

CITY OF  
WOLVERHAMPTON  
COUNCIL

# Confident, Capable Council Scrutiny Panel

28 November 2018

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

**Venue** Committee Room 3 - Civic Centre

## Membership

**Chair** Cllr Paula Brookfield (Lab)

**Vice-chair** Cllr Jane Stevenson (Con)

### Labour

Cllr Alan Bolshaw  
Cllr Jacqueline Sweetman  
Cllr Caroline Siarkiewicz  
Cllr Payal Bedi-Chadha  
Cllr Dr Michael Hardacre  
Cllr Ian Brookfield  
Cllr Milkinderpal Jaspal  
Cllr Peter O'Neill  
Cllr Susan Roberts MBE

### Conservative

Cllr Udey Singh

Quorum for this meeting is three Councillors.

## Information for the Public

If you have any queries about this meeting, please contact the Democratic Services team:

**Contact** Earl Piggott-Smith

**Tel/Email** earl.piggott-smith@wolverhampton.gov.uk/01902 551251

**Address** Democratic Services, Civic Centre, 1<sup>st</sup> floor, St Peter's Square,  
Wolverhampton WV1 1RL

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# Agenda

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

*Item No.*    *Title*

### MEETING BUSINESS ITEMS

- 1            **Apologies**
- 2            **Declarations of interest**
- 3            **Minutes of previous meeting (26.9.18)** (Pages 3 - 8)  
[To approve the minutes of the previous meeting as a correct record]
- 4            **Matters arising**  
[To consider any matters arising from the minutes]

### DISCUSSION ITEMS

- 5            **Confident, Capable Council Scrutiny Panel Work Programme - Draft Work Programme 2018/19** (Pages 9 - 10)  
[Earl Piggott-Smith, Scrutiny Officer, to present report]
- 6            **Draft Budget and Medium Term Financial Strategy 2019-2020** (Pages 11 - 34)  
[Alison Shannon and Michelle Howell, to present report]
- 7            **Customer Services Journey** (Pages 35 - 44)  
[Andy Moran, Director of Commercial Services, to present report]
- 8            **Strategic Procurement Update - briefing paper** (Pages 45 - 50)  
[Andy Moran, Director of Commercial Services, to present briefing paper]
- 9            **Print and Design Service (report to follow)**  
[Gail Rider, Head of ICT, to present report]

## Attendance

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

Cllr Alan Bolshaw  
Cllr Jacqueline Sweetman  
Cllr Caroline Siarkiewicz  
Cllr Paula Brookfield (Chair)  
Cllr Dr Michael Hardacre  
Cllr Ian Brookfield  
Cllr Milkinderpal Jaspal  
Cllr Peter O'Neill  
Cllr Jane Stevenson (Vice-Chair)  
Cllr Susan Roberts MBE

### Employees

Chris East	Head of Service - Facilities
Claire Nye	Director of Finance
Martyn Sargeant	Head of Public Service Reform
Lisa Taylor	Head of Service Improvement
Laura Noonan	Project Manager
Alison Shannon	Chief Accountant

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

*Item No.*    *Title*

- 1 Apologies**  
Apologies were received from the following Cllrs:  
  
Cllr Udey Singh
- 2 Declarations of interest**  
There were no declarations of interest recorded
- 3 Minutes of previous meeting (13.6.18)**  
The minutes of the previous meeting were confirmed as a correct record and signed by the Chair.
- 4 Matters arising**  
**7. Smart Working**

The Scrutiny Officer advised the panel that Human Resources had confirmed that there is a leavers notification procedure which is completed by the line managers to

ensure that the relevant services are notified (ICT, Payroll, Agresso Business Support Unit) when an employee leaves. This process is currently being reviewed to ensure that it is effective and efficient and the panel members comments will be incorporated into this review.

## 5 **Treasury Management - Annual Report 2017-2018 and Activity Monitoring Quarter One 2018-2019**

Alison Shannon, Chief Accountant, presented the Treasury Management Annual report to the panel. The Chief Accountant gave an update on previous report that was presented to Cabinet in July 2018. The Chief Accountant gave an overview of the main points of the report.

The Chief Accountant advised the panel that revised code of practice aimed at supporting effective scrutiny of the Council's Treasury Management strategy and policies was recently published by CIPFA. The team is currently working through the revised guidance.

The Chief Accountant commented that the Council is seeking advice from financial advisers about the possible short-term implications of Brexit on council finances, but the consensus is that is too difficult to predict given the level of uncertainty about the terms on which the UK will leave.

The Chief Accountant agreed to provide an update when more information is available about the implications for long term investments.

The panel queried the sustainability of the estimates of increased levels of Council borrowing up 2020-21 detailed in section on prudential indicators in the main report. The Director of Finance explained that the figures quoted include a lot of historical debts and commented on the importance of checking that the income stream is sufficient to cover the projected borrowing costs. The main aim of the strategy is to minimise the borrowing demands on the Council budget.

The Director of Finance commented on the policy towards the use of Housing Revenue Account and advised the panel that there was an underspend of £731,000.

The Director advised the panel that the Council will look at debts will mature – they are profiled over many years and the aim is to minimise the level of exposure to new financial pressures.

The panel discussed the content of the report and whether a more user-friendly version could be published alongside the main report to make it more accessible. The Director of Finance commented that there are specific requirements detailed in the prudential code about how information in treasury management reports is presented.

The Director of Finance commented that the issue has been discussed with Councillor Development Group – for example, the use of crib sheets that can help members of the panel to meet their responsibility to ensure effective scrutiny of the Council's Treasury Management strategy and policies.

Resolved:

The panel agreed to note the report.

## 6 **Visitors to the Civic Centre - briefing paper**

Lisa Taylor advised the panel that following a review she had taken on the management of the customer services and would be happy to attend a future meeting to brief the panel on the service.

Chris East, Head of Facilities, presented a briefing paper on behalf of Andy Moran which gave an update on the management of visitors to the Civic Centre and a response to concerns previously highlighted by the panel about the arrangements.

The Head of Facilities briefed the panel about the changes made to the access arrangements to the building and measures introduced to improve security. The Head of Facilities outlined the signing in process when visitors enter the building and the arrangements for managing public meetings held in either the committee rooms or the Council Chamber.

The Head of Facilities stressed the importance of all employees and visitors wearing their ID badges at all times and he had personally challenged employees wanting to access the building without displaying their ID. The Head of Facilities advised the panel that different colour lanyard is issued to visitors to the building – red – business, contractors – yellow and gold for VIP visitors.

The Head of Facilities advised the panel then when public meetings are held out of hours then badges can be pre-printed. The building keepers are responsible for monitoring the use of lanyards when people are in the building.

The panel commented on that committee room 5 was not considered to be suitable for public meetings as it was too small. The Head of Facilities agreed to review the arrangements and report back to a future meeting of the panel.

The panel commented that difficulties caused by the security arrangements when arranging planning committee meetings - when it possible that 20-30 people may attend depending on the topic. In the past members of the public would not have been required to sign-in. However, following the need to sign in Cllrs are receiving a number of notification emails when people sign in and when they leave the building. There is also a concern that members of the public may attend a meeting without giving notice.

The panel commented that committee room 5 is not suitable for people with a wheelchair and these concerns had been highlighted 18 months ago, when plans for the new working arrangements were first proposed, and it was disappointing that concerns raised at the time had not been heeded.

The Head of Facilities advised the panel that keepers can open the side door at the business entrance to allow easier access for people with a wheelchair for evening meetings in Committee Room 5.

The panel commented on separate issue of an incident where members of the people attending citizenship event in Mayors Parlour who were not wearing lanyards could not exit the building because they did not have a security card. As a result, it was necessary to help them to exit the building without be able to check their identity.

The panel commented on the concerns about the issue of lanyards to Cllrs and wanted them issued. The Head of Facilities agreed to discuss this issue with Member Support and arrange for lanyards and extra passes to be issued to all Cllrs to allow visitors to access toilet facilities. The Head of Facilities also agreed to clarify how long photos taken for ID badge were kept on file to ensure that the Council is complying with its legal responsibilities.

The panel expressed concern that the issue of employees not wearing ID badges has not been resolved and queried whether disciplinary action is taken to enforce the policy. The Head of Facilities advised the panel that employees are regularly reminded that they should always wear ID and there is the option of taking disciplinary action. The panel commented that they consider the process for signing was too complicated and does not give a good impression of Council when large numbers of visitors attend an event and have to go through the process. The panel commented on the idea promoted that Wolverhampton is open for business and would like a review about the balance between providing security and giving a professional gloss to visitors to the building.

The panel commented on the extra work placed on keeper's service and their concern about how they will manage their other responsibilities – the panel queried if the Council had enough staff for the task. Lisa Taylor agreed to present a joint report with the Head of Facilities to a future meeting of the panel about plans for responding to concerns from Councillors about issued related to the signing in process.

The panel requested details of the location of meeting rooms and suggested that as part of the induction a tour of the building should be arranged. Martyn Sargeant commented that this issue is part of the induction for new Councillors.

The panel discussed the need for clearer signage on the third floor to show the location of committee rooms.

Resolved:

1. Lisa Taylor, Head of Customer Services, and Chris East, Head of Facilities, to jointly present a report to a future meeting about plans for responding to concerns from Councillors about the signing in process and overall customer service experience.
2. The Head of Facilities agreed to review the use of Committee Room 5 as concerns about suitability for large public meetings and limited wheelchair access to a future meeting of the panel.
3. The Head of Facilities agreed to discuss the issuing of lanyards and extra passes with Member Support.
4. The Head of Facilities also agreed to clarify how long photos taken for ID badge is kept on file to ensure that the Council is complying with its legal responsibilities.

### **Local election - candidate expenses - briefing paper**

Laura Noonan, Project Manager – Electoral Services, presented a briefing paper to explain the process for completing and returning candidate expenses.

The panel agreed to note the paper.

8 **Statutory polling place review - briefing paper**

Laura Noonan, Project Manager – Electoral Services, presented a briefing paper about the statutory polling station review.

The panel agreed to note the report.

9 **Voter registration and democratic engagement update - briefing paper**

Laura Noonan, Project Manager – Electoral Services, presented a briefing paper on the range of work done in the past few years to increase the numbers of people registered to vote. The Project Manager commented the work done to encourage students to register and the changes made to make the process easier.

The Project Manager commented on work done as part be a councillor initiative, which is linked to activities as planned for Democracy Week. The Council is hopeful that there will be increase by 10% in the number of people registered for postal votes.

The Project Manager commented on the work done with local schools to encourage pupils to register and the service is happy to arrange visits to any school suggested by Councillors to explain the registration process.

The panel welcomed the report and also wanted to formally record their appreciation of the changes introduced and the excellent range of activities delivered by the election service in response to the recommendations from the scrutiny review.

Resolved:

The panel agreed to note the progress made to increase the number of people registered to vote and also to raise awareness about support available from the service.

10 **Confident Capable Council Scrutiny Panel Draft Work Programme - 2018/19**

The scrutiny officer presented the draft work programme report for comment. The panel agreed to consider the report on print services at the meeting on 28.11.18

Resolved:

The draft work programme to be updated.

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**Confident, Capable Council Scrutiny Panel – Draft Work Programme – 2018/19**

The Panel has responsibility for Scrutiny functions as they relate to, Strategic Financial Services, Revenues and Benefits, Strategic Procurement, The HUB, Audit, Human Resources, Corporate Administration, Democracy, Corporate Landlord, Transformation and ICT

<b>Date of Meeting</b>	<b>Item Description</b>	<b>Lead Report Author</b>	<b>Specific Questions for Scrutiny to consider</b>
23.1.19	<ul style="list-style-type: none"> <li>Asset Management Strategy</li> <li>Draft Work Programme</li> </ul>	<p>Claire Nye, Director of Finance/ Andy Moran, Director of Commercial Services</p> <p>Earl Piggott-Smith, Scrutiny Officer</p>	
06.02.2019	<ul style="list-style-type: none"> <li>Welfare Reform Impact – Briefing Paper</li> <li>Visitor Access to Civic Centre – update report</li> <li>Portfolio Holder Session with Q &amp; A</li> <li>Draft Work Programme</li> </ul>	<p>Sue Martin/Shawn Aldis (Wolverhampton Homes)</p> <p>Chris East, Head of Facilities/Lisa Taylor, Head of Service Improvement Corporate</p> <p>Cllr Louise Miles</p> <p>Earl Piggott-Smith, Scrutiny Officer</p>	Briefing on the impact on residents moving to Universal Credit
10.04.2019	<ul style="list-style-type: none"> <li>Assessment and evaluation of the Smart Working Policy</li> <li>Legal Services Private Work</li> </ul>	<p>Denise Pearce, Head of Human Resources</p> <p>Kevin O’Keefe, Director of Governance</p>	

	<ul style="list-style-type: none"><li>• Draft Work Programme</li></ul>	Earl Piggott-Smith, Scrutiny Officer	
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**Future Items – dates tbc**

1. Training session on treasury management. This training is being organised by Organisation Development

# Confident Capable Council Scrutiny Panel

28 November 2018

<b>Report title</b>	Draft Budget and Medium-Term Financial Strategy 2019-2020	
<b>Decision designation</b>	AMBER	
<b>Cabinet member with lead responsibility</b>	Councillor Louise Miles Resources	
	Councillor Peter Bilson City Assets and Housing	
	Councillor Val Gibson Governance	
<b>Corporate Plan priority</b>	Confident Capable Council	
<b>Key decision</b>	Yes	
<b>In forward plan</b>	Yes	
<b>Wards affected</b>	All	
<b>Accountable Director</b>	Claire Nye, Director of Finance	
<b>Originating service</b>	Strategic Finance	
<b>Accountable employee</b>	Alison Shannon	Chief Accountant
	Tel	01902 554561
	Email	Alison.Shannon@wolverhampton.gov.uk

**Report to be/has been considered by**

## Recommendations for decision:

The Panel is recommended to:

1. Provide feedback to Scrutiny Board for consolidation and onward response to Cabinet on Draft Budget and Medium-Term Financial Strategy 2019-2020.
2. Provide feedback to Scrutiny Board for consolidation and onward response to Cabinet on the scrutiny process on the budget.

3. Approve that the Scrutiny Panel response be finalised by the Chair and Vice Chair of the Scrutiny Panel and forwarded to Scrutiny Board for consideration.

## **1.0 Purpose**

- 1.1 The purpose of this report is to seek the Panel's feedback on the Draft Budget and Medium-Term Financial Strategy 2019-2020 that was presented to Cabinet on 17 October 2018. In addition to this, the Panel's feedback is sought on the approach to budget consultation and feedback on the scrutiny process.

## **2.0 Background**

- 2.1 In March 2018, the 2018-2019 Budget and Medium-Term Financial Strategy (MTFS) 2018-2019 to 2019-2020 was presented to Full Council for approval. The Council was able to set a balanced budget for 2018-2019 without the use of General Fund reserves. However, it was projected that the Council would be faced with finding further estimated budget reductions totalling £19.5 million by 2019-2020.
- 2.2 An update on the high-level strategy to address the projected budget challenge of £19.5 million for 2019-2020 was presented to Cabinet on 11 July 2018. At that point, various opportunities including: one-off funding streams, council tax income, the realisation of benefits from existing strategies and directorate budget reduction targets resulted in the identification of £16.2 million towards the projected budget deficit. Cabinet approved the incorporation of the high-level strategy into the Draft Budget and Medium-Term Financial Strategy 2019-2020. Taking this into account, the remaining budget challenge to be identified for 2019-2020 stood at £3.3 million.
- 2.3 Cabinet were provided with a further update in October 2018 which detailed the progress in identifying additional budget efficiencies, budget reduction and income generation opportunities towards directorate budget reduction targets that were incorporated into the high-level strategy. After taking into account progress against directorate budget reduction targets and emerging pressures, the Council projected that the remaining budget deficit for 2019-2020 was in the region of £6.0 million.
- 2.4 Over the medium term, the Council's resources will continue to be aligned to enable the realisation of the Council's core objectives. However, the high-level budget strategy for 2019-2020 will remain focused on achieving continuous improvement whilst delivering further efficiencies. The strategy will include: exploring alternative business models, a targeted approach to service provision and a risk-based approach to budget allocations. The strategy is also to continue to support the independence of individuals and communities, maximising external income, identifying opportunities for further commercialisation and reviewing demand management, which has proved to be an effective approach to identifying deliverable budget reductions.
- 2.5 The Draft Budget and Medium-Term Financial Strategy 2019-2020, attached at Appendix 1, will be considered by Scrutiny Panels during the November/December round of meetings and the feedback from those meetings will be reported to Scrutiny Board on 11 December 2018, which will consolidate that feedback in a formal response to Cabinet on 23 January 2019. The feedback provided to Scrutiny Board will include questions asked by Panel members, alongside the responses received. Cabinet will take into account the

feedback from Scrutiny Board when considering the final budget setting report in February 2019, for approval by Full Council in March 2019.

### **3.0 Scrutiny Process**

3.1 Recognising the scale of the budget challenge faced by the Council, it is acknowledged that certain processes need to be refreshed in order to ensure a long-term approach to medium term financial planning and the pace of delivery of proposals.

3.2 The Panel's view is therefore sought to identify the most appropriate, transparent and informative form of scrutiny of the budget setting process.

### **4.0 Panel Recommendations**

4.1 The Panel are recommended to provide feedback to Scrutiny Board for consolidation and onward response to Cabinet on:

- the Draft Budget and Medium-Term Financial Strategy 2019-2020;
- the Scrutiny budget process;
- any other comments.

4.2 The Panel are also recommended to approve that the Scrutiny Panel response be finalised by the Chair and the Vice-Chair of the Scrutiny Panel and forwarded to Scrutiny Board for consideration.

### **5.0 Financial implications**

5.1 The financial implications are discussed in the body of the report, and in the report to Cabinet.  
[MH/06112018/G]

### **6.0 Legal implications**

6.1 The legal implications are discussed in the report to Cabinet.  
[TS/06112018/Q]

### **7.0 Equalities implications**

7.1 The equalities implications are discussed in the report to Cabinet.

### **8.0 Environmental implications**

8.1 The environmental implications are discussed in the report to Cabinet.

## **9.0 Human resources implications**

9.1 The human resources implications are discussed in the report to Cabinet.

## **10.0 Corporate landlord implications**

10.1 The Corporate Landlord implications are discussed in the report to Cabinet.

## **11.0 Schedule of background papers**

Draft Budget and Medium-Term Financial Strategy 2019-2020, report to Cabinet, 17 October 2018.

Draft Budget and Medium-Term Financial Strategy 2019-2020, report to Cabinet, 11 July 2018.

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

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<b>CITY OF WOLVERHAMPTON COUNCIL</b>	<b>Cabinet</b> <b>17 October 2018</b>
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<b>Report title</b>	Draft Budget and Medium Term Financial Strategy 2019-2020	
<b>Decision designation</b>	AMBER	
<b>Cabinet member with lead responsibility</b>	Councillor Louise Miles Resources	
<b>Key decision</b>	Yes	
<b>In forward plan</b>	Yes	
<b>Wards affected</b>	All Wards	
<b>Accountable director</b>	Claire Nye, Director of Finance	
<b>Originating service</b>	Strategic Finance	
<b>Accountable employee(s)</b>	Alison Shannon Tel Email	Chief Accountant 01902 554561 <a href="mailto:alison.shannon@wolverhampton.gov.uk">alison.shannon@wolverhampton.gov.uk</a>
<b>Report to be/has been considered by</b>	Strategic Executive Board	9 October 2018

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**Recommendations for decision:**

That Cabinet is recommended to approve:

1. That Budget Reduction and Income Generation proposals amounting to £695,000 in 2019-2020 proceed to the formal consultation and scrutiny stages of the budget process.
2. That Financial Transactions and Base Budget Revisions totalling a net reduction of £4.7 million in 2019-2020 be incorporated into the 2019-2020 draft budget.
3. That authority be delegated to the responsible Director and the Director of Finance to implement Financial Transactions and Base Budget Revisions at the earliest opportunity where the proposal is not reliant on the outcome of formal budget consultation.
4. That authority be delegated to the Cabinet Member for Resources, in consultation with the Director of Finance, to approve the final budget consultation arrangements.

5. That further options are explored between October 2018 and January 2019 to address the updated projected budget deficit of in the region of £6.0 million for 2019-2020 based on the Council's high-level strategy.

**Recommendations for noting:**

That Cabinet is asked to note:

1. That 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 (MTFS) 2018-2019 to 2019-2020 is assessed as Red for the first time since February 2016.
2. That the updated projected deficit assumes the achievement of budget reduction and income generation proposals amounting to £28.3 million over the two-year period from 2018-2019 to 2019-2020. Over the eight financial years the Council has identified budget reductions in excess of £220.0 million. This continues to be the most significant financial challenge that the Council has ever faced.
3. That the successful recovery of overpaid VAT has been granted at £1.8 million, approximately £200,000 lower than anticipated in the July 2018 report to Cabinet.
4. That due to external factors, budget assumptions remain subject to change. This could therefore result in alterations to the financial position faced by the Council.
5. That there continues to be a considerable amount of uncertainty with regards to future funding streams for local authorities particularly with regarding 2020-2021 onwards. The Comprehensive Spending Review 2020, the Fair Funding Review and potential pressures arising as a result of new responsibilities will impact upon the Council's budget. At the point that further information is known it will be incorporated into future reports to Councillors.
6. That the Council's General Fund Balance remains at £10.0 million; the minimum balance as determined in the Council's approved Reserves and Balances Policy. Emphasis therefore continues to be placed on identifying budget reductions and income generation proposals to meet the projected budget deficit over the medium term.
7. That the 2019-2020 budget timetable will, as in previous years, include an update on all budget assumptions and the Provisional Local Government Settlement which will be presented to Cabinet in January 2019, with the final budget report due to be approved by Full Council in March 2019.
8. The HR implications as outlined in the report and that reductions in employee numbers will be achieved in line with the Council's HR policies.

## **1.0 Purpose**

- 1.1 The purpose of this report is to provide Councillors with an update on progress towards identifying additional budget reduction proposals in order to address the projected £19.5 million budget deficit for 2019-2020 as reported to Cabinet in July 2018.
- 1.2 This is the second report of the financial year on the Draft Budget and the Medium Term Financial Strategy (MTFS) for the period to 2019-2020 and provides an update on some key factors, the timetable for the budget process and the risks in relation to them.

## **2.0 Background and Summary**

- 2.1 The 2018-2019 Budget and Medium Term Financial Strategy (MTFS) 2018-2019 to 2019-2020 was presented to Full Council for approval on 7 March 2018. The Council was able to set a balanced budget for 2018-2019 without the use of General Fund reserves. However, it was projected that the Council would be faced with finding further estimated budget reductions totalling £19.5 million by 2019-2020.
- 2.2 It is important to note that the updated projected budget deficit assumes the achievement of budget reduction and financial transaction proposals amounting to £28.3 million over the two-year period from 2018-2019 to 2019-2020.
- 2.3 In March 2018, Full Council approved that work started immediately to identify budget reductions to deliver the £19.5 million projected budget deficit in 2019-2020, with an update on progress to be reported to Cabinet in July 2018.
- 2.4 It should be noted that due to external factors, budget assumptions remain subject to change. This could therefore result in alterations to the financial position faced by the Council.
- 2.5 Since the 2018-2019 budget was set, work has been ongoing across the Council to identify opportunities and cross-cutting strategies to support the budget strategy for 2019-2020.
- 2.6 An update on the high-level strategy to address the projected budget challenge of £19.5 million for 2019-2020 was presented to Cabinet on 11 July 2018. At that point, various opportunities including: one-off funding streams, council tax income, the realisation of benefits from existing strategies and directorate budget reduction targets resulted in the identification of £16.2 million towards the projected budget deficit. Cabinet approved the incorporation of this high-level strategy into the Draft Budget and Medium Term Financial Strategy 2019-2020. Taking this into account, the remaining budget challenge to be identified for 2019-2020 stood at £3.3 million.

- 2.7 Work has continued during the second quarter of this financial year to identify additional budget efficiencies, budget reduction and income generation opportunities to meet the directorate budget reduction targets and to also address the projected remaining budget deficit in 2019-2020, amounting to £3.3 million.
- 2.8 This report provides an update on progress since July 2018 and details the pressures that the Council currently faces.

### **3.0 Budget Strategy 2019-2020 and the Medium Term**

- 3.1 The Council's strategic approach to address the budget deficit continues to be to align resources to the Council's Corporate Plan 2016-2019.
- 3.2 The Council will soon be undertaking a review of the Corporate Plan 2016-2019 and will be developing the Council's Corporate Plan 2020-2025. Over the medium term, resources will continue to be aligned to enable the realisation of the Council's core objectives of achieving:
- a Stronger Economy to provide inclusive growth,
  - Stronger Communities to build resilience,
  - a Stronger Organisation focused on organisational development.
- 3.3 Investment in the future is essential to achieve the Council's Corporate Plan and also the City Vision.
- 3.4 Since the 2018-2019 budget was set in March 2018, work has been ongoing to identify a high-level strategy to address the projected budget challenge of £19.5 million for 2019-2020.

#### **Proposals for 2019-2020**

- 3.5 In July 2018, a number of proposals were presented to Cabinet for approval to address the projected budget deficit for 2019-2020. Proposals were classified as:
- one off funding streams,
  - realisation of benefits from existing strategies,
  - directorate budget reduction targets.
- 3.6 Since the last update to Cabinet in July 2018, further detailed work has continued to take place to develop the proposals reported to Cabinet at that point in time. As a result of this detailed work, there have been some revisions to these proposals, as detailed in the paragraph below.
- 3.7 In July 2018, Cabinet were informed of a recent ruling by the European Court of Justice which had raised the possibility of avoiding the need to charge VAT on some activities where the Council charged the standard 20%. Partners were engaged to lodge a claim on behalf of the Council for overpaid VAT which was anticipated to be in the region of £2.0 million from July 2007 to March 2018. The successful recovery of overpaid VAT has been granted at £1.8 million, approximately £200,000 lower than anticipated.

### Directorate Budget Reduction Targets

- 3.8 Directorates were allocated budget reduction targets for 2019-2020 in July 2018. Work has taken place during the second quarter of the financial year to further develop and identify new proposals towards the directorate level budget reduction targets for 2019-2020. Progress against these targets is detailed in the table below:

**Table 1 – Directorate Budget Reduction Progress against Target**

<b>Directorate</b>	<b>Directorate Target £000</b>	<b>Total of Proposals £000</b>	<b>Variation (Over)/Under £000</b>
Place	(2,000)	(1,272)	728
People (including Public Health)	(2,000)	(2,061)	(61)
Corporate Services (including Education)	(1,500)	(2,092)	(592)
<b>Total</b>	<b>(5,500)</b>	<b>(5,425)</b>	<b>75</b>

- 3.9 As can be seen from the table above, the Council has identified a total of £5.4 million of proposals towards the directorate budget reduction targets. This represents significant progress towards the projected budget deficit for 2019-2020. Nevertheless, work will continue to develop new ideas to generate further efficiencies across the Council.
- 3.10 The proposals have been classified into those upon which the outcome of formal budget consultation is required – Budget Reduction and Income Generation proposals – and proposals which can be implemented without reliance on the outcome of formal budget consultation – Financial Transactions and Base Budget Revisions. Further details can be found in Appendices 1 and 2 to this report.
- 3.11 A significant amount of proactive work has been undertaken to review fee structures, invest in technology, review contract management and consider alternative delivery models. As a result of this, the Council has been able to generate £4.7 million of proposals which can be implemented without reliance on the outcome of formal budget consultation. These proposals are classed as Financial Transactions and Base Budget Revisions.
- 3.12 The Council has also identified a total of £695,000 Budget Reduction and Income Generation proposals.
- 3.13 It is proposed that Cabinet approve that the Budget Reduction and Income Generation proposals amounting to £695,000 in 2019-2020 proceed to the formal consultation and scrutiny stages of the budget process. The outcome of budget consultation and scrutiny will be reported to Cabinet in February 2019.
- 3.14 Included within the identified directorate proposals above, there are a number of proposals in the Public Health and Wellbeing portfolio that have been identified to offset a £548,000 reduction in Public Health grant income that will be realised in 2019-2020. Further details on those proposals can be found in Appendices 1 and 2.

- 3.15 Further details for individual proposals are available on the Council's website using the following link <http://www.wolverhampton.gov.uk/financialstrategy>
- 3.16 When reviewing grant income streams, service areas work to ensure that efficiencies are identified within the area so that the application of grant funding is maximised. This has been an area of focus particularly within the Education service.
- 3.17 Following the positive General Fund revenue outturn position for 2017-2018, it is proposed that proactive financial management across the Council is encouraged to identify efficiencies and mitigating actions to achieve underspends in 2018-2019.
- 3.18 In order to secure the benefit of Financial Transaction and Base Budget Revision proposals at the earliest opportunity, it is proposed that Cabinet delegate authority to the responsible Director and the Director of Finance to implement Financial Transactions and Base Budget Revisions where the proposal is not reliant on the outcome of formal budget consultation. Where possible this will be implemented in 2018-2019 to realise the benefit.

#### **4.0 Update on Key Factors**

- 4.1 The assumptions used in the preparation of the budget and Medium Term Financial Strategy (MTFS) remain under constant review and update.
- 4.2 In July 2018, Cabinet were asked to note emerging pressures within the Looked After Children, Visitor Economy and Corporate Landlord services, following overspends in 2017-2018 as reported in the Revenue Outturn 2017-2018 report. Those service areas continue to be kept under review, however it is anticipated that budget pressures totalling a cumulative £3.8 million will be prevalent in 2019-2020, therefore increasing the projected budget deficit in that year.
- 4.3 In addition to this, on 2 February 2018 the Ministry of Housing, Communities and Local Government issued new Statutory Guidance on Local Government Investments and Minimum Revenue Provision (MRP). The majority of the guidance on MRP is effective from 1 April 2019, however the guidance is currently under review to identify any necessary changes to the Council's strategies and any consequential budget pressure that may arise.
- 4.4 Whilst the Government have recently announced additional monies in 2018-2019 for the Council to address winter pressures; the final allocation has not yet been confirmed. It is anticipated, based on current financial modelling, that there may be additional adult social care pressures over the medium term. This will be to be kept under review, with further updates provided to Cabinet in due course.
- 4.5 During the Autumn, a detailed review will be undertaken to verify all the assumptions and forecasts in the MTFS. This will include an analysis of pay and non-pay inflation.

## **5.0 High-Level Strategy for 2019-2020**

- 5.1 Taking into account the progress against directorate budget reduction targets and emerging pressures, detailed above, and early work on the analysis of MTFS assumptions, it is anticipated that the projected remaining budget deficit for 2019-2020 will be in the region of £6 million.
- 5.2 Over the medium term, the Council's resources will continue to be aligned to enable the realisation of the Council's core objectives, as detailed in paragraph 3.2. However, the high-level budget strategy for 2019-2020 will remain focused on achieving continuous improvement whilst delivering further efficiencies. The strategy will include: exploring alternative business models, a targeted approach to service provision and a risk based approach to budget allocations. The strategy is also to continue to support the independence of individuals and communities, maximising external income, identifying opportunities for further commercialisation and reviewing demand management, which has proved to be an effective approach to identifying deliverable budget reductions.
- 5.3 An update on the budget position based on the high-level strategy will be presented to Cabinet for consideration in January 2019.
- 5.4 It is important to note it is anticipated that the remaining budget deficit for 2019-2020 will be achieved without calling upon the General Fund reserves. Confident Capable Council Scrutiny Panel have approved that the Specific Reserves Working Group meet again in 2018-2019 to review and scrutinise earmarked reserves as part of the budget setting process for relevance and adequacy, in line with the Council's financial procedure rules.
- 5.5 Due to the uncertainty, the Council currently faces, it is difficult to establish a medium term financial strategy beyond 2019-2020, however work has been ongoing to project a forecast medium term position. At the point of writing, it is projected that the medium-term budget challenge could be in the region of £40-50 million over the next five years. This continues to represent the most significant financial challenge that the Council has faced. Service areas across the Council will continue to develop budget efficiencies, service transformation and income generation proposals in order to meet the budget challenge. Cabinet will be provided with budget update reports in due course documenting progress towards bridging this gap.
- 5.6 Recognising the scale of the challenge, processes will be refreshed, including maximising the benefit of the scrutiny process, to ensure a long-term approach to medium term financial planning and the pace of delivery of proposals.

### **Council Tax**

- 5.7 In the provisional settlement for 2018-2019, the Government announced a change to the referendum limit on Council Tax increases in 2018-2019 and 2019-2020 from 1.99% to 2.99%. This would therefore enable the Council to increase Council Tax by a maximum of 4.99% in 2019-2020; the sum of 2.99% Council Tax increase plus a 2% adult social care precept.

- 5.8 The Budget and MTFs 2018-2019 to 2019-2020 approved by Full Council on 7 March 2018 assumes an increase in Council Tax of 1.99%, in addition to the Government's social care precept of 2%, totalling 3.99% for 2019-2020. Taking into account the change in the referendum limit, it is proposed that consideration be given to increasing Council Tax by a further 1% in 2019-2020 to 2.99% as part of the 2019-2020 budget consultation process. It is forecast that funds in the region of £1.0 million could be realised in 2019-2020, if Council Tax were to be raised by an additional 1%. The funds generated would support the delivery of key services.
- 5.9 As discussed above, the budget consultation process will include the opportunity for Wolverhampton citizens to comment on council tax increases and will seek views on further potential amendments to council tax and the adult social care precept, should the Government provide further opportunity to levy charges.

## **6.0 Future Uncertainties**

- 6.1 As reported to Cabinet on 20 February 2018, it is important to note that there continues to be a considerable amount of uncertainty with regards to future funding streams for local authorities particularly regarding 2020-2021 onwards. The Comprehensive Spending Review 2020, the Fair Funding Review and potential pressures arising as a result of new responsibilities will all impact upon the Council's budget.
- 6.2 On 30 May 2018, the Government released a briefing paper which provided an update on business rates retention, the Government's proposals for changes to the local government finance system and the Fair Funding Review.
- 6.3 The briefing paper indicated that the Fair Funding Review will be implemented on 1 April 2020. It is anticipated that a series of technical consultations will be published mid-2018, with broad outlines of the new system available by winter 2018. Indicative numbers, comprising of individual local authority allocations following implementation are expected to be made available by summer 2019, with final numbers available later that year.
- 6.4 In addition to this, it was recently announced that the Government have delayed the publication of the Adult Social Care Green Paper until autumn 2018 so that it can be integrated with the new NHS plan, further adding to the uncertainty faced by the Council. However, it should be noted that the Government has recently announced additional monies for the Council in 2018-2019 to address winter pressures; the final allocation has not yet been confirmed.
- 6.5 The Chancellor of the Exchequer has announced that the 2018 Autumn Budget Statement will be delivered on 29 October 2018. It is hoped that some certainty with regards to future funding streams will be provided.
- 6.6 It is important to note that due to external factors and future uncertainties, budget assumptions remain subject to change. This could therefore result in alterations to the financial position faced by the Council.



## 7.0 General Fund and Earmarked Reserves

- 7.1 The Council's General Fund reserve remains at £10.0 million; the minimum balance as determined in the Council's approved Reserves and Balances Policy. Emphasis therefore continues to be placed on identifying budget efficiencies, budget reductions and income generation proposals to meet the projected budget deficit over the medium term.
- 7.2 As detailed in the high-level strategy above, the remaining budget deficit for 2019-2020 will be achieved without calling upon the General Fund reserves.
- 7.3 It is important to note however, as in previous years, earmarked reserves will be reviewed and scrutinised as part of the budget setting process for relevance and adequacy, in line with the Council's financial procedure rules.

## 8.0 Budget Risk Management and Timetable

- 8.1 A summary of the 2019-2020 budget setting process timetable is detailed in the table below:

**Table 2 – Budget Timetable**

Milestone	Deadline
Draft Budget and Medium Term Financial Strategy (MTFS) 2019-2020 report to Cabinet	17 October 2018
Formal Budget Consultation and Scrutiny	19 October – 31 December 2018
Budget Update Report following the Local Government Finance Settlement to Cabinet	23 January 2019
Final Budget Report 2019-2020 to Cabinet	20 February 2019
Full Council Approval of Final Budget 2019-2020	6 March 2019

- 8.2 As part of the budget consultation process there will be four evening meetings at various venues in Wolverhampton, as detailed in Appendix 3, as well as a breakfast meeting with business representatives and three other meetings with community groups.
- 8.3 As in previous years an online survey will be used to support the consultation process. Paper copies of the survey will also be made available.
- 8.4 It is recommended that Cabinet approve that authority be delegated to the Cabinet Member for Resources in consultation with the Director of Finance to approve the final budget consultation arrangements.
- 8.5 It is important to note, that the overall level of risk associated with the Draft Budget and Medium Term Financial Strategy (MTFS) 2018-2019 to 2019-2020 is assessed as Red for the first time since February 2016. The following table provides a summary of the risks associated with the MTFS, using the corporate risk management methodology.

**Table 3 - General Fund Budget Risks 2018-2019 – 2019-2020**

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 Final Local Government Finance Settlement.</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

## **9.0 Evaluation of alternative options**

- 9.1 In determining the proposed high level budget strategy for 2019-2020, consideration has been made to the deliverability of budget reduction and income generation proposals and budget pressures. If we were to not implement the budget strategy as proposed in this report, alternative options would need to be identified in order for the Council to set a balanced budget in 2019-2020. This may therefore potentially impact upon service provision.

## **10.0 Reasons for decisions**

- 10.1 It is recommended that the high-level budget strategy for 2019-2020, including Financial Transactions, Budget Reduction and Income Generation Proposals, as set out in this report, is approved by Cabinet for formal budget consultation and scrutiny where necessary. Cabinet will be provided with an update following formal budget consultation and scrutiny in the Draft Budget and Medium Term Financial Strategy 2019-2020 report which will be presented to Cabinet in February 2019. In approving this strategy, the Council will be working towards identifying options to be able to set a balanced budget for 2019-2020.

## **11.0 Financial Implications**

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

[MH/08102018/Y]

## **12.0 Legal Implications**

- 12.1 The Council's revenue budgets make assumptions which must be based on realistic projections about available resources, the costs of pay, inflation and service priorities and the likelihood of achieving any budget reduction proposals.
- 12.2 The legal duty to spend with propriety falls under S.151 Local Government Act 1972 and arrangements for proper administration of their affairs is secured by the S.151 Officer as Chief Financial Officer.
- 12.3 Section 25 of the Local Government Act 2003 requires the Chief Financial Officer to report to the Council when it is making the statutory calculations required to determine its Council Tax. The Council is required to take this report into account when making its budget decision. The Chief Financial Officer's report must deal with the robustness of the budget estimates and the adequacy of the reserves for which the budget provides. Both are connected with matters of risk and uncertainty. They are inter-dependent and need to be considered together. In particular, decisions on the appropriate level of Reserves should be guided by advice based upon an assessment of all the circumstances considered likely to affect the Council.

- 12.4 The relevant guidance concerning reserves is Local Authority Accounting Panel Bulletin 77, issued by CIPFA in November 2008. Whilst the Bulletin does not prescribe an appropriate level of reserves, leaving this to the discretion of individual authorities, it does set out a number of important principles in determining the adequacy of reserves. It emphasises that decisions on the level of reserves must be consistent with the Council's MTFs, and have regard to the level of risk in budget plans, and the Council's financial management arrangements (including strategies to address risk).
- 12.5 In addition, Section 114 of the Local Government Finance Act 1988 requires the Chief Financial Officer to '**...make a report ... if it appears to her that the Authority, a committee or officer of the Authority, or a joint committee on which the Authority is represented**':
- a. has made or is about to make a decision which involves or would involve the Authority incurring expenditure which is unlawful,
  - b. has taken or is about to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency on the part of the Authority, or
  - c. is about to enter an item of account the entry of which is unlawful.
- 12.6 The Chief Financial Officer of a relevant Authority shall make a report under this section if it appears to her that the expenditure of the Authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.
- 12.7 These statutory requirements will have to be taken into account when making final recommendations on the budget and council tax requirement for 2019-2020.  
[RB/05102018/Q]

### **13.0 Equalities implications**

- 13.1 The development of the various budget reduction proposals includes an initial equalities screening for each proposal and, where necessary, a full equalities analysis will be completed before the final draft budget is presented to Cabinet in February 2019 and Council in March 2019. This will also include a cumulative analysis of the various proposals to ensure Councillors can pay due regard to the equalities impact of their budget decisions.

### **14.0 Human resources implications**

- 14.1 In line with the Council's statutory duties as an employer under the Trade Union Labour Relations (Consolidation) Act 1992, an HR1 form was issued to the Secretary of State for Business, Innovation and Skills identifying the intention to reduce employee numbers by up to 500 across the Council in the period 1 April 2018 up to 31 March 2019.

- 14.2 A new HR1 will be issued with effect from the 1 April 2019 up to 31 March 2020 identifying that a further 500 jobs may need to be put at risk of redundancy throughout this period.
- 14.3 The numbers included in an HR1 include posts held by colleagues who, as part of business review, redesign and/or restructure, need to be included, as they will be placed at risk of redundancy. However, many of these employees can apply and be offered jobs in any new structure or elsewhere in the organisation and therefore the number of employees leaving the authority is always anticipated to be lower than the numbers put at risk and declared on an HR1.
- 14.4 As detailed in the report, budgetary savings will also be made through efficiencies with new and smarter ways of working and transformation initiatives. Income generation will also be key.
- 14.5 Reductions in employee numbers will be achieved in line with the Council's HR policies. Compulsory redundancies will be mitigated as far as is possible through seeking voluntary redundancies in the first instance, and through access to redeployment.
- 14.6 The Council will ensure that appropriate support is made available to employees who are at risk of and selected for redundancy, and will work with partner and external agencies to provide support. Budget reduction targets to move service delivery from direct Council management to private, community or third sector providers may have implications under the TUPE regulations. If TUPE were to apply, appropriate consultation with relevant Trade Unions and affected employees, would take place.
- 14.7 There is on-going consultation with the trade unions on the impact of the Council's budgetary position and the targets being made to meet the challenges posed by it. [HR/DP/068]

## **15.0 Schedule of Background Papers**

Cabinet – 11 July 2018 '[Draft Budget and Medium Term Financial Strategy 2019-2020](#)'

Cabinet – 11 July 2018 '[Revenue Budget Outturn 2017-2018](#)'

Cabinet – 11 July 2018 '[Reserves, Provisions and Balances 2017-2018](#)'

Council – 7 March 2018 '[2018-2019 Budget and Medium Term Financial Strategy 2018-2019 to 2019-2020](#)'

## Budget Reduction and Income Generation Proposals by Cabinet Portfolio

## Children and Young People

Proposal Title	Directorate	2019-2020 £000
Child & Adolescent Mental Health Service Tier 3 funding to Black Country Partnership Foundation Trust	People	(137)
Supervised Contact Centre Provision for Children and Young People	People	(40)

## City Assets and Housing

Proposal Title	Directorate	2019-2020 £000
Review provision of One Stop Toilet at Mander Centre	Place	(80)

## Budget Reduction and Income Generation Proposals by Cabinet Portfolio

## City Environment

Proposal Title	Directorate	2019-2020 £000
Review of residents parking schemes	Place	(20)
Review the maintenance and routine cleaning of illuminated road signs	Place	(30)
WV Active Catering Offer	Corporate	(100)

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## Public Health and Wellbeing

Proposal Title	Directorate	2019-2020 £000
Integration of Public Health Service Contracts*	People	(288)

\* budget reduction proposal to offset reduction in grant income

## Financial Transaction and Base Budget Revisions by Cabinet Portfolio

Cabinet Portfolio	2019-2020 £000
Leader	71
Adults	907
Children and Young People	415
City Assets and Housing	420
City Economy	136
City Environment	740
Education and Skills	646
Governance	297
Resources	824
<b>Total</b>	<b>4,456</b>
Public Health and Wellbeing*	274

\* financial transaction to offset reduction in grant income



**Budget Consultation Meetings**

<b>Venue</b>	<b>Date</b>	<b>Time</b>
Bantock Tractor Shed	25 October 2018	6-8pm
Low Hill Community Centre	1 November 2018	6-8pm
Bob Jones Community Hub	13 November 2018	6-8pm
Bilston People's Centre	15 November 2018	6-8pm

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# Confident, Capable Council Scrutiny Panel

28 November 2018

<b>Report title</b>	Customer Services Journey	
<b>Cabinet member with lead responsibility</b>	Councillor Louise Miles Resources	
<b>Wards affected</b>	All	
<b>Accountable director</b>	Andy Moran, Director of Commercial Services	
<b>Originating service</b>	Customer Services	
<b>Accountable employee(s)</b>	Lisa Taylor Tel Email	Head of Customer Services 01902 55 2742 lisa.taylor@wolverhampton.gov.uk
<b>Report to be/has been considered by</b>		

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### Recommendation for action:

The Scrutiny Panel is recommended to:

1. Consider whether the proposed future Customer Service Operating Model will provide the type and quality of service that is appropriate for the Council's customers, in particular, the approach to managing simple and complex transactions.

### Recommendations for noting:

The Scrutiny Panel is asked to note:

1. The aims of the current Customer Services Business Improvement Programme phase of the Digital Transformation Programme.
2. The current performance of Customer Services and the short-term improvement actions being taken.

## 1.0 Purpose

- 1.1 This report provides an update on the Council's Digital Transformation Programme and the proposed future Customer Services operating model.

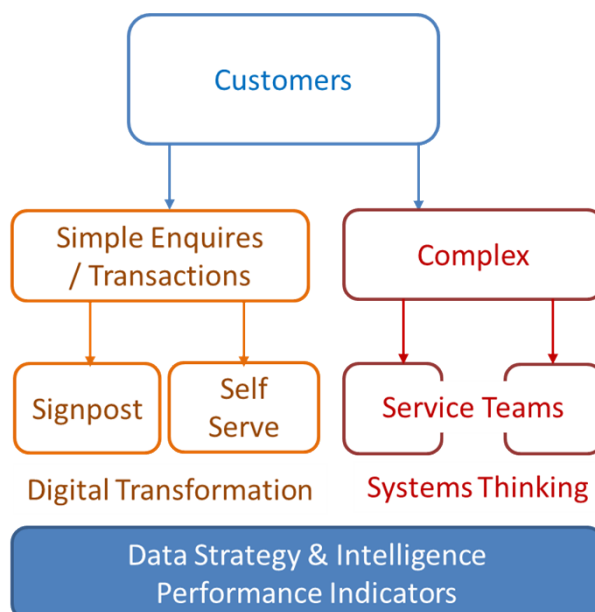
## 2.0 Background

- 2.1 The Council's Digital Transformation Programme (DTP) was approved by Cabinet in October 2015 with future phases approved in 2017.
- 2.2 The programme aims are to:
- Empower customers (citizens, residents, visitors, businesses and partners) capable of self-serving with the means to do so.
  - Enable employees to work more effectively while they are out and about or operating from different office sites making them more productive and reducing the costs of service delivery.
- 2.3 The main activity in first phase of the programme was to implement the Microsoft Dynamics Customer Relationship Management software and Master Data Management which provides a single customer record.

## 3.0 What is the Proposed Future Customer Service Operating Model?

- 3.1 The proposed future operating model is based on the categorising customer contact into those that can be fulfilled through self-service and those that are complex and require intervention and personalisation dependent on the individual.

- Self Service First
  - Simple
  - Online
  - Automate by Default
- Complex
  - Personalised intervention
  - Phone, Face to Face, Video
  - Systems thinking / Lean BPR



3.2 Examples of simple transactions are:

- Change in address or circumstances for Council Tax.
- Reporting incidents that include missed bin collection, fly tipping.
- Making a payment.
- Enquiries for information.

3.3 Complex transactions are those which are personal to an individual and require the Service Team expertise to be involved, for example, social care enquiries.

3.4 The operating model will be a driven by data. The accurate reporting of activity and trends will be key in providing feedback to service teams and informing service design and demand management.

**4.0 What is the current phase of DTP?**

4.1 The current phase of DTP is focussed on simple transactions and implementing the customer facing technology to provide online access to services and to make business process changes to improve the performance of the Customer Services team. This is known as Customer Services Business Improvement Programme.

**5.0 What is Customer Services Business Improvement Programme?**

5.1 The aims of Customer Services Business Improvement Programme are to:

- Deliver the C3 Future Customer and Future Works strategies.
- Implement the future customer service delivery model.
- Improve the performance of Customer Services in relation to answering and resolving customer enquiries.
- Improve the accuracy of performance reporting and provide data to inform and drive the continued adoption of online transactions.
- Provide a single point of access to services and contact for customers, Councillors and employees.
- Reduce the operating revenue costs of Customer Services by £850,000 for financial year 2019-2020.

5.2 During this phase the following packages of work will be undertaken.

5.3 **Online forms** – this will provide an integrated self-service portal that allows customers to search for answers to common questions and raise and manage their own service requests online. This will link to the 'My Account' where all service requests can be tracked and updated in real time.

5.4 **Redesigned website and content management system** – a new website is needed to support the self-service offer for customers. This is also an opportunity to rationalise the number of webpages and make them more user friendly.

- 5.5 **Customer portal for Council Tax and Housing Benefit** – this will improve the online forms that customers complete for submitting Council Tax changes in circumstance and submitting new Housing Benefit claims. This new software will also allow greater automation than the existing system.
- 5.6 **Automated telephone payments** – a new provider of this service has been procured and will commence in February 2019. The estimated saving is approximately £185,000 per year.
- 5.7 **Card payments taken over the telephone** – by May 2019 the Council must comply with the Payment Card Industry Data Security Standard when it takes payment over the telephone from customers. The current process does not meet the requirements and a new system is needed.
- 5.8 **Improvements to the Contact Centre telephone system** – a number of changes are being implemented to provide greater flexibility in managing calls and demand.

## 6.0 What is the current performance of Customer Services?

- 6.1 At present the main way that customers contact the Council is by telephone. The contact centre receives over 50,000 calls per month from a population of approximately 260,000 who live in around 107,000 houses in the city.
- 6.2 There is a disproportionately high number of calls for the size of population. A recent analysis of the calls over a six-week period has shown that customers are making repeated calls due to the time taken to answer.
- 6.3 A system of calling customers back has been put in place however this is currently a manual process and is not reducing the number of calls and time to answer.
- 6.4 Two main reasons for calls (Waste and Council Tax) are shown below for a four-week period in August 2018:

- Waste collection and recycling

Calls	Number of calls	%
Answered	1,511	58
Not answered	1,086	42
Total calls	2,597	

Calls answered	Number of calls	%
Offered call back	825	55
Dealt with by agent	686	45
Total calls	1,511	

Calls	Minutes
Average waiting time to answer	19:59
Average length of call	06:25

- Council tax

Calls answered	Number of calls	%
Answered	4,002	58
Not answered	2,873	42
Total calls	6,875	

Calls answered	Number of calls	%
Offered call back	2,498	62
Dealt with by agent	1,504	38
Total calls	4,002	

Calls	Minutes
Average waiting time to answer	03:31
Average length of call	05:35

6.5 The overall situation is that over half of calls are answered and then approximately six out of 10 calls answered are dealt with by a customer services agent.

## 7.0 How is progress of issues reported currently managed?

7.1 Currently there is very limited integration between the Customer Services system (Microsoft Dynamics) and the service teams' operational systems.

7.2 The updating of progress and resolving of issues is done manually by Customer Services Officers and requests have to be made to the service teams by either email or internal telephone calls when queries are received from customers and Councillors.

7.3 This can result in some circumstances that issues are closed within the Customer Services system when the initial query has been responded to, but further follow-on action may still be required.

7.4 The new online forms currently being implemented as part of the Customer Services Business Improvement Programme will provide the integration with service team systems for front line employees to be able to update in real time and give customers the ability to view progress online and to opt in to receive email and text updates if wanted.

- 7.5 There is also the functionality where Councillors can report issues on behalf of customers. Updates can be provided to both the customer and reporting person (Councillor) subject to data protection requirements.
- 7.6 Reports will also be available by location and type of issue and will provide information on city-wide, ward, postcode and street level.
- 7.7 The new online forms will be live in April 2019 for the following:
- Payments (e.g. Council Tax, Business Rates, Parking Charge Notices, Licensing etc)
  - Household Waste Recycling Centre Permits
  - Bulky Waste Collections
- 7.8 A programme of forms for further types of issues is being developed and will be implemented during 2019-20.

## **8.0 What short term actions are being taken to improve call answering?**

- 8.1 A new Head of Customer Services has been appointed and is undertaking a review of the reasons for the current performance issues. A series of staff “open door” liaison sessions have been held which have resulted in some immediate improvements in working arrangements and actions which will be implemented in the remainder of 2018-2019.
- 8.2 These actions include:
- Review of the allocation of staff to specific subject areas of enquiries
  - Change of management structure to provide better escalation of issues
  - Improvements to the contact centre telephone system

## **9.0 Questions for Scrutiny to consider**

- 9.1 Will the proposed future Customer Service Operating Model provide the type and quality of service that is appropriate for the Council’s customers, in particular the approach to simple and complex transactions?

## **10.0 Financial implications**

- 10.1 Revenue savings totalling £850,000 are assumed in the Medium-Term Financial Strategy associated with the Customer Services Business Improvement phase of the Digital Transformation Programme. Savings achieved because of service improvement works identified in this report, such as the £185,000 as a result of re procurement exercise, will offset the £850,000 in the first instance.
- 10.2 A budget of £3.0 million exists in the approved capital programme to support and facilitate the Customer Services Business Improvement phase of the Digital Transformation Programme.  
[TT/15112018/U]



## **11.0 Legal implications**

- 11.1 There are no immediate legal implications in implementing the recommendations a number of implementation contracts will be required to be entered into at a future point. Legal and procurement advice will be given throughout this process. The Information Governance and HR policies meet legal requirements surrounding information risk and the appropriate use of ICT assets.  
[TS/14112018/Q]

## **12.0 Equalities implications**

- 12.1 An initial Equality Analysis has been undertaken which has identified that there are implications for three equality strands (Age, Disability and Race). As the programme develops there will be an ongoing review of the Equality Analysis to look at how these can be addressed.

## **13.0 Human resources implications**

- 13.1 A restructure of the Customer Services team will be undertaken in accordance with the Council's relevant policies and procedures.

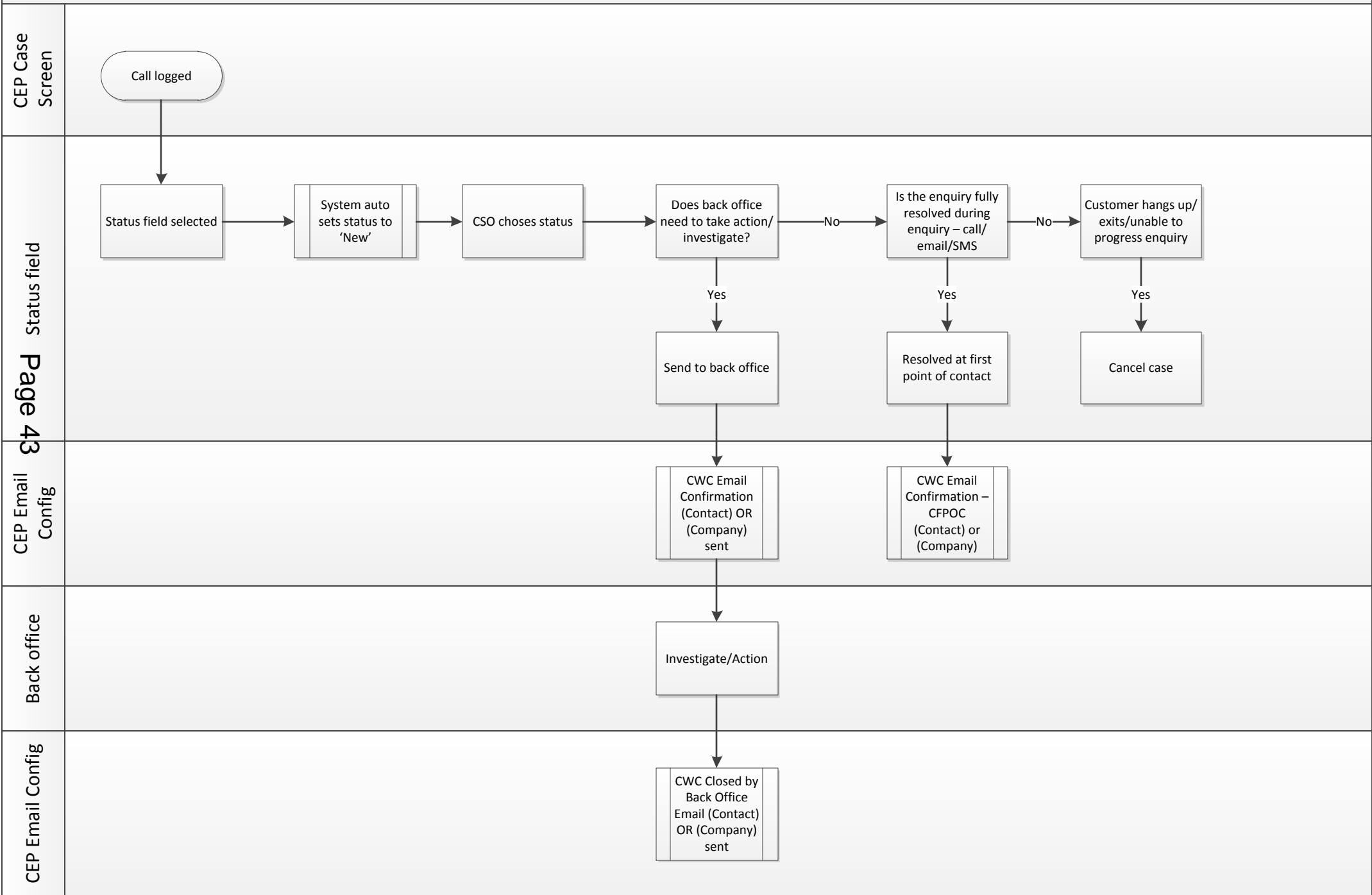
## **14.0 Schedule of background papers**

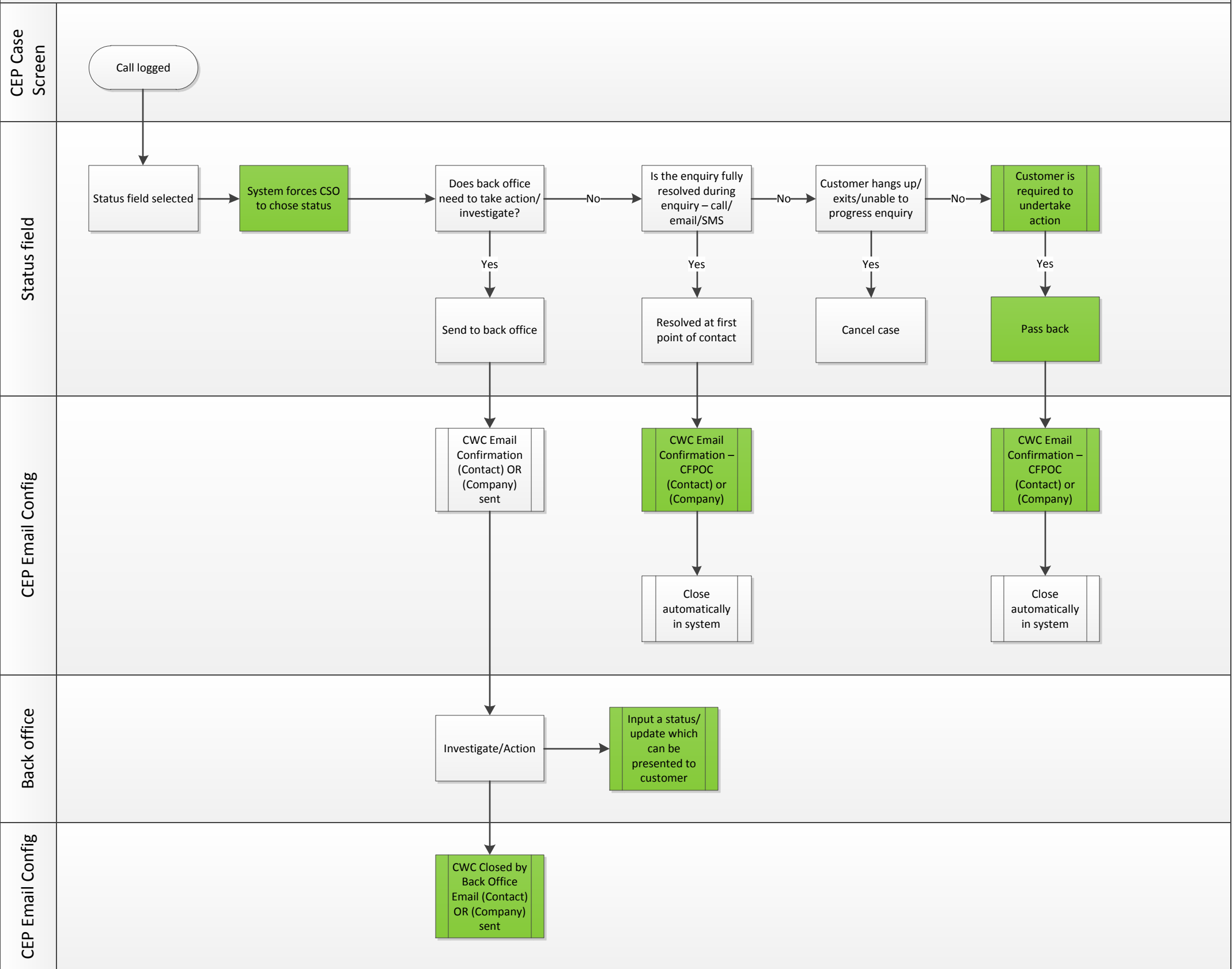
- 14.1 Digital Transformation Programme, 20 October 2015, Cabinet (Resources) Panel.  
14.2 Digital Transformation Programme 2017-20, 18 October 2017, Cabinet.

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CEP Case 'Status' and Email Template Allocation – 'As Is'

Phase





# Briefing Note

Agenda Item No: 8  
CITY OF  
WOLVERHAMPTON  
COUNCIL

**Title:** Strategic Procurement Update

**Date:** 28 November 2018

**Prepared by:** Allison Robertson

**Job Title:** Head of Procurement

**Intended Audience:**

Internal

Partner organisation

Public

Confidential

## 1.0 Purpose

1.1 This briefing note provides an update on the work that the Procurement team have undertaken and also provides information on the potential procurement related impact and risks of Brexit.

## 2.0 Overview

2.1 The following three items are included within this briefing note:

- Local spend
- Social Value
- Brexit

## 3.0 How much is the Council Spending Locally?

3.1 The Council's Procurement Strategy sets out that the Council's focus will be on ensuring that our spend with third parties maximises the impact of each pound on the local economy and we support the creation of opportunities for high quality sustainable employment for local people.

3.2 The Council's measures local spend in three ways:

- Providers with a Wolverhampton payment address
- Providers with a Wolverhampton office / branch
- Providers in Wolverhampton and surrounding area

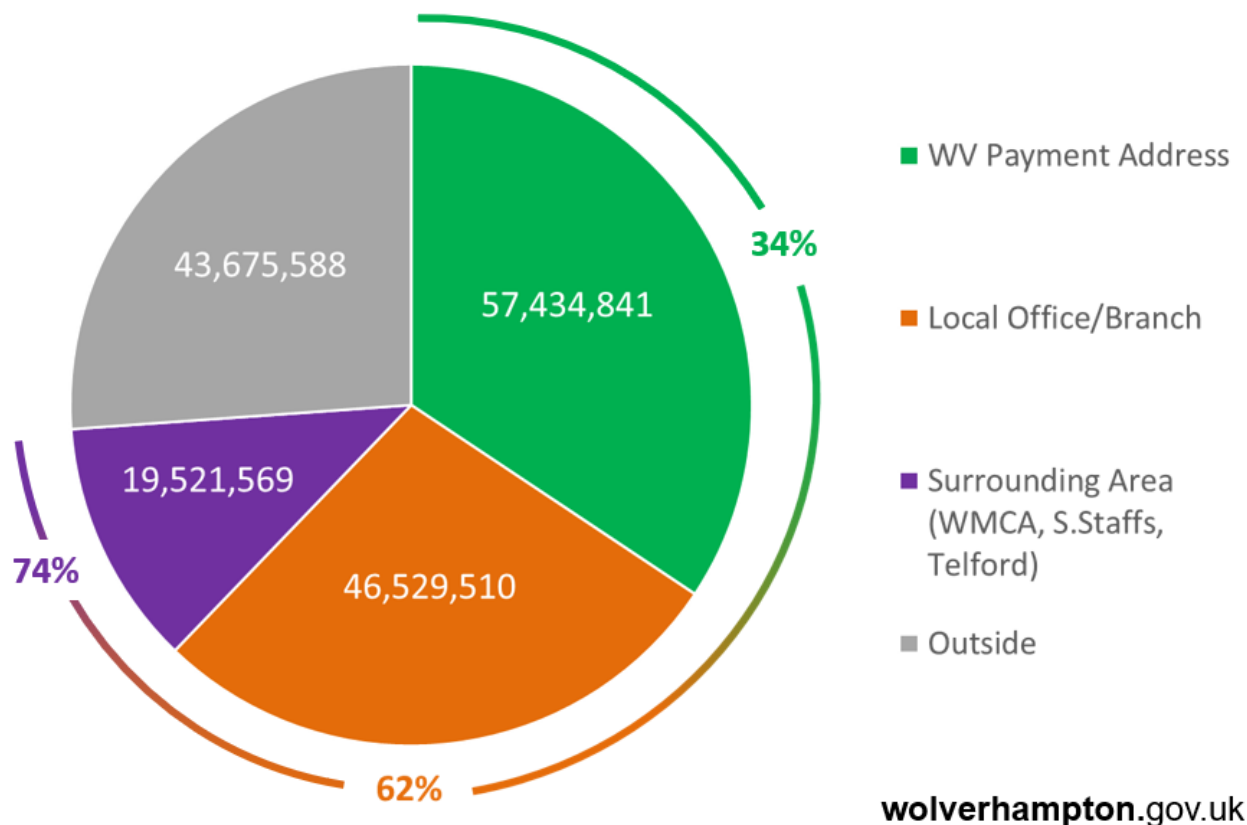
3.3 Solely relying on the payment address as a measure of local spend does not provide a complete understanding as some organisations have centralised finance offices or use third party companies to issue invoices and receive payments.

3.4 The more reliable measure is to determine if the service or activity is being undertaken in the City. This can be done by identifying the actual address of provider as many organisations have local offices and branches in Wolverhampton and therefore contribute to the local economy.

3.5 The reason for measuring spend with providers in the surrounding area (West Midlands Combined Authority, South Staffordshire and Telford) is that this is the local "travel to work" area.

3.6 An analysis of the spend in these three categories is shown in the following diagram

## Local Spend



3.7 This analysis was for the first seven months of the year which was with providers based in Wolverhampton. If the 62% is calculated for a full year this equates to over £177 million being spent each year in Wolverhampton.

3.8 The remaining 26% that is spent outside of the City and surrounding area is primarily goods and services which cannot be purchased locally, e.g. insurance, ICT equipment, out of area social care placements etc. The Procurement team however continue to review each contract as it is procured.

### 4.0 What is the Approach to Social Value?

4.1 In 2015 the Council, University of Wolverhampton, Royal Wolverhampton NHS Trust and Wolverhampton Voluntary Sector Council developed The City of Wolverhampton Charter which sets out five key principles that will underpin the commissioning and procurement activities of key partners in the City.

- 1) Develop and grow a skilled workforce through - Creating employment and training opportunities for local residents including supporting people into work and providing work experience placements; mentoring and supporting personal development and, where appropriate incorporating provision

- 2) Encourage healthy lifestyles and independence by - Encouraging the adoption of workplace health initiatives which keep people in work, reduce sickness and also create a workplace that is more conducive to good health. Promoting active travel such as walking, cycling and public transport use
- 3) Support more people to be active within their communities by - Building the capacity of local voluntary and community organisations and schools through the provision of resources and expertise in areas with the greatest need e.g. mentoring and the provision of meeting facilities etc.
- 4) Support business to develop and grow by - Having a preference to buy locally on the condition that a suitable supplier exists and that this provides value for money.
- 5) Support the reduction to the carbon footprint and eliminate unnecessary waste by - Specifying good and services on the basis of whole life costing and which minimise the use of resources and the creation of pollution and greenhouse gases.

4.2 The Charter is included as part of the invitation to tender documents which I sent to bidders and a minimum of 10% of the evaluation criteria is allocated to their response to the five principles.

## **5.0 How is Social Value Being Realised?**

5.1 The Council's Enterprise team have implemented the Charter to a number of key developments taking place across our city. The team have developed a close working relationship with developers and construction-based businesses delivering both public and privately funded schemes in the City. A cross service approach with Planning, Procurement, Housing and Skills has enabled a early stage engagement with contractors board members and senior management. As a result, the team have identified:

- A resurgence of the construction sector which is creating a demand in recruitment and up skilling of their workforce
- A strong desire to have a locally based supply chain
- An appetite to work with the Council to engage and support other social and community- based activities.

5.2 In response, the team have:

- Designed a new skills and employment plan, aligned to the Councils corporate objectives that includes both pre- apprenticeships and pre- recruitment offer, linked to the Wolves@work programme
- Created Contract opportunities for the small business local supply chain, along with skills and recruitment.

5.3 To date, the team have identified and engaged with 21 construction projects and of these six have come forward with proposed outputs as follows:

- Support for 126 unemployed adults back in to work
- 32 pre apprenticeship opportunities
- 52 apprentices
- Offer 244 people career advice and pathways in to the sector

- 76 site visits for the community and those considering a career
- 44 school visits
- 46 mentoring placements
- 21 enterprise activities
- 7 Graduate placements
- 82 weeks of Leadership training
- 4 Meet the Buyer events for local small businesses

5.4 The Council's management partner for Yoo Recruit is Adecco. As part of the contract Adecco committed to delivering a employment and training programme for local people. The main activity is Employability workshops which consist of CV writing, interview skills, etc. To date 493 people have attended these workshops.

5.5 The Charter and Social Value programme are now embedded as Council business as usual and is delivering training, work opportunities and sustainable jobs for local people.

5.6 A recent example is the Council's corporate insurance procurement which was awarded to Zurich Municipal. The inclusion of social value commitments had not been included in previous contracts for insurance. For this contract 10% of the evaluation criteria was allocated to social value and in particular work opportunities for care leavers.

5.7 Following the award of the contract the Council's Procurement team and Skills team worked with Zurich Municipal to develop work placements for two care leavers in their office in Birmingham. We have been advised that the two people who did the work placements have been permanently employed. Also recently they were nominated by their colleagues and won employee awards for their enthusiasm and working with stakeholders.

5.8 There are a number of other examples which can be provided if requested.

## **6.0 What are the Implications and Risks of Brexit for Procurement?**

6.1 There are three main procurement related concerns:

- a) Changes to legislation
- b) Short term shortages of goods and potential price increases
- c) Longer term price increases in services due to wage increases

## **6.2 Changes in legislation**

6.3 Public procurement is a fundamental part of World Trade Organisation (WTO) agreement and individual trade agreements between the EU and other countries. The current EU directives take these agreements into account and are incorporated into UK law through the Public Contracts Regulations.

6.4 Dependent on the final detail of the Brexit withdrawal agreement it is likely that UK public sector bodies will be required to continue to comply with the EU directive requirements and publish contract notices in OJEU for at least the two year



transition period. At this time there does not appear to be any changes to the Public Contracts Regulations being proposed.

- 6.5 In the event of a “no-deal” Brexit the Public Contracts Regulations will still apply however there would no longer be a requirement to publish contract notices in OJEU. Central government have advised they are developing an alternative advertising website as the UK will need to seek access to the WTO Agreement on Government Procurement (GPA). The UK currently participates in the GPA by virtue of its EU membership which would no longer be valid. Further information can be found at:

<https://www.gov.uk/government/publications/accessing-public-sector-contracts-if-theres-no-brexite-deal/accessing-public-sector-contracts-if-theres-no-brexite-deal>

**6.6 Short term shortages of goods**

- 6.7 As the date of Brexit approaches, 29 March 2019, there maybe shortages of goods due to disruption at ports and organisations stockpiling goods. The Procurement team is undertaking a review of potential supplies that could be affected and are critical. The main area identified is food for school meals and Meals on Wheels however it is difficult to predict what may be affected as there maybe products needed for manufacturing that could be affected, e.g. shortage of carbon dioxide that affected food and drink production in summer of 2018.

**6.8 Potential price increases**

- 6.9 There is a risk of price increases due shortages as stated above. Additionally, there may be a decrease in the value of the GB pound to the US dollar which would increase prices of imported goods that are manufactured outside of EU such as food, ICT equipment, software. Fuel may increase in price which affects energy and manufacturing.

**6.10 Longer term price increases due to wage increases**

- 6.11 A reduction in the people coming to work in the UK may increase the result wage increases and resulting price inflation.

- 6.12 It is difficult to predict the risk of Brexit on public procurement and the direct impact on the provision of goods and services until the final conditions of the withdrawal are known. The Council’s Head of Procurement is a member of a number of sector groups including West Midlands Procurement Group and Crown Commercial Service Public Sector Policy Group and will continue to monitor and review the situation.

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