Funding Review.</p> <p>Risks that might materialise as a result of income being below budgeted levels, claw back, reduction to government grant or increased levels of bad debts.</p> <p>The risk of successful appeals against business rates.</p>	Red
Third Parties	Risks that might materialise as a result of third parties and suppliers ceasing trading or withdrawing from the market.	Amber
Government Policy	Risks that might materialise as a result of changes to Government policy including changes in VAT and taxation rules, the impact of exiting the European Union and, in particular, from the Care Bill.	Amber

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Housing Revenue Account Budget Monitoring

	2018-2019 Budget £000	2018-2019 Forecast Outturn £000	2018-2019 Forecast Variance £000
Income			
Gross rents – dwellings	(89,690)	(88,946)	744
Gross rents – non dwellings	(797)	(779)	18
Charges to tenants for services and facilities	(5,965)	(5,728)	237
Total income	(96,452)	(95,453)	999
Expenditure			
Repairs and maintenance	26,054	25,474	(580)
Supervision and management	20,066	19,185	(881)
Rents, rates and taxes	446	450	4
Increase in provision for bad debts	2,250	1,000	(1,250)
Depreciation of fixed assets	22,056	22,056	-
Total expenditure	70,872	68,165	(2,707)
Net cost of HRA services	(25,580)	(27,288)	(1,708)
Interest payable	10,431	10,311	(120)
Interest and investment income	(37)	(37)	-
(Surplus)/deficit before transfers to/from reserves and provision	(15,186)	(17,014)	(1,828)
Allocation of (surplus)/deficit			
Provision for redemption of debt	15,186	17,014	1,828
Balance for the year	-	-	-

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General Fund Budget Virements

From		To		£000	Reason for Virement
Directorate	Service	Directorate	Service		
Corporate	Strategic Finance	Corporate	Strategic Finance	40	Reduction in grant income matched by reduction in employee budget.
Corporate	Revenues & Benefits	Corporate	Revenues & Benefits	164	Reduction in court costs recovery income matched by reduction in HRA recharges to Revenues & Benefits.
Strategic Director People	MCA General	Adult Services	Welfare Rights	6	Virement of advocacy budget to cover extra working days. Moved from non- salary to salary budget.
Various	Various	Corporate Accounts	Corporate Accounts	953	Efficiency savings transfer.
Various	Various	Corporate	Governance Services	145	Stationery centralisation exercise.
People	Head of Early Intervention	People	Head of People	75	Transfer general expenditure budgets to Head of People.
People	Strengthening Families	People	Service Director	276	To reflect Children's Restructure Implementation November 2018.
People	Children in Care	People	Service Director	321	To reflect Children's Restructure Implementation November 2018.
People	Early Intervention	People	Service Director	255	To reflect Children's Restructure Implementation November 2018.
People	Specialist Support	People	Service Director	224	To reflect Children's Restructure Implementation November 2018.
People	Service Director	People	Service Director	138	DfE Grant Allocation for Phase Two National Assessment and Accreditation System (NASS).
Place	ICTS	Place	ICTS	972	Transfer Budget from Licence to Software.
Place	Customer Services	Place	Customer Services	9	Budget to fund additional customer service hours. Virement between employee and non-employees.
Place	ICTS	Place	ICTS	381	Posts transferred from one cost to other cost centres within ICTS.

General Fund Budget Virements

From		To		£000	Reason for Virement
Directorate	Service	Directorate	Service		
Place	Public Service Reform	Place	Public Service Reform	60	Virement to adjust employee budgets.
Place	Customer Services	Place	ICTS	129	Transfer of employee budgets from Customer Service to ICTS.
People	Specialist Intensive Support	People	Specialist Intensive Support	130	Incorporate one-off Trouble Families funding for family Group Conferencing.

Non-Domestic Rates (NDR) Write Offs to be approved by Cabinet

Account Ref	Write-off Reason	Write-Off Amount £
5040409	Prohibited by Statute	5,516.73
	Total	5,516.73

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Sundry Debts Write Offs to be approved by Cabinet

Account Ref	Write-off Reason	Write-Off Amount £
16003027	Deceased	6,331.37
16008724	Deceased	6,112.03
16029591	Deceased	16,266.00
16045068	No Trace	6,000.00
	Total	34,709.40

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CITY OF WOLVERHAMPTON COUNCIL	Cabinet (Resources) Panel 5 March 2019
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Report title	Treasury Management Activity Monitoring Quarter Three 2018-2019	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Louise Miles Resources	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All Wards	
Accountable Director	Claire Nye, Director of Finance	
Originating service	Strategic Finance	
Accountable employee	Alison Shannon	Chief Accountant
	Tel	01902 554561
	Email	Alison.Shannon@wolverhampton.gov.uk
Report to be/has been considered by	Strategic Executive Board	19 February 2019
	Confident, Capable Council	10 April 2019
	Scrutiny Panel	

Recommendation for decision:

The Cabinet (Resources) Panel is recommended to:

1. Approve the use of the Treasury Management Equalisation Reserve up to the value of £2.0 million in 2018-2019 in the event that an overspend against the General Revenue Account budget is realised.

Recommendations for noting:

The Cabinet (Resources) Panel is recommended to note:

1. 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 for 2018-2019.

2. That a revenue net overspend of £2.0 million for the General Revenue Account and an underspend of £171,000 for the Housing Revenue Account (HRA) are forecast from treasury management activities in 2018-2019.
3. That the Prudential and Treasury Management Indicators included in this report are the same figures as those seen by Cabinet on 20 February 2019 and will be submitted for approval by Council on 6 March 2019.

1.0 Purpose

- 1.1 This report provides a monitoring and progress report on treasury management activity for the third quarter of 2018-2019 and highlights the revised Prudential Indicators which are subject to approval by Council on 6 March 2019.

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 2018-2019 report which can be accessed online on the Council's website by following the link:

<http://wolverhampton.moderngov.co.uk/ieListDocuments.aspx?CId=130&MId=7536&Ver=4>

- 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 In December 2017 CIPFA updated and released new versions of both the Code of Practice on Treasury Management and Prudential Code. Although the Codes had been released and are effective for the 2018-2019 financial year, the detailed sector specific guidance had not been issued at the point of writing in February 2018 and therefore, the strategy statements for 2018-2019 were prepared on an interpretation of the Codes. In addition, in February 2018 the Ministry of Housing, Communities & Local Government issued its new Statutory Guidance on Local Government Investments and Minimum Revenue Provision. The detailed guidance notes for the Codes have now been published and these have been reviewed along with the new Statutory Guidance by the Director of Finance and the changes are discussed below.
- 2.5 The Council's Capital Strategy, a new requirement under the Prudential Code, was seen by Cabinet on 20 February 2019 as part of the 'Capital programme 2018-2019 to 2022-2023 quarter three review and 2019-2020 to 2023-2024 budget strategy' report and will be submitted for approval by Council on 6 March 2019.
- 2.6 Furthermore, as part of the 'Treasury Management Strategy 2019-2020' report to Cabinet on 20 February, a revised set of Prudential and Treasury Management Indicators, which included the new requirement for the identification of commercial/non-financial investments were submitted and require approval by Council on 6 March 2019. The same report also included a recommendation for Council to remove the Local Prudential

Indicator LPI 2 – HRA limit on indebtedness from the 2018-2019 Prudential and Treasury Management Indicators approved by Council on 7 March 2018. This indicator compared the HRA Debt Limit (the borrowing cap) with the HRA Capital Financing Requirement and can be seen below.

LPI 2 - 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. This indicator was called PI 7 up to 2018-2019.

	Approved by Council 7 March 2018		
	2018-2019	2019-2020	2020-2021
	Forecast £000	Forecast £000	Forecast £000
HRA Debt Limit *	356,770	356,770	356,770
HRA Capital Financing Requirement	279,027	307,117	335,603
Headroom	77,743	49,653	21,167

In October 2018 it was announced that the borrowing cap would be revoked with effect from 30 October 2018, hence Council on 6 March 2019 will be asked to approve the removal of this indicator from those approved by Council on 7 March 2018. This revised set of indicators include the 2018-2019 financial year and can be seen in Appendix 1 to this report.

- 2.7 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.
 - 2.8 The Council continues to use Link Asset Services as its treasury management advisors throughout 2018-2019. Link 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 2018-2019 forecast**
- 3.1 The forecast outturn for treasury management activities in 2018-2019 compared to budget is shown in Table 1.

Table 1 – Treasury management budget and forecast outturn 2018-2019

	Revised Budget £000	Forecast Outturn £000	Variance at Quarter three £000
General	26,663	28,624	1,961
Housing Revenue Account	10,431	10,260	(171)
Total before use of reserve	37,094	38,884	1,790
Approved use of the Treasury Management Equalisation Reserve	(1,430)	(1,430)	-
Total after use of reserve	35,664	37,454	1,790

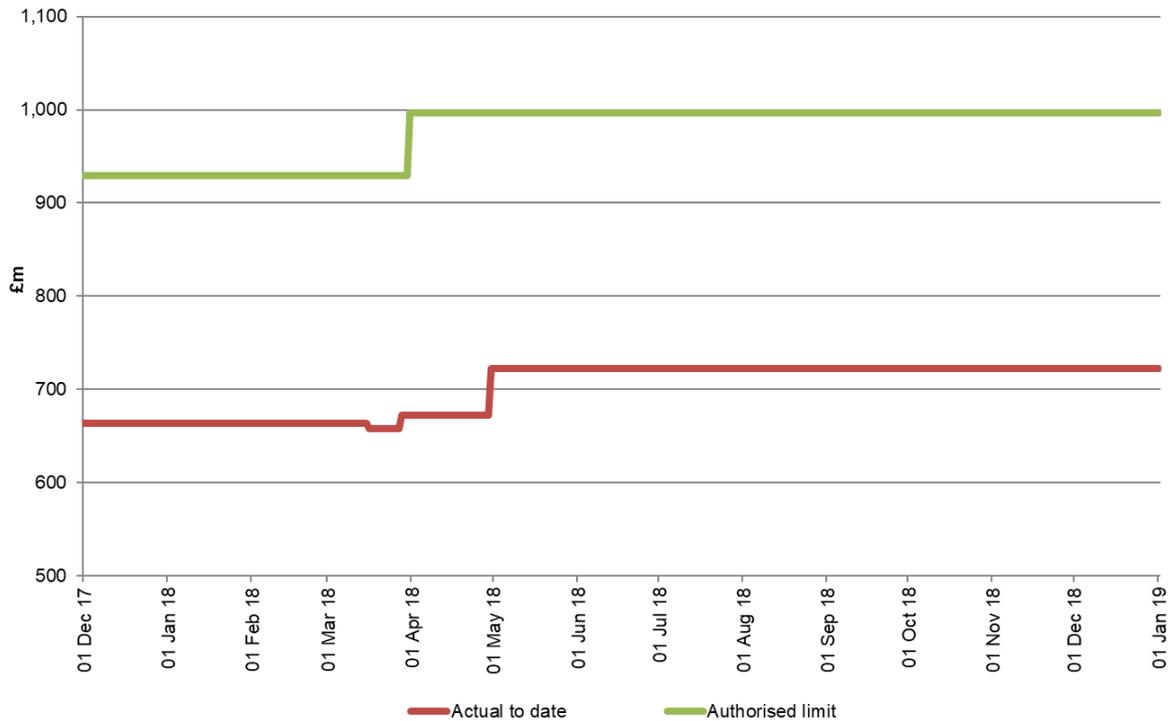
- 3.2 A revenue net overspend of £2.0 million for the General Revenue Account and an underspend of £171,000 for the HRA are projected for the year 2018-2019. For the General Revenue Account the main reasons are as previously reported; an increase in MRP charges for the year, following a review of MRP, offset against an underspend due to a reduced borrowing need in year because of re-phasing in the capital programme. If the forecast outturn is realised the overspend can be met by a further drawdown from the Treasury Management Equalisation Reserve subject to approval by Councillors. Cabinet (Resources) Panel approval is therefore sought for the use of the Treasury Management Equalisation Reserve up to the value of £2.0 million in 2018-2019 in the event that an overspend against the General Revenue Account budget is realised. 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 efficiencies wherever possible.
- 3.3 Appendix 1 to this report shows the revised Prudential and Treasury Management Indicators over the medium term period which are subject to approval by Council on 6 March 2019.
- 4.0 Borrowing forecast for 2018-2019**
- 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 2017-2018 and forecast for 2018-2019.

Table 2 – Average interest rate payable in 2017-2018 and 2018-2019

	2017-2018 Actual	2018-2019 Forecast
Average Interest Rate Payable	3.74%	3.75%

- 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 2 to this report shows the maturity profile of external borrowing.
- 4.4 As always, the Council needs to be mindful that the opportunity to secure short term savings by postponing longer term borrowing requirements takes into account the risk of long term rates increasing in the future. Appendix 3 to this report includes the Link Asset Services commentary for quarter three 2018-2019 and forecasts that interest rates across all periods will increase up to March 2022. 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 2018 is £722.9 million. Appendix 4 to this report shows a summary of this position along with a detailed breakdown of new loans and repayments made throughout the year. £6.0 million of existing borrowing is due to be repaid in quarter four.

4.7 In March 2018, Council approved a net borrowing requirement for 2018-2019 of £151.2 million. The forecast net borrowing requirement for 2018-2019 is £123.9 million, as shown in Appendix 5 to this report. 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 Public Works Loan Board (PWLB) rates.

5.0 Investment forecast for 2018-2019

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 2018 and 31 December 2018.

Table 3 – Total amounts invested 2018-2019

	30 September 2018 £000	31 December 2018 £000
Business Reserve Accounts	220	67
Money Market Funds	11,465	13,975
	11,685	14,042
Average cash balance for the year to date	20,901	20,588

- 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 risk appetite.
- 5.4 The Council's cash flow balance for the third quarter of the current financial year has moved between a low of £8.9 million and a maximum of £31.7 million. The average cash balance for the quarter being £20.0 million.
- 5.5 Table 4 shows the budgeted average rate of interest receivable in 2018-2019 and the forecast for the year.

Table 4 – Average interest rate receivable in 2018-2019

	2018-2019 Budget	2018-2019 Forecast
Average Interest Rate Receivable	0.30%	0.62%

- 5.6 Due to the continuing low interest rates on offer, a prudent percentage was used for budgeting purposes, as can be seen a slightly higher rate is forecast based on rates achieved so far during the year.
- 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 6 to this report shows the Council's current specified investments lending list.
- 5.10 In quarter three 2018-2019 the Director of Finance has not been required to use her discretion to temporarily exceed any upper limits with approved counter-parties.
- 5.11 As mentioned in the 'Treasury Management Activity Monitoring - Mid Year Review 2018-2019' report, the impact of the latest EU reform on Money Market Funds (MMF) was being reviewed by the Director of Finance. Following this review and under the delegation to the Director of Finance, the Treasury Management Policy and Practices and Annual Investment Strategy 2018-2019 have been amended to reflect the revised category of the Council's MMF. The amendments approved by the Director of Finance are not anticipated to cause any operational or performance differences of the funds but are more of a technical change to reflect the category they will now fall under.

6.0 Evaluation of alternative options

- 6.1 As this is a monitoring report of treasury management activities undertaken in line with the approved Treasury Management Strategy 2018-2019, there are no alternative options available.

7.0 Reasons for decision

- 7.1 This report provides an update on treasury management activities undertaken in line with the approved Treasury Management Strategy 2018-2019.

8.0 Financial implications

- 8.1 The financial implications are discussed in the body of this report.
[SH/12022019/L]

9.0 Legal implications

- 9.1 The Council's Treasury Management activity must be carried out in accordance with the requirements of the Local Government Act 2003. In addition, the Local Government and Housing Act 1989 sets out requirements for local authorities in respect of capital controls, borrowing and credit arrangements. The Council is also required to comply with the Local Authority (Capital Finance and Accounting) (England) (Amendment) Regulations 2008.
- 9.2 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.

9.3 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 and 2018. Part 2 of this Guidance is statutory guidance.
[TS/08022019/T]

10.0 Equalities implications

10.1 There are no equalities implications arising from this report.

11.0 Environmental implications

11.1 There are no environmental implications arising from this report.

12.0 Human resources implications

12.1 There are no human resources implications arising from this report.

13.0 Corporate Landlord implications

13.1 There are no corporate landlord implications arising from this report.

14.0 Health and Wellbeing implications

14.1 There are no health and wellbeing implications arising from this report.

15.0 Schedule of background papers

15.1 Treasury Management Strategy 2018-2019, Report to Cabinet, 20 February 2018

15.2 Treasury Management – Annual Report 2017-2018 and Activity Monitoring Quarter One 2018-2019, Report to Cabinet, 11 July 2018

15.3 Draft Budget and Medium Term Financial Strategy 2019-2020 to 2020-2021, Report to Cabinet, 17 October 2018

15.4 Treasury Management Activity Monitoring – Mid Year Review 2018-2019, Report to Cabinet, 21 November 2018

15.5 Capital programme 2018-2019 to 2022-2023 quarter three review and 2019-2020 to 2023-2024 budget strategy, Report to Cabinet, 20 February 2019

15.6 Treasury Management Strategy 2019-2020, Report to Cabinet, 20 February 2019

16.0 Appendices

16.1 Appendix 1: Prudential and Treasury Management Indicators

16.2 Appendix 2: Borrowing maturity profile

- 16.3 Appendix 3: Link commentary
- 16.4 Appendix 4: Borrowing type, borrowing and repayments
- 16.5 Appendix 5: Disclosure for certainty rate
- 16.6 Appendix 6: Lending list

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Prudential Indicators (PI) required by The Prudential Code

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

PI 1 - Estimates and actual capital expenditure.

Full details of capital expenditure plans and funding can be found in the quarter three capital budget monitoring 2018-2019 report.

	Approved by Council 7 March 2018			For approval by Council 6 March 2019		
	2018-2019 Forecast £000	2019-2020 Forecast £000	2020-2021 Forecast £000	2018-2019 Forecast £000	2019-2020 Forecast £000	2020-2021 Forecast £000
General *	147,670	85,025	41,747	100,525	170,756	59,398
HRA	64,390	69,390	67,650	49,772	99,350	90,770
	212,060	154,415	109,397	150,297	270,106	150,168
* Commercial activities / non-financial investments included in General figure. These relate to areas such as capital expenditure on investment properties and loans to third parties etc.	-	-	-	15,515	17,000	17,350

PI 2 - Estimates and actual capital financing requirement General and HRA.

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

	Approved by Council 7 March 2018			For approval by Council 6 March 2019		
	2018-2019 Forecast £000	2019-2020 Forecast £000	2020-2021 Forecast £000	2018-2019 Forecast £000	2019-2020 Forecast £000	2020-2021 Forecast £000
General *	736,387	765,583	779,265	651,714	729,726	745,447
HRA	279,027	307,117	335,603	257,200	308,896	356,087
	1,015,414	1,072,700	1,114,868	908,914	1,038,622	1,101,534
* Commercial activities / non-financial investments included in General figure. These relate to areas such as capital expenditure on investment properties and loans to third parties etc.	-	-	-	25,325	36,286	25,763
Movement in capital financing requirement represented by:						
New borrowing for capital expenditure	-	-	-	65,336	166,189	100,479
Less minimum revenue provision/voluntary minimum revenue provision	-	-	-	(32,944)	(36,481)	(37,567)
Movement in capital financing requirement	-	-	-	32,392	129,708	62,912

PI 3 - 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).

	For approval by Council 6 March 2019		
	2018-2019 Limit £000	2019-2020 Limit £000	2020-2021 Limit £000
Borrowing	996,745	1,054,931	1,138,865
Other Long Term Liabilities	90,754	86,553	82,275
Total Authorised Limit *	1,087,499	1,141,484	1,221,140
Actual and Forecast External Debt as at 31 December 2018	881,513	1,038,222	1,101,133
Variance (Under) / Over Authorised limit	(205,986)	(103,262)	(120,007)
* Commercial activities / non-financial investments included within this figure.	28,934	40,042	37,155

Prudential Indicators (PI) required by The Prudential Code

PI 4 - 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.

	For approval by Council 6 March 2019		
	2018-2019 Limit £000	2019-2020 Limit £000	2020-2021 Limit £000
Borrowing	964,873	1,013,398	1,113,771
Other Long Term Liabilities	90,731	86,545	82,268
Total Operational Boundary Limit *	1,055,604	1,099,943	1,196,039
Actual and Forecast External Debt as at 31 December 2018	881,513	1,038,222	1,101,133
Variance (Under) / Over Operational Boundary Limit	(174,091)	(61,721)	(94,906)
* Commercial activities / non-financial investments included within this figure.	25,605	37,155	37,155

PI 5 - 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".

	Approved by Council 7 March 2018			For approval by Council 6 March 2019		
	2018-2019 Forecast £000	2019-2020 Forecast £000	2020-2021 Forecast £000	2018-2019 Forecast £000	2019-2020 Forecast £000	2020-2021 Forecast £000
Forecast Capital Financing Requirement at end of Second Year	1,114,868	1,114,868	1,114,868	1,101,535	1,122,670	1,123,546
Gross Debt	945,480	1,023,937	1,089,641	881,513	1,038,222	1,101,133
Capital Financing Requirement Greater than Gross Debt	Yes	Yes	Yes	Yes	Yes	Yes

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 6 - 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 General and HRA.

	Approved by Council 7 March 2018			For approval by Council 6 March 2019		
	2018-2019 Forecast	2019-2020 Forecast	2020-2021 Forecast	2018-2019 Forecast	2019-2020 Forecast	2020-2021 Forecast
General *	11.5%	15.6%	17.1%	12.5%	14.3%	17.2%
HRA	34.0%	33.6%	34.7%	33.8%	34.5%	35.5%
* Commercial activities / non-financial investments included in General figure. These relate to areas such as capital expenditure on investment properties and loans to third parties etc.	-	-	-	0.4%	0.7%	0.7%

Local Prudential Indicators (LPI) set by City of Wolverhampton Council

LPI 1 - 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 7 March 2018			As at 31 December 2018		
	2018-2019	2019-2020	2020-2021	2018-2019	2019-2020	2020-2021
	Forecast £	Forecast £	Forecast £	Forecast £	Forecast £	Forecast £
Financial year impact						
Implications of the capital programme for year:						
For Band D council tax	215.17	277.34	326.34	64.30	200.48	254.26
For average weekly housing rents	3.44	6.79	10.04	1.64	7.19	12.22
Marginal impact to previous quarter						
Implications of the capital programme for year:						
For Band D council tax	(45.46)	2.78	21.68	(29.88)	(3.33)	0.34
For average weekly housing rents	0.33	0.78	1.17	(0.94)	0.60	2.87

LPI 2 - 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 7 March 2018			For approval by Council 6 March 2019		
	2018-2019	2019-2020	2020-2021	2018-2019	2019-2020	2020-2021
	Forecast £000	Forecast £000	Forecast £000	Forecast £000	Forecast £000	Forecast £000
HRA Debt Limit *	356,770	356,770	356,770	-	-	-
HRA Capital Financing Requirement	279,027	307,117	335,603	-	-	-
Headroom	77,743	49,653	21,167	-	-	-

* With effect 30 October 2018 the HRA Debt Limit was revoked.

Treasury Management Indicators (TMI) required by The Treasury Management Code

TMI 1 - Upper limits to the total of principal sums invested over 365 days.
This details the maximum amount which can be invested for up to 5 years (as per paragraph 1.5 of the Annual Investment Strategy). It has been determined that a maximum of 50% of total investments with a cap of £35.0 million could be prudently committed to long term investments should the Director of Finance decide it is appropriate to.

	Approved by Council 7 March 2018		
	2018-2019	2019-2020	2020-2021
	Limit £000	Limit £000	Limit £000
Upper limit for more than 365 days	35,000	35,000	35,000
Actual and Forecast Invested at 31 December 2018	-	-	-
Variance (Under) / Over Limit	(35,000)	(35,000)	(35,000)

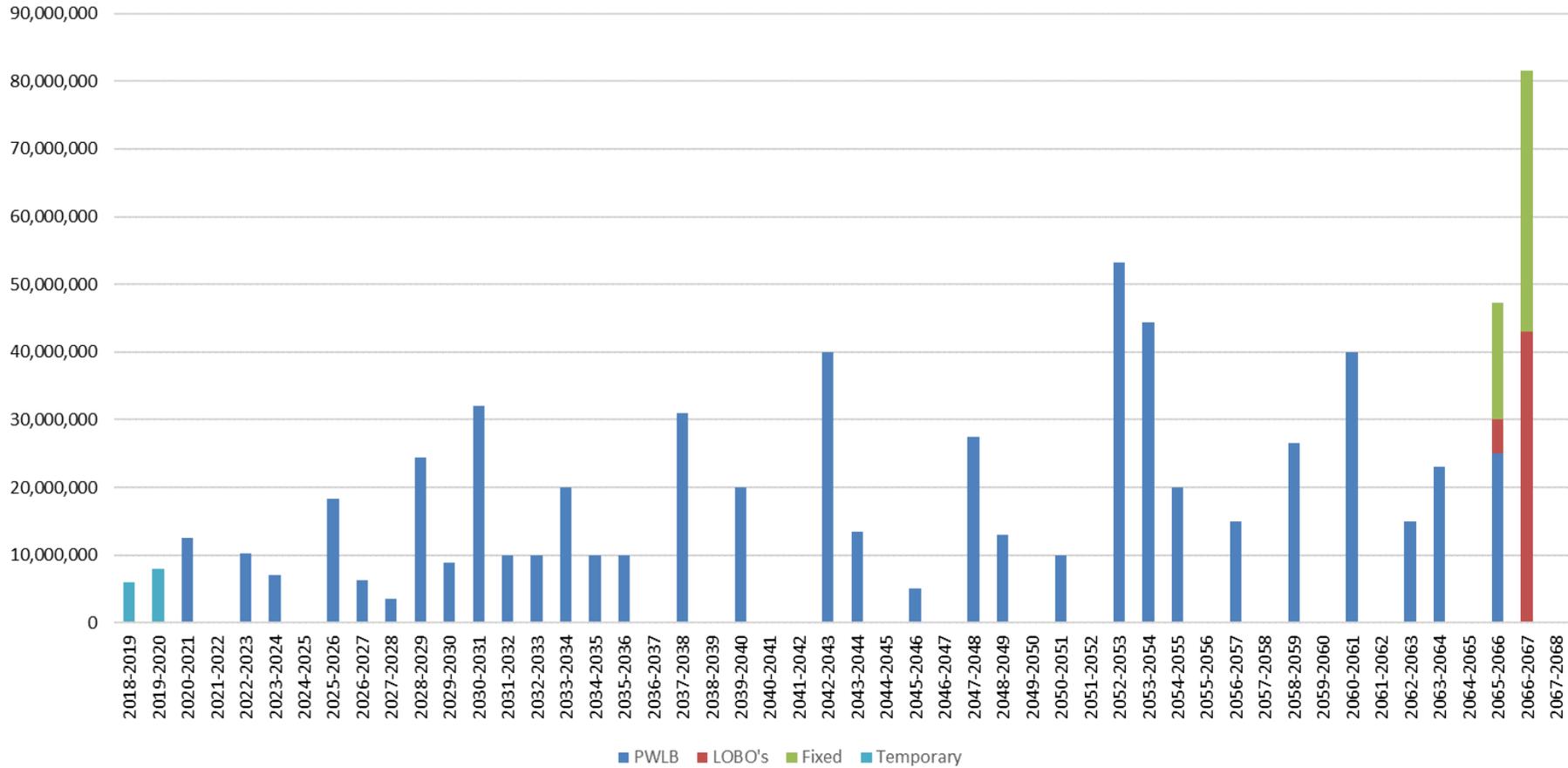
TMI 2 - Upper and lower limits to the maturity structure of its borrowing.
These limits relate to the % of fixed and variable rate debt maturing. Upto 2018-2019 this indicator only included fixed rate debt, the new Code of Practice issued December 2017 changed this requirement to include variable debt from 2018-2019.

	Approved by Council 7 March 2018		For approval by Council 6 March 2019		
	Upper Limit	Lower Limit	Upper Limit	Lower Limit	2018-2019 Forecast Borrowing
Under 12 months	25%	0%	25%	0%	5.82%
12 months and within 24 months	25%	0%	25%	0%	1.58%
24 months and within 5 years	40%	0%	40%	0%	2.19%
5 years and within 10 years	50%	0%	50%	0%	6.63%
10 years and within 20 years			50%	0%	16.68%
20 years and within 30 years			50%	0%	19.57%
30 years and within 40 years	90%	50%	50%	0%	21.39%
40 years and within 50 years			50%	0%	26.14%
50 years and within 60 years			50%	0%	-

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Borrowing Maturity Profile at 31 December 2018

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Link Commentary

Economic Background

UK

After weak economic growth of only 0.1% in quarter one, growth picked up to 0.4% in quarter 2 and to 0.6% in quarter 3. However, uncertainties over Brexit look likely to cause growth to have weakened again in quarter four. After the Monetary Policy Committee raised Bank Rate from 0.5% to 0.75% in August, it is little surprise that they have abstained from any further increases since then. We are unlikely to see any further action from the MPC until the uncertainties over Brexit clear. In the event of a disorderly exit, the MPC have said that rates could go up or down, though it is probably much more likely to be down so as to support growth. Nevertheless, the MPC does have concerns over the trend in wage inflation which peaked at a new post financial crisis high of 3.3%, (excluding bonuses), in the three months to October. The main issue causing this is a lack of suitably skilled people due to the continuing increase in total employment and unemployment being near to 43 year lows. Correspondingly, the total level of vacancies has risen to new highs.

As for CPI inflation itself, this has been on a falling trend, reaching 2.3% in November. However, in the November Bank of England Inflation Report, the latest forecast for inflation over the two year time horizon was raised to being marginally above the MPC's target of 2%, indicating a slight build up in inflationary pressures.

The rise in wage inflation and fall in CPI inflation is good news for consumers as their spending power is improving in this scenario as the difference between the two figures is now around 1%, i.e. a real terms increase. Given the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months.

In the political arena, there is a risk that the current Conservative minority government may be unable to muster a majority in the Commons over Brexit. However, our central position is that Prime Minister May's government will endure, despite various setbacks, along the route to Brexit in March 2019. If, however, the UK faces a general election in 2019, this could result in a potential loosening of monetary policy and therefore medium to longer dated gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up.

EU

Growth fell in quarter 3 to 0.2% from 0.4% in quarter 2 but this is likely to be a one off blip caused primarily by a one off fall in car production. The ECB forecast growth in 2018 to be 1.9% falling to 1.7% in 2020. The ECB ended its programme of quantitative easing purchases of debt in December, which now means that the central banks in the US, UK and EU have all now ended the phase of post financial crisis expansion of liquidity supporting world financial markets.

USA

President Trump's massive easing of fiscal policy in 2018 fuelled a (temporary) boost in consumption in 2018 which generated an upturn in the strong rate of growth; this rose from 2.2%, (annualised rate), in quarter 1 to 4.2% in quarter 2 and 3.5% in quarter 3. The strong growth in employment numbers has fed through to an upturn in wage inflation which hit 3.1% in November, However, CPI inflation overall fell to 2.2% in November and looks to be on a falling trend to drop below the Fed's target of 2% during 2019. The Fed increased rates another 0.25% in December to between 2.25% and 2.50%, this being the fifth increase in 2018 and the ninth in this cycle. However, they did also reduce their forecast for further increases from three to two. This latest increase compounded investor fears that the Fed is over doing the rate and level of increases in rates and that it is going to cause a US recession as a result. There is also much evidence in previous monetary policy cycles of the Fed's series of increases doing exactly that. Consequently, we have seen stock markets around the world plunging under the weight of fears around the Fed's actions, the trade war between the US and China, an expectation that world growth will slow, Brexit etc.

China

Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems.

Japan

Japan has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy.

Interest rate forecast

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

Link Asset Services Interest Rate View													
	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
BANK RATE	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%	1.75%	2.00%
5 yr PWLB	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%	2.80%
10 yr PWLB	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%
25 yr PWLB	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%	3.50%	3.50%	3.60%	3.60%
50 yr PWLB	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	3.40%

After the August increase in Bank Rate to 0.75%, the first above 0.5% since the financial crash, the MPC has since then put any further action on hold, probably until such time as the fog of Brexit clears and there is some degree of certainty of what the UK will be heading into. It is particularly unlikely that the MPC would increase Bank Rate in February 2019 ahead of the deadline in March for Brexit, if no agreement on Brexit has been reached by then. The above forecast, and other comments in this report, are based on a central assumption that there is an

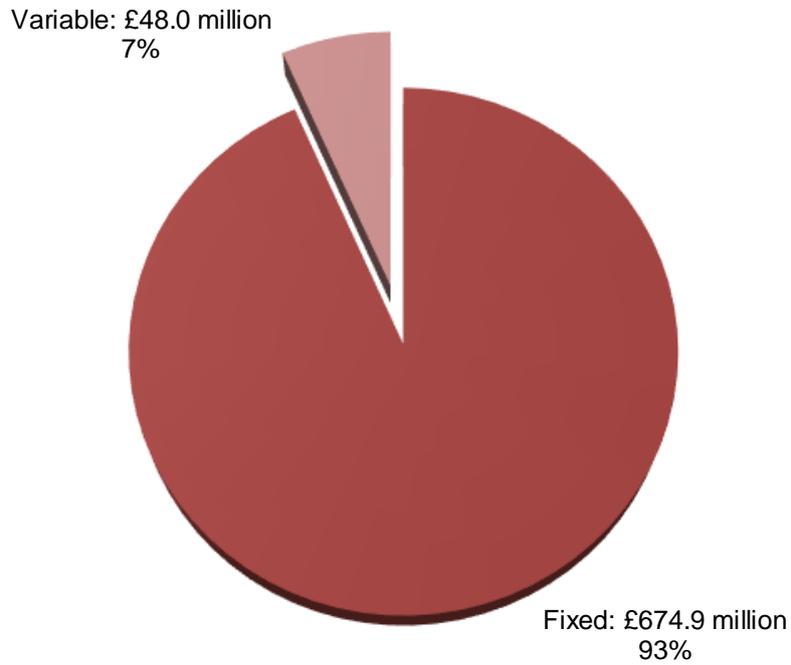
agreement on a reasonable form of Brexit. In that case, then we think that the MPC could return to increasing Bank Rate in May 2019 but then hold fire again until February 2020. However, this is obviously based on making huge assumptions which could be confounded. In the event of a disorderly Brexit, then cuts in Bank Rate could well be the next move.

The balance of risks to the UK

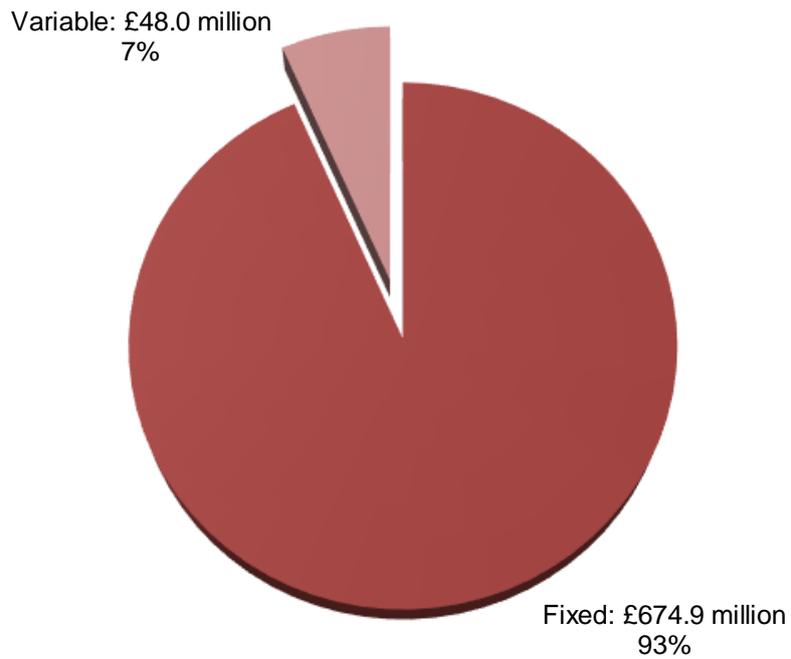
- The overall balance of risks to economic growth in the UK is probably neutral.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates, are probably also even and are broadly dependent on how strong GDP growth turns out, how slowly inflation pressures subside, and how quickly the Brexit negotiations move forward positively.

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Borrowing by Type
As at 30 September 2018



As at 31 December 2018



Borrowing and Repayments in 2018-2019

	Start Date	Maturity Date	Amount £000	Length	Interest Rate	Full Year Interest £
2018-2019 Borrowing						
PWLB Fixed Maturity:				years		
507271	30/04/2018	30/04/2028	20,000	10	2.40%	480,000
507272	30/04/2018	30/04/2034	10,000	16	2.66%	266,000
507273	30/04/2018	30/04/2054	20,000	36	2.61%	522,000
Sub total for PWLB			50,000		2.56%	1,268,000
Temporary Loans:						
No activity in quarter 3						
Grand total borrowing						
			50,000			1,268,000

	Start Date	Maturity Date	Amount £000	Length	Interest Rate	Full Year Interest £
2018-2019 Repayments						
PWLB Fixed Maturity:						
No activity in quarter 3						
Temporary Loans:						
No activity in quarter 3						
Net movement						
			50,000			1,268,000

Disclosure for Certainty Rate

Certainty Rate

This table details the information that is required to enable the Council to submit a return for 2018-2019

	Approved by Council 7 March 2018			As at 31 December 2018		
	2018-2019 Forecast £000	2019-2020 Forecast £000	2020-2021 Forecast £000	2018-2019 Forecast £000	2019-2020 Forecast £000	2020-2021 Forecast £000
Net Borrowing Requirement:						
Borrowing to finance planned capital expenditure	134,207	89,303	74,461	65,239	166,129	100,373
Existing maturity loans to be replaced during the year	40,000	72,000	62,500	87,682	73,000	62,500
Less:						
Minimum Revenue Provision for debt repayment	(7,775)	(14,650)	(16,316)	(12,012)	(15,445)	(18,247)
Voluntary debt repayment	(15,186)	(13,241)	(11,700)	(17,013)	(16,850)	(14,937)
	(22,961)	(27,891)	(28,016)	(29,025)	(32,295)	(33,184)
Loans replaced less debt repayment	17,039	44,109	34,484	58,657	40,705	29,316
Net Advance Requirement	151,246	133,412	108,945	123,896	206,834	129,689

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Lending List

2018-2019 Specified Investments as at 31 December 2018

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 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
DBS Bank Ltd	Singapore (AAA)	10,000	6 mths
HSBC Bank plc	UK (AA)	10,000	6 mths
National Australia Bank Ltd	Australia (AAA)	10,000	6 mths
National Bank of Abu Dhabi	Abu Dhabi (U.A.E) (AA)	5,000	3 mths
Oversea Chinese Banking Corporation Ltd	Singapore (AAA)	10,000	6 mths
Royal Bank of Canada	Canada (AAA)	10,000	6 mths
Toronto Dominion Bank	Canada (AAA)	10,000	6 mths
United Overseas Bank Ltd	Singapore (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 AAmmf	20,000	Instant Access
Standard Life Investments Sterling Liquidity Fund	Fitch AAmmf	20,000	Instant Access
Federated Short-Term Sterling Prime Fund	Fitch AAmmf	20,000	Instant Access
Black Rock Sterling Liquidity Fund	Moody's Aaa-nf	20,000	Instant Access
Scottish Widows Sterling Liquidity Fund	Moody's Aaa-nf	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.

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CITY OF WOLVERHAMPTON COUNCIL	Cabinet (Resources) Panel 5 March 2019
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Report title	Police and Crime Commissioner Grant Allocation 2019-2020	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Hazel Malcolm Public Health and Wellbeing	
Key decision	Yes	
In forward plan	Yes	
Wards affected	All	
Accountable Director	John Denley, Director of Public Health	
Originating service	Community Safety	
Accountable employee	Lynsey Kelly	Head of Community Safety
	Tel	01902 550042
	Email	Lynsey.kelly@wolverhampton.gov.uk
Report to be/has been considered by	Public Health Leadership Team	12 February 2019

Recommendation for decision:

The Cabinet (Resources) Panel is recommended to:

1. Approve delegation of the Police Grant Community Fund 2019-2020 allocation from the Police and Crime Commissioner (PCC) to Safer Wolverhampton Partnership (SWP) for the purposes of delivering against the city's Community Safety and Harm Reduction Strategy 2017-2020.

1.0 Purpose

- 1.1 To seek delegation of the Police Grant Community Fund allocation 2019-2020 from the Police and Crime Commissioner (PCC) to Safer Wolverhampton Partnership (SWP) in line with grant conditions, to aid delivery of agreed city-wide crime and community safety objectives.

2.0 Background

- 2.1 The PCC makes an annual allocation of grant to the seven Community Safety Partnerships within the West Midlands metropolitan area to support delivery of their strategic plans. Direct funding from the PCC has been reducing year on year due to both budget reductions and an increase in centralised commissioning by the PCC. Funding for the financial year 2019-2020 will see further reductions in the local allocation as the PCC will be funding more services on a West Midlands Metropolitan area basis.
- 2.2 The City's Community Safety and Harm Reduction Strategy 2017-2020 will be entering its final year of delivery; a period of strategic priority setting SWP will commence over the summer of 2019 to inform SWP's strategic plans from 2020.
- 2.3 The following strategic priorities feature within the current strategy:

Strategic Priority	Outcomes
Reducing Reoffending	<ul style="list-style-type: none"> ➤ Reduced adult and youth re-offending ➤ Improved use of tools and powers to effectively manage offenders ➤ Development of a risk-based, stepped model for high volume offenders ➤ Improved use of pathways to change offender attitudes and behaviours ➤ Earlier identification of young people in need of support
Violence Prevention	<ul style="list-style-type: none"> ➤ Improved understanding of risk to prevent offending and harm ➤ Improved use of tools and powers ➤ Increased confidence in reporting ➤ Reduced prevalence of violent crime ➤ More effective management of threat and risk
Reducing Victimisation	<ul style="list-style-type: none"> ➤ Increased reporting of under-reported crime ➤ Reduced victimisation by adopting a whole family approach ➤ Improved prevention interventions ➤ Earlier identification of individuals at risk ➤ Strengthened community response

- 2.4 There is an expectation that local delivery should also be aligned to PCC priorities detailed in the West Midlands Strategic Police and Crime Plan. The key features of the draft plan as they currently stand are summarised below:

- **Protecting from harm**
Working with partners to reduce harm through intervening and protecting
- **Supporting victims of crime**
Supporting victims so they can cope and recover from the impact of crime
- **Building trust and confidence in our police**
How West Midlands Police will ensure that the public has faith in the work it does on their behalf
- **Strengthening communities and growing the economy**
Supporting communities through local policing, encouraging people to become more active citizens and the key role that policing has to play in the economy
- **Building a modern police service**
How West Midlands Police will respond to the financial challenges we face and the plans in place to make sure we have a modern and effective workforce
- **Standing up for young people**
Giving young people the opportunities they need to contribute to society
- **Tackling national and international threats**
Working with partners to deliver the Strategic Policing Requirement, including an increased response to the threat of cyber crime.

3.0 Funding Availability

- 3.1 The PCC has taken the decision that where local delivery supports priorities within the Police and Crime Plan, there is scope to draw on other funding streams within the PCC's control to fund these local services centrally. The establishment of a West Midlands Community Safety Partnership (CSP) in 2017 has allowed greater oversight of spend across the seven metropolitan areas from the PCC grant, to identify efficiencies in how some of these services are commissioned.
- 3.2 The PCC successfully secured Home Office Early Intervention Youth Funding (EIYF) totalling £2.8M. The allocation for Wolverhampton is being used to deliver continuation of existing gang/youth violence services, plus some additional provision. The EIYF allocation, announced in late November 2018 provides a small allocation during 2018-2019 and a further allocation for 2019-2020. to spend on youth interventions to tackle the rising issue of violence and exploitation amongst young people.
- 3.3 Whilst historically, there has been no agreed funding formula for local grant allocation, recognising the differences within each area, the PCC agreed to resource only those services deemed by each area to be critical to meet immediate need. For Wolverhampton these services are detailed in the table below and will be met from either a centrally funded or a local allocation.

3.4

2018-2019 Delivery	Local Grant £	Centrally Funded* £	2019-2020 Delivery	Local Grant £	Centrally Funded* £
Violence Against Women and Girls: Strategy Coordination Training Provision Independent Domestic Violence (DV) Advisors x 2 Multi Agency Risk Assessment Conference (MARAC) Coordinator	155,000		Violence Against Women and Girls: Strategy Coordination Training provision (Q1) MARAC Coordinator Independent DV Advisors x 2	67,250	83,000
Domestic Homicide Reviews		As needed	Domestic Homicide Reviews		As needed
Youth Offending (Youth Inclusion Support Programme)		66,000	Youth Offending (Youth Inclusion Support Programme)		66,000
Prevent and Cohesion Officer	37,000		Prevent and Cohesion Officer	37,000	
Gangs/Youth Violence Interventions	20,000	40,000	Gangs/Youth Violence Interventions		110,000
Domehawk Deployment	9,500				
Engagement Activity (PACT)	7,500		Engagement Activity (PACT)	10,000	
Totals	229,000	106,000	Totals	114,250	259,000
Cumulative total £335,000			Cumulative total £373,250		

*Centrally funded delivery has been resourced from Victims Commission or Early Intervention Youth Fund.

3.5 The PCC budget allocation of £114,250 has been determined by considering the critical services required by Wolverhampton to ensure that local need is met. All other services will be provided on a force-wide basis to improve efficiency or will be decommissioned if they do not align with PCC regional strategic priorities.

4.0 Police and Crime Commissioner Allocations

4.1 The table below shows the direct allocation given to each local authority area for 2019-2020. These amounts do not include any services provided on a regional basis.

LA	2018/19 Allocation (£)	2019/20 Allocation (£)
Birmingham	1,173,017	632,952
Coventry	177,000	100,000
Dudley	253,924	127,424
Sandwell	208,000	124,500
Solihull	166,750	107,200
Walsall	172,500	121,000
Wolverhampton	229,000	114,250

4.2 Increasingly, during the current financial year, delivery has focussed mainly on shaping mainstream resources and a combination of available funding streams. It is anticipated that during 2019-2020, this focus should continue, and relationships strengthened between other City-wide forums to identify opportunities for joint commissioning, both across partners operating within the city and with the Community Safety Partnerships (CSPs) covering the six other areas which make up the West Midlands Metropolitan area.

5.0 Evaluation of alternative options

5.1 The PCC grant is allocated specifically for use by the SWP to contribute to the City's Community Safety and Harm Reduction Strategy 2017-2020 through delivery of activity set out in a costed plan.

6.0 Reasons for decision

6.1 As CWC is the Responsible Authority for SWP's budget, formal delegation from Cabinet (Resources) Panel must be secured to enable the grant to be spent as intended.

7.0 Financial implications

7.1 Implementation of the Community Safety Strategy will be largely delivered through existing mainstream partner resources. Wolverhampton's grant allocation of £114,000 in 2019-2020 will be used to support the programme detailed in section 3.4; the full cost of which would be met from within the grant resources available.

7.2 Anticipated carry forward from the PCC budget from 2018-2019 will be £19,500. This is linked to a vacancy in the Prevent and Cohesion Officer post and funding set aside for undertaking statutory Domestic Homicide Reviews.

- 7.3 A formal request will be made to the PCC to carry forward the amount of £19,500 to spend in 2019-2020.
- 7.4 The PCC allocation, when received, is ringfenced for Community Safety use by SWP in line with conditions of grant. The grant is received by Wolverhampton City Council as accountable body for SWP, requiring delegation of the resource to be agreed by Cabinet (Resources) Panel.
[MI/11022019/Y]

8.0 Legal implications

- 8.1 Sections five and six of the Crime and Disorder Act 1998 require the Council and other responsible authorities to formulate and implement strategies to reduce crime and disorder in the area. Subsequent revisions to the Act (Police and Justice Act 2006) places a duty on Community Safety Partnerships to prepare strategic assessments with the purpose of informing the partnership plan revisions.
[TS/08022019/F]

9.0 Equalities implications

- 9.1 The programme of delivery for 2019-2020 is based on an assessment of need and contributes towards implementation of the strategic priorities in the Community Safety and Harm Reduction Strategy 2017-2020. This will result in crime reduction measures being implemented within some of the City's most deprived neighbourhoods and providing support to some of the City's most vulnerable residents through targeted interventions. The programme of delivery detailed will directly support implementation of the strategy, actively addressing inequalities of individuals and communities which are disproportionately impacted by certain crimes on the basis of gender, age, ethnicity, religion, sexuality and disability. A full equality analysis has been undertaken on the strategy; there are no negative implications from its delivery.

10.0 Environmental implications

- 10.1 Delivery of the programme detailed in this report will impact positively across all areas of the City through the implementation of crime reduction initiatives; particularly those neighbourhoods adversely affected by crime and anti-social behaviour.

11.0 Human resources implications

- 11.1 The City of Wolverhampton Council is the employer for one post funded using contributions from the PCC grant.

12.0 Corporate landlord implications

- 12.1 There are no corporate landlord implications.

13.0 Health and Wellbeing Implications

13.1 Delivery of the services outlined in section 3.4 will impact positively on the health and wellbeing of communities; achievement of the strategic priorities of reducing reoffending, violence reduction and reducing victimisation will reduce the physical and mental harm of becoming a victim of crime.

14.0 Schedule of background papers

14.1 There are no background papers.

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CITY OF WOLVERHAMPTON COUNCIL	Cabinet (Resources) Panel 5 March 2019
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Report title	Acquisition of Privately Owned Empty Property by Agreement or Compulsory Purchase: 46 Mount Pleasant, Bilston, WV14 7NE	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Peter Bilson City Assets and Housing	
Key decision	No	
In forward plan	Yes	
Wards affected	Bilston North	
Accountable Director	Kate Martin (Service Director of City Housing)	
Originating service	Private Sector Housing	
Accountable employee	Natalie Healy Tel Email	Housing Improvement Officer 01902 550554 natalie.healy@wolverhampton.gov.uk
Report to be/has been considered by	Housing Leadership Team	19 February 2019

Recommendations for decision:

The Cabinet (Resources) is recommended to:

1. Authorise the Service Director of City Housing to negotiate terms for the acquisition of the property to negotiate terms for the acquisition of the property 46 Mount Pleasant, Bilston, WV14 7NE, and, in default of that acquisition, give authority for a compulsory purchase order (CPO) to be made under Part II Section 17 Housing Act 1985 in respect of the property.
2. Approve expenditure for the potential acquisition of the property, with subsequent capital receipts being recycled within the Empty Property Strategy programme.
3. In the event that the property is improved and re-occupied to the satisfaction of the Service Director of City Housing, authorise withdrawal of the property from the CPO.

4. Following any acquisition, authorise the Service Director of City Housing to dispose of the property on the open market on condition that the property is refurbished and re-occupied within six or 12 months (as appropriate to the scale of the works).
5. Authorise the Director of Governance to:
 - a) Take all reasonable steps as soon as it is reasonably practical to secure the making, confirmation and implementation of the CPO including the publication and service of all Notices and the presentation of the Council's case at any Public Inquiry.
 - b) Approve agreements with the owners of the property setting out the terms for the withdrawal of objections to the CPO, and/or making arrangements for re-housing or relocation of any occupiers.
 - c) Approve the making of a General Vesting Declaration (the property is brought into Council ownership via this process).
 - d) Approve the disposal of the whole and/ or parts of the property by auction, tender or private treaty.

1.0 Purpose

- 1.1 The purpose of this report is to request the Panel to authorise the acquisition of, 46 Mount Pleasant, Bilston, WV14 7NE by negotiation or by the making of a Compulsory Purchase Order under Section 17 of Part II of the Housing Act 1985 (CPO). Should it be possible to reach agreement on a mutually acceptable undertaking, agree to the withdrawal of the property from the CPO.
- 1.2 This decision is in support of the Council's Empty Properties Strategy which aims to bring long term empty properties back into use.
- 1.3 The reoccupation of empty properties brings in additional income to the Council via the New Homes Bonus paid to Local Authorities as a result of increased housing supply.

2.0 Background

- 2.1 The property, highlighted on the attached plan, is an end of terraced property that has been empty since November 2015. The owner has failed to make any contact with the Council regarding their intentions for the property since Environmental Health served a Prohibition Order on the premises due to its poor condition.
- 2.2 A Notice under section 215 of the Town and Country Planning Act 1990 was served on the property in order to remove the detrimental effect the condition of the property/ land is having on the amenity of the area. The Notice has not been complied with and there has been no response from the owner to date.
- 2.3 The principle of establishing a revolving fund to drive forward the Private Sector Empty Property Strategy was approved by Cabinet on 11 January 2006. The revolving fund provides for properties that are consistent with the strategy to be acquired, marketed for sale and brought back into residential occupation. The arrangements proposed for the property identified are consistent with that strategy. Should the Compulsory Purchase Order be confirmed in favour of the Council, the Council would seek to dispose of the property by tender, auction, or private treaty. The property would be sold with the condition that the property is brought back to a required standard of repair within a specified time limit.

3.0 Evaluation of alternative options

- 3.1 There are three options that the Council could consider:
 - a) Do nothing – the property is likely to remain empty, continue to have a detrimental effect on the amenity of the area and continue to be a drain on the public purse.
 - b) Empty Dwelling Management Order (EDMO) – An EDMO is considered to be a less draconian option than a compulsory purchase. However, the cost of refurbishment of this property would place a strain on the Council's finances and it would be unlikely that the cost of initial refurbishment and subsequent management and maintenance would be recovered through rental income over seven years.

- c) Compulsory Purchase Order (CPO) – The prospect of a CPO often prompts the owner to act leading to the property being refurbished and re-occupied. However, if it is necessary to acquire the property, the proposals for the onward disposal and refurbishment set out at 5.0 of this report ensure that the property is brought back into use at a minimum cost to the Public Purse.

4.0 Reasons for decisions

4.1 The reasons for the decisions are:

- a) To ensure that the property provides much needed housing by prompting the owner to either act voluntarily or via enforcement through a CPO.
- b) To ensure that the property does not continue to be visually detrimental to the area
- c) To ensure that the property has a positive financial impact on the public purse through additional New Homes Bonus funding.
- d) The proposal to pursue a CPO is the most cost effective in terms of financial and physical resources for the Council.

5.0 Proposals

5.1 Where it is necessary to make a Compulsory Purchase Order and this is subsequently confirmed in favour of the Council, the Council would seek to dispose of the property by tender, auction, or private treaty. The property would be sold with the condition that the property is brought back to a required standard of repair within a specified time limit. This will also apply to any negotiated acquisitions.

6.0 Financial implications

6.1 In the event of an acquisition the costs can be met from the approved Housing General Fund capital budget of £626,000 capital budget for the Empty Property Strategy. The subsequent sale of the property would result in a capital receipt, ring-fenced to finance future purchases through the Empty Property Strategy. Any revenue costs incurred between purchase and sale, for example security measures, must be met from current private sector housing budgets.

6.2 The owner of the property has been served with a Section 215 Notice of the Town and Country Planning Act 1990 to tidy the land/ buildings. This has not been complied with and it will therefore not be necessary to pay the additional statutory 7.5% compensation payment.

6.3 Bringing empty properties back into use attracts New Homes Bonus to the City Council and could result in additional council tax revenue.
[JM/18022019/C]

7.0 Legal Implication

- 7.1 Section 17 of the Housing Act 1985 empowers local housing authorities to compulsorily acquire land houses or other properties for the provision of housing accommodation. However, the acquisition must achieve a qualitative or quantitative housing gain. In order to make a Compulsory Purchase Order under this power and achieve successful confirmation, the Council will need to show compliance with the requirements of the relevant statutory provision and circular 06/2004 Compulsory Purchase and the Crichel Down Rules. Where there are objections to a Compulsory Purchase Order the matter may go forward to a public inquiry and specialist Counsel may need to be engaged to present the Council's case.
- 7.2 Article 1 of Protocol 1 of the Human Rights Act 1988 guarantees peaceful enjoyment of possessions and would be engaged by the making of a CPO. However, the contents of this report and the actions recommended are considered to be proportional and compatible with the Human Rights Act 1988, particularly bearing in mind the above checks and balances on the Local Authority's power.
[DC/18022019/F]

8.0 Equalities Implications

- 8.1 Equalities implications have been considered throughout the process and in assessing the outcome. An Equality Analysis has been completed and this does not indicate any adverse implications. Bringing an empty property back into use will improve the visual amenity of the area and can make the area more welcoming to some groups covered by the Equality Act 2010, in doing so this will promote participation in public life.

9.0 Environmental implications

- 9.1 Long term empty properties can have a detrimental impact on neighbourhood sustainability and cause environmental blight. Bringing the property back into residential use will improve the appearance of the neighbourhood, enhance property conditions and contribute to the regeneration of the City, meeting the Council's strategic objectives.

10.0 Human resources implications

- 10.1 There are no human resources implications arising from this report

11.0 Corporate landlord implications

- 11.1 Where applicable, Corporate Landlord Estates Team will be required to produce valuations and arrange for the appropriate disposal of the property by auction or private treaty.

12.0 Health and Wellbeing Implications

- 12.1 Bringing an empty property back into use will improve the health and wellbeing of the new occupants by providing safe and secure housing.

12.2 Enabling occupation and removing the detrimental effect of the property will reduce the anxiety associated with crime and the fear of crime that living adjacent to an empty property can cause.

13.0 Schedule of background papers

13.1 An Action Plan to Deliver the Empty Property Strategy 11 January 2006.

13.2 Private Sector Empty Property Strategy 2010-2015.

13.3 Wolverhampton Housing Needs Survey 2007.

14.0 Appendices

14.1 Appendix 1 – Site plan

14.2 Appendices 2 to 4 - Photographs

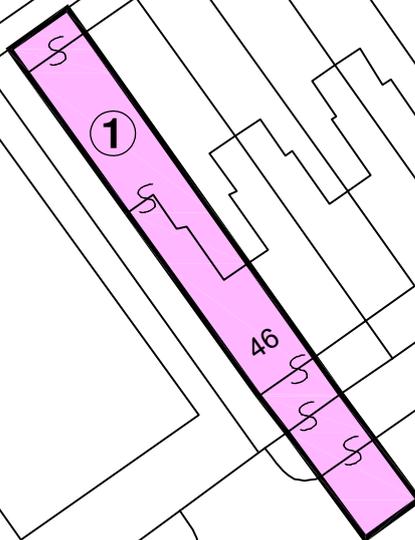


BELDRAY ROAD

ALBION STREET

MOUNT PLEASANT

Mill House



① AREA COLOURED PINK = 180.8m² OR THEREABOUTS

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date	January 2019
scales	1:500
drawn by	AJP
dwg. no.	...
...\\CPO's\Mount Pleasant 46.dwg	

THE MAP REFERRED TO IN
 THE WOLVERHAMPTON CITY COUNCIL
 (46 Mount Pleasant)
 COMPULSORY PURCHASE ORDER 2019

City of Wolverhampton Council

Strategic Director – Place
 Civic Centre, St. Peter's Square, Wolverhampton
 Tel. (01902) 556556

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CITY OF WOLVERHAMPTON COUNCIL	Cabinet (Resources) Panel 5 March 2019
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Report title	Acquisition of Privately Owned Empty Property by Agreement or Compulsory Purchase: 100 Kitchen Lane, Wolverhampton WV11 2JA	
Decision designation	AMBER	
Cabinet member with lead responsibility	Councillor Peter Bilson City Assets and Housing	
Key decision	No	
In forward plan	Yes	
Wards affected	Wednesfield North	
Accountable Director	Kate Martin (Service Director of City Housing)	
Originating service	Private Sector Housing	
Accountable employee	Richard Long Tel Email	Housing Improvement Officer 01902 555705 richard.long@wolverhampton.gov.uk
Report to be/has been considered by	Housing Leadership Team	21 February 2019

Recommendations for decision:

The Cabinet (Resources) Panel is recommended to:

1. Authorise the Service Director of City Housing to negotiate terms for the acquisition of the property 100 Kitchen Lane, Wolverhampton WV11 2JA, and, in default of that acquisition, give authority for a compulsory purchase order (CPO) to be made under Part II Section 17 Housing Act 1985 in respect of the property.
2. Approve expenditure for the potential acquisition of the property, with subsequent capital receipts being recycled within the Empty Property Strategy programme.
3. In the event that the property is improved and re-occupied to the satisfaction of the Service Director of City Housing, authorise withdrawal of the property from the CPO.

4. Following any acquisition, authorise the Service Director of City Housing to dispose of the property on the open market on condition that the property is refurbished and re-occupied within six or 12 months (as appropriate to the scale of the works).
5. Authorise the Director of Governance to:
 - a) Take all reasonable steps as soon as it is reasonably practical to secure the making, confirmation and implementation of the CPO including the publication and service of all Notices and the presentation of the Council's case at any Public Inquiry.
 - b) Approve agreements with the owners of the property setting out the terms for the withdrawal of objections to the CPO, and/or making arrangements for re-housing or relocation of any occupiers.
 - c) Approve the making of a General Vesting Declaration (the property is brought into Council ownership via this process).
 - d) Approve the disposal of the whole and/ or parts of the property by auction, tender or private treaty.

1.0 Purpose

- 1.1 The purpose of this report is to request the Panel to authorise the acquisition of 100 Kitchen Lane, Wolverhampton WV11 2JA by negotiation or by the making of a Compulsory Purchase Order under Section 17 of Part II of the Housing Act 1985 (CPO). Should it be possible to reach agreement on a mutually acceptable undertaking, agree to the withdrawal of the property from the CPO.
- 1.2 This decision is in support of the Council's Empty Properties Strategy which aims to bring long term empty properties back into use.
- 1.3 The reoccupation of empty properties brings in additional income to the Council via the New Homes Bonus paid to Local Authorities as a result of increased housing supply.

2.0 Background

- 2.1 The property, highlighted on the attached plan, is a first-floor flat that has been empty since June 2015. The property was purchased by the current owner in 2008 and had been purchased by the previous owner from the Council under the right to Buy in 2000.
- 2.2 It has not been possible to contact the owner despite Requests for Information under Section 16 of the Local Government (Miscellaneous Provisions) Act 1976; A Notice to secure the property under Section 29 of the Local Government (Miscellaneous Provisions) Act 1982; A Notice to Enter the property under Section 239 of the Housing Act 2004. A Warrant to Enter the property for the purposes of survey and examination (Section 240 of the Housing Act 2004) was unopposed and executed in January 2019.
- 2.3 The principle of establishing a revolving fund to drive forward the Private Sector Empty Property Strategy was approved by Cabinet on 11 January 2006. The revolving fund provides for properties that are consistent with the strategy to be acquired, marketed for sale and brought back into residential occupation. The arrangements proposed for the property identified are consistent with that strategy. Should the Compulsory Purchase Order be confirmed in favour of the Council, the Council would seek to dispose of the property by tender, auction, or private treaty. The property would be sold with the condition that the property is brought back to a required standard of repair within a specified time limit. Alternatively, the property may be brought back into the Council's housing stock.

3.0 Evaluation of alternative options

- 3.1 There are three options that the Council could consider:
 - a) Do nothing – the property is likely to remain empty, continue to be a wasted housing resource, continue to have a detrimental effect on the amenity of the area and continue to be a drain on the public purse.
 - b) Empty Dwelling Management Order (EDMO) – An EDMO is considered to be a less draconian option than a compulsory purchase. However, the estimated cost of refurbishment for this property is £25k and this would place a strain on the Council's

finances. It would not be possible to recover the cost of initial refurbishment and subsequent management/ maintenance through the rental income generated over the seven years that a Final EDMO could be in place.

- c) Compulsory Purchase Order (CPO) – The prospect of a CPO often prompts the owner to act leading to the property being refurbished and re-occupied. However, if it is necessary to acquire the property, the proposals for the onward disposal and refurbishment set out at 5.0 of this report ensure that the property is brought back into use at a minimum cost to the Public Purse.

3.2 Based on the above it is recommended that the option of a Compulsory Purchase Order is progressed.

4.0 Reasons for decision(s)

4.1 The reasons for the decision are:

- a) To ensure that the property provides much needed housing by prompting the owner either act voluntarily or via enforcement through a CPO.
- b) To ensure that the property does not continue to be a drain on public resources.
- c) To ensure that the property has a positive financial impact on the public purse through additional New Homes Bonus funding.
- d) The proposal to pursue a CPO is the most cost effective in terms of financial and physical resources for the Council.

5.0 Proposals

5.1 Where it is necessary to make a Compulsory Purchase Order and this is subsequently confirmed in favour of the Council, the Council would usually seek to dispose of the property by tender, auction, or private treaty. The property would be sold with the condition that the property is brought back to a required standard of repair within a specified time limit. This will also apply to any negotiated acquisitions.

5.2 There is currently an option for the Council to purchase properties using recycled right to buy receipts. As the identified property is in a block currently managed by Wolverhampton Homes, there may be an option to bring the property back into the Council stock subject to funding being available at the time of acquisition.

6.0 Financial implications

6.1 In the event of an acquisition the costs can be met from the approved capital budget of £626,000 allocated for the Empty Property Strategy as part of the Housing General Fund capital programme. The subsequent sale of the property would result in a capital receipt, ring-fenced to finance future purchases through the Empty Property Strategy. Any non-capital costs incurred between purchase and sale, for example security measures, must be met from current private sector housing budgets.

6.2 Initial investigations have established that outstanding charges against the property are likely to exceed the current market value. The additional statutory 7.5% compensation payment is only applicable where the owner receives the compensation.

6.3 Bringing empty properties back into use attracts New Homes Bonus to the City Council and could result in additional council tax revenue.
[JM/08022019/]

7.0 Legal implications

7.1 Section 17 of the Housing Act 1985 empowers local housing authorities to compulsorily acquire land, houses or other properties for the provision of housing accommodation. However, the acquisition must achieve a qualitative or quantitative housing gain. In order to make a Compulsory Purchase Order under this power and achieve successful confirmation, the Council will need to show compliance with the requirements of the relevant statutory provision and circular 06/2004 Compulsory Purchase and the Crichel Down Rules. Where there are objections to a Compulsory Purchase Order the matter may go forward to a public inquiry and specialist Counsel may need to be engaged to present the Council's case.

7.2 Article 1 of Protocol 1 of the Human Rights Act 1988 guarantees peaceful enjoyment of possessions and would be engaged by the making of a CPO. However, the contents of this report and the actions recommended are considered to be proportional and compatible with the Human Rights Act 1988, particularly bearing in mind the above checks and balances on the Local Authority's power.
[TS/12022019]

8.0 Equalities implications

8.1 Equalities implications have been considered throughout the process and in assessing the outcome. An Equality Analysis has been completed and this does not indicate any adverse implications. Bringing an empty property back into use will improve the visual amenity of the area and can make the area more welcoming to some groups covered by the Equality Act 2010, in doing so this will promote participation in public life.

9.0 Environmental implications

9.1 Long term empty properties can have a detrimental impact on neighbourhood sustainability and cause environmental blight. Bringing the property back into residential use will improve the appearance of the neighbourhood, enhance property conditions and contribute to the regeneration of the City, meeting the Council's strategic objectives.

10.0 Human Resources implications

10.1 There are no human resources implications arising from this report.

11.0 Corporate landlord implications

11.1 Where applicable, Corporate Landlord Estates Team will be required to produce valuations and arrange for the appropriate disposal of the property by auction or private treaty.

12.0 Health and Wellbeing implications

- 12.1 Bringing an empty property back into use will improve the health and wellbeing of the new occupants by providing safe and secure housing.
- 12.2 Enabling occupation and removing the detrimental effect of the property will reduce the anxiety associated with crime and the fear of crime that living adjacent to an empty property can cause.

13.0 Schedule of background papers

- 13.1 An Action Plan to Deliver the Empty Property Strategy 11 January 2006;
- 13.2 Private Sector Empty Property Strategy 2010-2015;
- 13.3 The Council's Annual Housing Supply Statement, 31 March 2018.

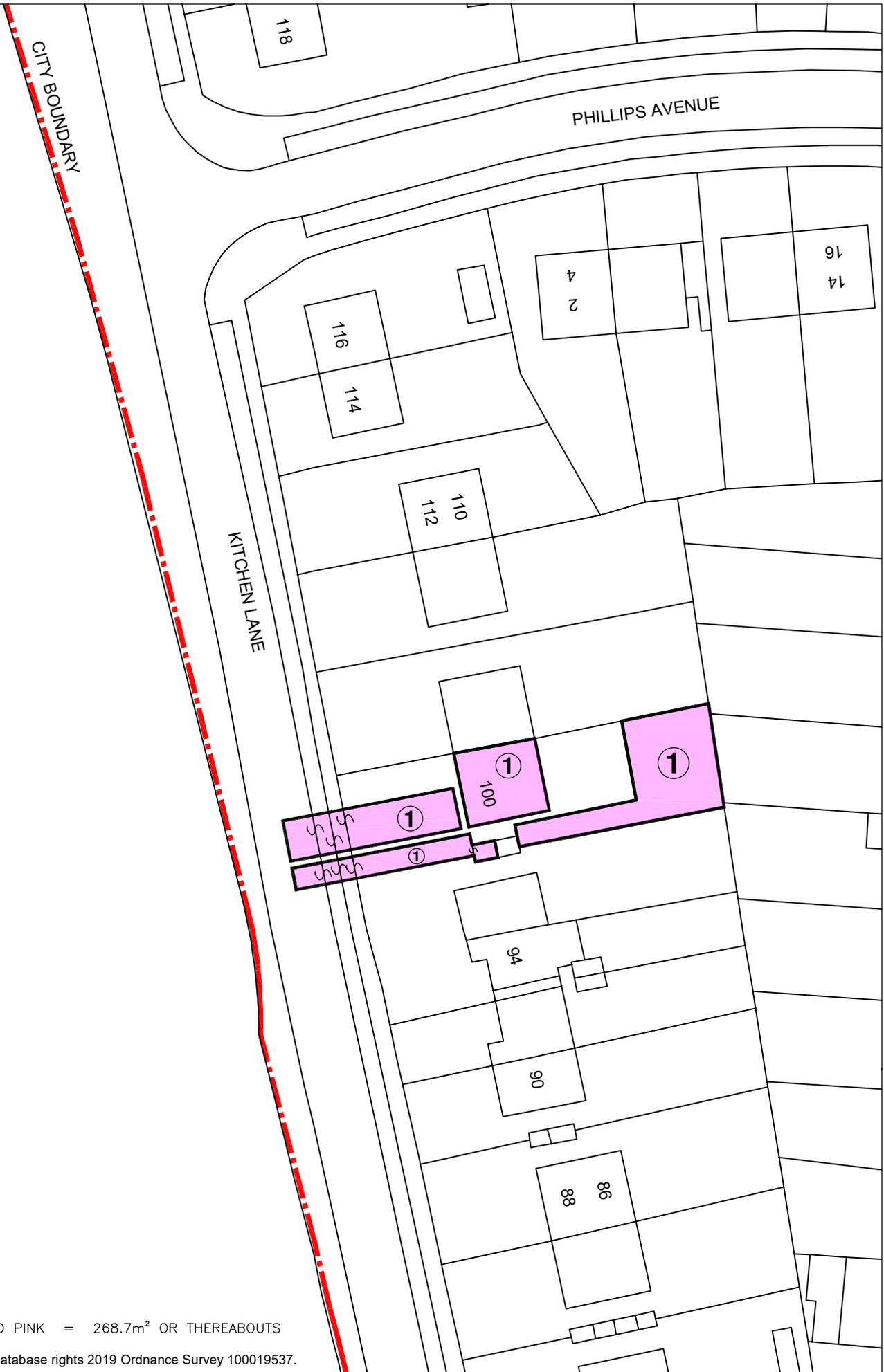
14.0 Appendices

- 14.1 Appendix 1 – Photograph
- 14.2 Appendix 2 – Site Plan

100 Kitchen Lane, Wolverhampton. WV11 2JA



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① AREA COLOURED PINK = 268.7m² OR THEREABOUTS

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date	February 2019
scales	1:500
drawn by	AJP
dwg. no.	...ICPO's Kitchen Lane 100.dwg

THE MAP REFERRED TO IN
THE WOLVERHAMPTON CITY COUNCIL
(100 Kitchen Lane)
Page 125
COMPULSORY PURCHASE ORDER 2019

City of Wolverhampton Council

Strategic Director – Place
Civic Centre, St. Peter's Square, Wolverhampton
Tel. (01902) 556556

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CITY OF WOLVERHAMPTON COUNCIL	Cabinet (Resources) Panel 5 March 2019
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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 Services	
Accountable employee(s)	Dereck Francis Tel Email	Democratic Services Officer 01902 555835 dereck.francis@wolverhampton.gov.uk
Report to be/has been considered by	N/A	

Recommendation for noting:

The Cabinet (Resources) Panel is asked to:

1. 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

None

2. People

None

3. Place

None

Part 2 – Exempt Items

1. Corporate

None

2. People

None

3. Place

Decision maker	In consultation with	Date Approved	Contact Officer
Councillor Peter Bilson	Strategic Director for Place	14 February 2019	Julia Nock 01902 550316
Title and summary of decision			
<p>Land and Property Transactions (IEDN 021). Approved the completion of the transactions listed below:</p> <ul style="list-style-type: none"> • Deed of Easement - Land adjacent to 2C Sweetbriar Road. • Disposal - 94 Willenhall Road, Bilston. • Wayleave for underground cable at rear of 93 Bushbury Road. 			
Decision maker	In consultation with	Date Approved	Contact Officer
Councillor Peter Bilson	Service Director of City Housing	19 February 2019	Lesley Eagle 01902 555446
Title and summary of decision			
<p>Application of Right to Buy Receipts for Additional Social Housing – Property Purchase 8 In accordance with the approved the capital scheme for the acquisition of additional social housing using Right to Buy ‘one-for-one receipts, approval has been given to the completion of the purchase of two former council homes where the purchase price had been agreed.</p>			

Decision maker	In consultation with	Date Approved	Contact Officer
Councillor Peter Bilson	Service Director of City Housing	5 February 2019	Lesley Eagle 01902 555446
Title and summary of decision			
Application of Right to Buy Receipts for Additional Social Housing – Property Purchase 7			
In accordance with the approved capital scheme for the acquisition of additional social housing using Right to Buy ‘one-for-one receipts, approval has been given to the completion of the purchase of a former council homes where the purchase price had been agreed.			
Decision maker	In consultation with	Date Approved	Contact Officer
Councillor John Reynolds	Director of Regeneration	14 February 2019	Anita Pearce 01902 551262
Title and summary of decision			
City Learning Quarter Lease Surrender			
<ol style="list-style-type: none"> 1. Approved the payment of the agreed surrender fee to the leaseholder to enable the unencumbered freehold of the site which in turn enables the site to be redeveloped. 2. Approved the Council entering into an agreement for surrender and deed of surrender with the current tenant of property at the City Learning Quarter. 			
Decision maker	In consultation with	Date Approved	Contact Officer
Councillor Steve Evans	Service Director of City Environment	1 February 2019	Anna Spinks 01902 5543167
Title and summary of decision			
Amendment of Concession Process for Bulky Waste Collections			
Approved an amendment to the bulky waste service concessions to be aligned with the recently introduced garden waste collection service concessions.			

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