

CITY OF
WOLVERHAMPTON
COUNCIL

Confident, Capable Council Scrutiny Panel

6 February 2019

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:

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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 (28.11.18)** (Pages 3 - 10)
[To approve the minutes of the previous meeting as a correct record]
- 4 **Matters arising**
[To consider any matters arising from the minutes]

PRE-DECISION SCRUTINY

- 5 **City of Wolverhampton Council Plan 2019-2024** (Pages 11 - 16)
Mark Taylor, Strategic Director People, to present report (appendix to follow)

DISCUSSION ITEMS

- 6 **Universal Credit Update** (Pages 17 - 24)
Heather Clark (Economics), Service Development Manager, to present report.
- 7 **Treasury Management** (Pages 25 - 52)
Sarah Hassell, Finance Manager, to present report
- 8 **Specific Reserves Working Group 11.12.18 - Draft Minutes** (Pages 53 - 58)
Earl Piggott-Smith, Scrutiny Officer, to present draft minutes for comment and approval.
- 9 **Confident Capable Council Panel - Draft Work Programme 2018 19** (Pages 59 - 62)
Earl Piggott-Smith, Scrutiny Officer, to present report.

Attendance

Members of the Confident, Capable Council Scrutiny Panel

Cllr Alan Bolshaw
Cllr Jacqueline Sweetman
Cllr Payal Bedi-Chadha
Cllr Paula Brookfield (Chair)
Cllr Dr Michael Hardacre
Cllr Udey Singh
Cllr Ian Brookfield
Cllr Milkinderpal Jaspal
Cllr Peter O'Neill
Cllr Jane Stevenson (Vice-Chair)
Cllr Susan Roberts MBE

In Attendance

Cllr Val Gibson
Cllr Louise Miles
Cllr Martin Waite
Cllr Bhupinder Gakhal

Employees

Andy Moran	Director of Commercial Services
Claire Nye	Director of Finance
Gail Rider	Head of ICT
Earl Piggott-Smith	Scrutiny Officer
Michelle Howell	Finance Business Partner
Lisa Taylor	Head of Customer Services

Part 1 – items open to the press and public

Item No. *Title*

- 1 Apologies**
Apologies were received from the following Cllrs:

Cllr Payal Bedi-Chadha
- 2 Declarations of interest**
There were no declarations of interest recorded

3 **Minutes of previous meeting (26.9.18)**

The minutes of the previous meeting were confirmed subject to the suggested revised wording being changed, as being a correct record and signed by the Chair.

4 **Matters arising**

Agenda Item 5: Treasury Management – Annual Report 2017-18

Claire Nye, Director of Finance, advised that there was no update at this time and further information would be presented to the panel on 6 February 2019.

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

Earl Piggott-Smith, Scrutiny Officer, presented the draft work programme report for comment.

Resolved:

The panel agreed to establish a working group to review progress of changes to the customer services system. The following members agreed to be nominated to the working group:

Cllr Paula Brookfield
Cllr Jane Stevenson
Cllr Martin Waite
Cllr Bhupinder Gakhal
Cllr Milkinderpal Jaspal

6 **Draft Budget and Medium Term Financial Strategy 2019-2020**

Claire Nye, Director of Finance, presented the Draft Budget and Medium Term Financial Strategy report which sets out the financial position of the Council and work done to address the projected budget challenge. The Director of Finance commented that proposals classed as financial transactions and base budget revisions will be managed through internal processes. The panel were invited to comment on the budget reduction proposals and comment on the budget scrutiny process.

The panel discussed the value of their contributions about budget proposals and expressed some concern about the size of the report and the number of appendices which need to be considered and referenced to get a full understanding of the plan to achieve a balanced budget. The Director of Finance commented that the Council has a legal responsibility to set a balanced budget and that Councillors are consulted on the proposals. The Director of Finance agreed to consider ideas for making the information more manageable as part of the budget consultation review.

Louise Miles, Cabinet Member for Resources, commented that the public had been invited as part of the budget consultation process to say how they would like to be consulted in the future. The Cabinet Member for Resources advised that there had been discussions with Chair of Scrutiny Board about the role of scrutiny members in the budget scrutiny process, which may include looking at the whole budget, rather than on the basis of Cabinet portfolio responsibility.

The panel commented on the current arrangements where panels scrutinise budget proposals within their remit and suggested that a different approach was needed to understand the impact on the Council as a whole, to have a more effective budget scrutiny process.

The panel commented about the lack of detail about the implications of savings proposals and the presentation of figures which do not properly explain the difference between a budget reduction or an income generation idea.

The panel commented on the remit of the panel which requires a different approach to the budget scrutiny process to understand the implications of proposed changes on how services are delivered in the future. The panel discussed the list of risks detailed in Table 3 of the report and suggested there was a need to explore them in more detail to better understand the impact on policy and service delivery. The panel considered that the current information makes it difficult to understand how key risks were considered during the budget process and other cross cutting issues.

The Director of Finance agreed to consider how to present the information about risks associated to the medium-term financial strategy to meet the concerns of the panel in future reports about the budget.

The Cabinet Member for Resources commented on the overall poor level of attendance at the public budget consultation events and further thought would be given to what could be done to improve the situation.

The Cabinet Member for Resources praised the positive meeting with members of Wolverhampton Youth Council as part of the budget consultation process.

The panel discussed the value of panel members making comments on the budget proposals and the limited scope to make significant changes. The panel suggested that a different approach was needed to the scrutiny of the draft budget and medium term financial strategy document.

The panel suggested the panel should consider the budget consultation process and procedure, and an assessment of risks. The Director of Finance commented that training sessions on the budget had been offered to Councillors to support them in understanding the Council's budget previously, but attendance had been poor.

The Director of Finance agreed to discuss with colleagues about offering briefing sessions on the budget as part of the consultation process. The panel commented on the importance of the panel understanding the whole budget and the implications of what is being proposed.

The Cabinet Member for Resources commented that during the public consultation events there was consensus in the responses in wanting to have issues put into context so that they could better understand the implications of the budget proposals.

In addition, information could be presented differently with an explanation to help people better understand the budget proposals.

The panel suggested that a special meeting should be arranged to consider and comment on scrutiny process of the budget, in recognition of its wider remit and responsibility for financial matters to support the delivery of Council Services.

Resolved:

The Chair and Vice Chair of the panel in conjunction with the Director of Finance to arrange an extra meeting of the panel to consider the draft budget and medium-term financial strategy proposals and to consider making recommendations to Cabinet as appropriate about the improving the scrutiny process of the draft budget.

7 **Customer Services Journey**

Andy Moran, Director of Commercial Services, gave a short presentation about the performance of the customer services and the changes made to the service. The Director of Commercial Services advised the panel that Lisa Taylor, had recently been appointed to the post of Head of Customer Services as part the new strategy. The Director of Commercial Services gave an update on the proposed customer services operating model designed to respond to concerns about the performance. The Director of Commercial Services advised that the panel that the new system would categorise customer enquiries which can be fulfilled through self-service and those more complex enquiries would be dealt with separately. The panel were advised that the council receive 50,000 calls a month and that the current model was not sustainable in the long term in managing this level of customer contact.

The Director of Commercial Services advised the panel of a range of process changes made to support the new operating model, for example, re-organising the customer services team and also future changes, for example, the potential for using Skype to deal with planning enquiries more quickly.

The Director of Commercial Services advised the panel that an important part of the process is to have a single record for every customer rather than multiple records for the same person held by different service areas, relating to other enquiries.

The Director of Commercial Services commented on the technology being introduced to support this change, which would allow the customer to check progress and reduce the number of calls to the Council. The new customer system would help to avoid unnecessary duplication of similar types of enquiries and reduce the number of enquiries in the new process. The system would be provided with new functionality and supported by a reduction in the current number of 1700 web pages. The content on council web pages is being reviewed to further support this work.

The panel were advised that work is being done to get more people to deal with telephone enquiries in response to the difficulties highlighted in the report.

The panel commented that the current call back system is not working and gave examples of complaints received from residents. The Director of Commercial Services accepted the frustration experienced by customers and explained that work was being done to introduce changes from April 2019 to the telephone system which would provide a better response.

The panel criticised the poor performance of the customer services as detailed in the report in terms of the length of time taken to answer calls and the number of calls not answered. The panel commented that previous assurances given to them that planned changes would provide a better customer service experience had not been delivered, despite considerable investment over many years.

The Director of Commercial Services accepted the criticism of the previous changes but added that it was necessary to install the base systems in order to deliver a better service that can work together more efficiently.

The panel discussed the previous performance standard that telephone calls to the Council would be answered within five rings and suggested that this should be re-introduced. The panel commented about the lengthy wait was unacceptable for residents trying to get help with their enquiries.

The panel commented on their own experiences and those from residents of lengthy wait on the phone when trying to contact the Council and were concerned that despite previous investment that waits of 40 minutes for answer continue. The Director of Commercial Services accepted the criticism of the telephone service and commented that efforts were aimed on reducing the 50,000 calls, which are much higher level of caller volume compared to other authorities. The situation will be improved when the number of calls is reduced significantly.

The panel commented on the poor experience of the automated telephone payment system and reported advice given to a resident who was unable to use the system. The Director of Commercial Services agreed to follow up this as the information given by the adviser to the resident as a solution was incorrect.

The panel queried when a full roll out of the new system would be completed. The Director of Commercial Services advised the system would be operational from April 2019 and other features rolled out over this period.

The panel queried if there were sufficient number of customer service advisers to deal with current demand. The Director of Commercial Services advised that the numbers of advisers have not changed but the service has been re-organised to respond to demands.

The panel queried current expenditure of the Council's Digital Transformation Programme. The Director of Commercial Services advised the panel that the capital budget for the programme is £3 million.

The panel queried the feasibility of reducing operating costs by £850,000 as stated in the report and details of how this would be achieved. The Director of Commercial Services responded that technology is not well organised in the contact centre and investment in the new technology would support the delivery of the programme aims.

The panel expressed concerns about residents who either don't have bank accounts or not comfortable with using new technology and how they will be supported. The panel wanted reassurance that the needs of specific groups would be considered, and suitable alternatives provided.

The panel discussed the level of preparedness for the exit of the UK from the EU in March 2019 and any consideration given to the impact on the planned introduction of the new customer services system. The Director of Commercial Services advised the panel of the interim measures being planned to reduce the risk of any possible disruption.

Louise Miles, Cabinet Member for Resources, accepted that the performance of the customer services was deeply unsatisfactory and when appointed to the Cabinet a commitment was made to be open about the problems with the service. The Cabinet Member commented on action taken in response to concerns expressed about the service and gave an assurance that advice given to the public about the automated payment system would not be repeated.

The Head of Customer Services advised that transfer of customer services contact centre from Wolverhampton Homes to the Council has been put on hold temporarily.

The panel thanked the Director of Commercial Services for the report and presentation.

Resolved:

1. The panel comments on the current service performance and the proposed customer services operating model to be considered by the Head of Customer Services.
2. The working group to be established to review progress of plans to manage simple and complex customer enquiries. A date to be agreed with members.
3. The findings of the working group to be reported to the panel meeting on 10 April 2019.

8 **Strategic Procurement Update - briefing paper**

Allison Robertson, Head of Procurement, gave an update on the work of the service and to manage issues relating to the impact and risks arising from Brexit. The Head of Procurement commented on the work done to maximise the impact of money spent with third parties that benefit the local economy.

The Head of Procurement gave examples of work being done to give local people employment and training opportunities through the contract tendering process.

The Head of Procurement briefed the panel on the contingency arrangements made to minimise any possible distribution. The Head of Procurement added that the suppliers were being asked to provide details of their contingency arrangements and how they plan to manage risks.

The panel welcomed the report and the work being done with other strategic partners to deliver better social value when commissioning services and the benefits to local business and residents.

Resolved:

The panel agreed to note the progress.

9 Print and Design Service (report to follow)

Gail Rider, Head of ICT, gave a short presentation about the changes introduced to Digital Print Solutions (DPS) since 2017 to the service and a summary of the earlier tour of the area that was arranged before the meeting for members of the panel.

The Head of ICT gave a summary of the progress made since a report proposing a series of the changes to the service was presented to the Cabinet (Resources) Panel in 2017.

The Head of ICT recommended that the panel support the proposal that all print requirements are directed to the internal DPS team first before considering using an outside contractor.

The Head of ICT reported that based on analysis an estimated £116,000 has been spent with external suppliers in the last 12 months and there was a view that a high percentage of this spend could have been completed by DPS.

The Head of ICT commented on the positive response from the employees in the section to the changes that have been introduced. The panel expressed concerns about the poor state of the rest room area and the wanted to improvements to the facilities.

The panel thanked the Head of ICT for the report and presentation and the excellent progress since being appointed. The panel discussed the legality of the service undertaking printing work for third party organisations. The panel discussed that this could be possible if the service was acting as a trading company but accepted that there were legal requirements and other financial considerations that would have to be met before progress could be made.

The panel queried the reference made in the report about third parties paying enhanced charges and considered that this was unlikely to be achieved and further details were needed about how this could be done in such a competitive market.

The panel thanked the Head of ICT for the presentation.

Resolved:

1. The Head of ICT to present a report to panel meeting on 6 February 2018 about the feasibility of establishing DPS as a trading company and recommendations.
2. The Head of ICT to lead work to undertake detailed market research about the competitiveness of the current service and use of external printing services and report the findings to panel meeting on 10 April 2018.
3. The Director of Finance to discuss with Cabinet a refurbishment of the employee rest area in the DPS and report findings to a panel meeting on 10 April 2019.

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Confident, Capable Council Scrutiny Panel

6 February 2019

Report title	City of Wolverhampton Council Plan 2019-2024	
Cabinet member with lead responsibility	Councillor Roger Lawrence Leader of the Council	
Wards affected	All	
Accountable director	Tim Johnson, Managing Director	
Originating service	Strategy and Change	
Accountable employee(s)	Mark Taylor	Deputy Managing Director
	Tel	01902 556609
	Email	Mark.Taylor@wolverhampton.gov.uk
Report to be/has been considered by	Strategic Executive Board	15 January 2019
	Executive Team	11 February 2019
	Cabinet	20 March 2019
	Council	3 April 2019

Recommendation(s) for action or decision:

The Scrutiny Panel is recommended to:

1. Provide comment on the draft City of Wolverhampton Council Plan 2019-2024, to determine the priorities for the next five years.

1.0 Purpose

- 1.1 The City of Wolverhampton Council is in the process of developing a new Council Plan for 2019-2024, to replace the existing Corporate Plan 2016-2019. The plan will build on the council's transformation journey with a focus on delivering improved outcomes for the city.
- 1.2 It is essential the Council Plan reflects the views of residents, business and stakeholders. Consultation has taken place across the city to attain the views of local people, to identify people's priorities for the next five years and how the council can work more collaboratively with them.
- 1.3 This report provides an overview of the consultation feedback received to date and the draft City of Wolverhampton Council Plan 2019-2024 (in Appendix 1) developed in response to the consultation.

2.0 Background

- 2.1 The current Corporate Plan covered 2016-2019. This document focused on improving service delivery in line with the council's core objectives of a:
 - Stronger Economy
 - Stronger Communities
 - Confident, Capable Council
- 2.2 We have made many great strides to improve our services and outcomes for local people whilst at the same time managing continued financial pressures. Since 2010, we have reduced our spend by £220 million as a result of funding reductions from Government whilst balancing increased demand on our services. These challenges will continue. Moving forwards we must review how we operate to ensure we are sustainable financially and still able to provide those services our local people most need. This will be guided by our core principles:
 - Focus on core business
 - Promoting independence and wellbeing
 - Deliver inclusive economic growth
 - Balancing risk
 - Commercial approach
- 2.3 Extensive engagement with a wide array of stakeholders has shaped and informed our Council Plan 2019-2024 priorities. Over the past six months, we have engaged with around 3,000 people including residents, young people, employees, councillors, partners and businesses.

2.4 The engagement process was designed so that as many views and thoughts could be heard from a wide and diverse group of people. Many of these sessions were conducted as 'world cafes' which involved splitting people into small groups and asking them targeted questions around what their priorities are for the city, what the strengths of Wolverhampton are, and how they would like the city to look in the future. Online consultation also took place to further expand the reach to gain more stakeholders views.

3.0 Proposed Council Plan priorities and values

3.1 Our Council Plan 2019-2024 strategic priorities have been developed through engagement with the people of our city to ascertain their key priorities and the outcomes they want to see, to enable us to work together to deliver what matters most to local people. The six draft priorities include:

- Children and young people get the best possible start in life
- More good jobs and investment in our city
- Well skilled people working in an inclusive economy
- Better homes for all
- Strong, resilient and healthy communities
- A vibrant, green city we can all be proud of

3.2 We will continue to build and develop our relationships with partners and communities across the city. It is vital that we work together to maximise resources and ensure that local people have the opportunity to reach their potential and support their community. We can only do this by working collaboratively with local people and partners to understand their priorities and embed those outcomes in all that we do.

3.3 The C3 Programme will be taken forward as the Our Council Programme. The Our Council Programme will enable our organisation to deliver the outcomes in the new Council Plan by continuing to drive through efficiencies and align resources to priority outcomes. The programme will need to focus on activity that supports the council's medium-term financial strategy and continues to evolve the organisation. It is therefore proposed that the new workstreams within Our Council Programme focus on:

- Our Assets
- Our Data
- Our Technology
- Our Money
- Our People

3.4 During the internal consultation sessions with employees and councillors, we took the opportunity to review the existing and draft PRIDE values, which determine how we behave and support the delivery of the council priorities. Based on the feedback provided, the revised draft PRIDE values are as follows:

- P – Put people first
- R – Raise the city's profile and reputation
- I – Inspire trust and confidence
- D – Deliver together
- E – Empower people to innovate

3.5 The draft Council Plan 2019-2024 in appendix 1 captures the proposed six priorities, outlines the Our Council Programme and revised PRIDE values, which we are now consulting on.

4.0 Evaluation of alternative options

4.1 The draft Council Plan 2019-2024 document will now be open for consultation with residents, employees, Councillors, businesses and partners to ensure their voices have been heard and to solidify their buy-in and commitment to working together to achieve these joint aims. This will take place from 29 January to 20 February 2019.

4.2 Following the consultation, the final Council Plan 2019-2024 will be reviewed by Strategic Executive Board and Executive Team in February 2019 for consideration, before approval at Cabinet in March and Full Council in April 2019.

5.0 Questions for Scrutiny to consider

5.1 To review and comment on the draft Council Plan 2019-2024, considering the proposed priorities, the Our Council Programme and revised PRIDE values.

6.0 Financial implications

6.1 The Council has been faced with significant funding reductions in recent years, coupled with increasing demand on services, and it is envisaged that these challenges will continue. The Council Plan sets out how the Council will operate moving forward, to ensure financial sustainability and the ability to provide those services local people most need. The Council will continue to build and develop relationships with partners and communities across the city, as it is vital that we work together to maximise resources. This can only be achieved by working collaboratively with local people and partners to understand their priorities and embed those outcomes in all that we do.

6.2 All costs associated with consultation and preparation of the Council Plan will be accommodated within existing budgets. [MH/28012019/P]

7.0 Legal implications

7.1 There are no direct legal implications arising from this report. [TS/14012019/R]

8.1 Equalities implications

8.1 The Council Plan 2019-2024 is relevant to all residents of Wolverhampton. Consideration was given to the engagement and consultation process to ensure accessibility and inclusivity. The Wolverhampton Equality and Diversity Panel was invited to feedback its key priorities during the first phase of consultation and will also be consulted with on the draft plan.

9.0 Environmental implications

9.1 The Council Plan development is currently in the consultation phase, the implications will be detailed when the draft plan is taken to Cabinet and Council.

10.0 Human resources implications

10.1 The Council Plan development is currently in the consultation phase, the implications will be detailed when the draft plan is taken to Cabinet and Council.

11.0 Corporate landlord implications

11.1 The Council Plan development is currently in the consultation phase, the implications will be detailed when the draft plan is taken to Cabinet and Council.

12.0 Schedule of background papers

12.1 Not applicable

13.0 Appendices

13.1 Appendix 1 - City of Wolverhampton Council Plan 2019-2024

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Confident Capable Council Scrutiny

6 February 2019

Report title	Universal Credit Update	
Cabinet member with lead responsibility	Councillor John Reynolds City Economy	
Wards affected	All	
Accountable director	Richard Lawrence, Service Director	
Originating service	Local Economy	
Accountable employee(s)	Heather Clark Tel Email	Service Development Manager 01902 555614 Heather.Clark2@wolverhampton.gov.uk
Report to be/has been considered by	Regeneration Leadership Team	15 January 2019

Recommendation(s) for action or decision:

The scrutiny panel is recommended to:

1. Feedback on the approach to supporting Universal Credit claimants to mitigate negative impacts from the transition onto Universal Credit.

1.0 Purpose

- 1.1 To provide an overview of activities underway to support residents moving to Universal Credit in Wolverhampton to mitigate any negative consequences from the rollout.

2.0 Background

- 2.1 Universal Credit will eventually replace both out of work and in work benefits and requires a culture change and behavioural shift for claimants. The whole of Wolverhampton has now moved to Universal Credit full service for new claimants, with 50% of the city going live in December 2017 and 50% in February 2018 (see paragraph 3.7 regarding the 2-child limit). Managed migration of existing claimants will begin on a small scale from 1 July 2019, however this is likely to begin later in Wolverhampton. The target is that all legacy benefit claimants will move across to Universal Credit by December 2023. Claimants in receipt of legacy benefits will be invited to move across with 3 months to make the claim.
- 2.2 Universal Credit full service requires claimants to make and manage their account online including submitting changes in circumstances, messaging their Work Coach and arranging appointments, upload documents e.g. CVs and work search information to evidence their claimant commitment. Claimant commitments require claimants to engage in interviews designed to explore barriers to employment, work preparation meetings involving skill assessments and training to improve job prospects, attend regular work search interviews and full-time active job search. Failure to do so can result in a sanction – a reduction in benefit or the withdrawal of benefit altogether.
- 2.3 Wolverhampton's approach to Universal Credit reflects our belief that a large number of residents in Wolverhampton will face a number of challenges in the transition to Universal Credit:
 - **Financial Inclusion:** the move to monthly payments and direct payment of housing costs will require claimants to be responsible for managing their money and paying their bills. In addition, Universal Credit claimants wait up to 5 weeks from applying to receiving their benefit (compared to 10 working days at present). This is of particular concern since 21.1% of Wolverhampton's residents are in debt (Money Advice Service: A Picture of over-indebtedness), the third highest in the West Midlands and above both West Midlands (18%) and national (16.1%). The extent of indebtedness in Wolverhampton could impact on people's ability to manage the transition to monthly payments.
 - **Digital Inclusion:** Universal Credit full service requires claimants to claim and manage their account online. Currently many Wolverhampton residents do not have access to the internet at home - 36% compared with national average of 20% whilst others lack the confidence or skills to use a computer independently - 23% of residents lack one of more basic digital skill (Digital Exclusion Heatmap).

2.4 The potential impact of getting this wrong for residents – debt, homelessness, mental health issues – is significant. Universal Credit could also lead to a significant increase in demand for public services e.g. housing arrears, homelessness, council tax arrears, pressure on frontline services for support and impact on Council income – Housing Revenue Account.

3.0 **Wolverhampton’s approach to supporting Universal Credit claimants**

3.1 To support residents affected by Universal Credit, the City of Wolverhampton Council set up an information hub <http://www.universalcreditwolverhampton.co.uk/> to help frontline workers and people understand the changes and access support to avoid getting into financial difficulty. This tool has been successful in helping frontline workers and residents to navigate the complex support system, provide simple accessible information and access to support. In addition to this the Council’s Welfare Rights Service has delivered a significant number of briefings and training courses to local groups and organisations, landlords and Council staff. The service has also produced a range of Information Guides and Benefits Bulletins giving up-to-date information on universal credit and advice on “hot topics”.

3.2 A Universal Credit working group drew up a detailed action plan which aims to ensure residents have access to information and support to prepare for and access Universal Credit full service by:

1. Improving access to information for frontline workers, landlords and residents so they know where to go for support.
2. Raising awareness of internal and external stakeholders, frontline workers, organisations and landlords
3. Providing access to Universal Support including advice, assistance or support including assisted digital and personal budgeting support. Universal Support includes advice, assistance or support provided to a UC claimant for the purpose of assisting them with:
 - **Assisted Digital Support** consisting of 1-2 hours supporting claimants to get on line and complete a claim and subsequently manage their claim online.
 - **Personal Budgeting Support** - The objective of the Universal Credit Personal Budgeting Support is to support Claimants transitioning into UC with budget management to enable them to manage their money and pay their bills on time, prioritising rent payments
4. Ongoing support for those that require additional support through referrals to Building Better Opportunities, Click Start and to wolves@work as gateway to employment support.

5. Encourage take-up of financial support for those experiencing difficulties such as Discretionary Housing Payment and Council Tax Reduction.
6. Ensure that Housing Benefit stop notices are actioned within the required timescales
7. Ensure that overpayments are managed effectively through the Payment Deduction Programme to maximize recovery

3.3 The Council's Service Development Team; Welfare Rights Service and Revenues and Benefits Team lead a local Universal Credit working group, however a range of partners are actively involved in developing the support offer for Universal Credit claimants including:

Stakeholder	Role in supporting rollout of Universal Credit
Local Economy – Service Development Team	Co-ordination of Universal Credit working group and commissioning of Universal Support.
Revenue & Benefits	Processing housing benefit and local council tax reduction scheme. Administering discretionary housing payments. Support UC service centre in response to UC queries. Housing Benefit Stop Notices for the clerical process of closing down a Housing benefit claim that has since migrated to Universal Credit Payment Deduction Programme. To support the recovery of Housing Benefit overpayments from customers who have migrated to Universal Credit
Welfare Rights	Benefit expertise, advocates and raising awareness of Universal Credit including upskilling frontline workers, training to local groups and organisations and newsletter information sheets.
Housing team	Providing the link with housing providers particularly private landlords
Wolverhampton Homes	Informing and targeting tenants and delivery of personal budgeting and assisted digital with progression to further support through Click Start
Wolverhampton Citizens Advice	Delivery of personal budgeting support and wider advice together with progression to further support through Click Start. From April 2019, they will deliver Universal Support.
Libraries	Provide access to computers and WiFi for residents especially those without access to the internet at home.
Learning Platform	Delivery of assisted digital support
Refugee Migrant Centre	Delivery of assisted digital and personal budgeting support
DWP	Funder and referrer onto Personal Budgeting and Assisted Digital Support.

- 3.4 For the past 3 years, the Council has commissioned universal support to support claimants moving onto Universal Credit. Universal support includes advice, assistance or support provided by UC or agreed Universal Support partners to a UC claimant for the purpose of assisting them with:
- **Assisted Digital Support** consisting of 2 hours supporting claimants to get on line and complete a claim and subsequently manage their claim online. If they require further support, they are referred onto other funded provision.
 - **Personal Budgeting Support** - The objective of the Universal Credit Personal Budgeting Support is to support Claimants transitioning into UC with budget management to enable them to manage their money and pay their bills on time, prioritising rent payments
- 3.5 In 2017-18, 1,005 claimants were supported with assisted digital support and 941 were assisted with personal budgeting support. For the first three quarters of 2018-19, 980 claimants have been assisted with assisted digital support, almost twice the volume estimated by DWP reflecting the number of people who need support getting and managing their account online and 675 residents have been assisted with personal budgeting support. Although Wolverhampton's approach of commissioning local trusted providers to provide Universal Support has proved effective at supporting local residents, other local authorities have not been as proactive, therefore from 2019-20, the DWP have commissioned Citizen Advice nationally to deliver Universal Support going forward. Wolverhampton Citizens Advice are already a key provider in the delivery of Universal Support, therefore will learn lessons from existing delivery in providing the support going forward.
- 3.6 Wolverhampton Homes report that Universal Credit is impacting on arrears, although they are performing better than other social landlords. Average arrears of those in receipt of Universal Credit is one and a half times higher than average level of arrears. Wolverhampton Homes are expecting arrears to increase associated with an increase in tenants moving across to Universal Credit. Currently, average arrears are £430 compared to £780 nationally and they have seen a 30% reduction on evictions compared to an increase of 70% in the West Midlands. They have one of the lowest rates of direct payments – only 1% and their eviction rate is one of the lowest in the country. Wolverhampton Homes have a 40 strong team supporting tenants to sustain their tenancies and are working closely with DWP and Citizens Advice. Although 30% of UC claimants are in arrears, they are catching them early so not letting them descend – their money smart team are based at Job Centres undertaking a financial check. This was initially trailed at Bilston job centre and is extending to Chapel and Molyneux job centres in January. DWP, Wolverhampton Homes and CAB are piloting intensive working with 20 customers to change their journey at the front and more intense contact over first 12-week period. A further pressure in 2019/20 is that there are 53 rent weeks this financial year whereby Universal Credit payments are in 12 instalments covering a 52-week year leaving a gap of one week's rent for tenants in receipt of Universal Credit.

4.0 Implications moving forward

- 4.1 From 1 February 2019, the UC gateway is opened up to include claims from families with more than two children. Because of the 2-child limit provisions this will continue (rather than abate) the demand from 3+ children families for financial support from Discretionary Housing Payments (DHPs) and Social Care.
- 4.2 There is also likely to be an increased demand for DHPs from families who move to universal credit and are subject the Benefit Cap. The cap is set at £384 per week for families. Under legacy benefits only the amount of the housing benefit could be capped. In Wolverhampton, the most income that a household could lose is approximately £150.00 per week. However, under the universal credit rules the cap could be much higher as more of the household income can be capped, meaning a greater reduction in household income.
- 4.3 As universal credit full service is now fully implemented in Wolverhampton, we will gradually start to see new people to the Adult Social Care service with universal credit rather than income-related employment and support allowance (ESA). This will impact on Council revenue as under universal credit a disabled person will usually be about £30.00 per week worse off which will mean the contribution we can expect will, in turn be £30.00 per week less.
- 4.4 From July 2019 to 2023 there will be a staggered roll-out of the “managed migration” to universal credit for current legacy benefit claimants who have not already been required to apply for universal credit under “natural migration”. There are complex rules regarding migration which have been the subject of legal challenge but essentially, people moving from a legacy benefit with an additional amount for severe disability will be transitionally protected until increases in universal credit rates erode the protected amount. This will gradually impact on the level of non-residential contributions to care and support as the amount we can charge will diminish correspondingly.
- 4.5 Between late 2019 and late 2023 thousand of Wolverhampton residents who currently get legacy benefits will be contacted by the DWP with instructions about the requirement to apply for universal credit. There are five key issues regarding this process that will impact residents, particularly those who are vulnerable:
- I. Claims will need to be made online (although there are arrangements for telephone claims and home visits, but these processes are beset with problems due to strict DWP gatekeeping and resources)
 - II. There are strict time-limits for making claims (expected to be 3 months) and if claimants fail to comply they will not only lose entitlement to universal credit, but any legacy benefits will be withdrawn
 - III. People will have to verify their identity and their financial circumstances when making claims during interviews with work coaches at the Job Centre

- IV. People will be required to manage their universal credit journals and failure to do so will lead to universal credit payments being stopped
- V. Large numbers of universal credit claimants will be subject to job search conditionality rules surrounding looking for work for the first time and failure to do so will lead to benefit sanctions.

5.0 Questions for Scrutiny to consider

- 5.1 Feedback on the existing approach to supporting new Universal Credit claimants and comment on what other support is required to support residents moving onto Universal Credit especially during the transition period.

6.0 Financial implications

- 6.1 DWP are providing a grant of up to £89,000 in 2017-18 (80% minimum grant based on take-up) and £171,053 in 2018-19 (50% minimum grant based on take-up) to provide Assisted Digital Support and Personal Budgeting Support based on anticipated demand depending on take-up. Universal Support funded support is at a fixed price per claimant of £54 for Assisted Digital Support and £63 for Personal Budgeting Support in 2018-19. There is also implementation support funding for management support, support for complex housing cases, housing benefit stop notice and payment deduction programme.
- 6.2 Reduction in the levels of income collected by Wolverhampton Homes on behalf of the Council presents a challenge to the continued delivery of services to tenants. Wolverhampton Homes have reported that arrears have increased with Universal Credit, although their proactive approach at supporting their tenants has resulted in lower average arrears and evictions than nationally. There is potentially a gap of 1 week's rent for tenants in receipt of Universal Credit given 2019/20 includes 53 rent weeks but Universal Credit payments cover a 52-week year.
- 6.3 The Council is awaiting notification of its grant allocation for Discretionary Housing Payments and will review the any potential impact upon notification. [ES/22012019/X]

7.0 Legal implications

- 7.1 Universal Credit was created under the Welfare Reform Act and its rollout of Universal Credit is governed by Universal Credit Regulations 2013. A grant funding agreement is in place with DWP relating to the funding of Universal Support. [DC/17012019/B]

8.0 Equalities implications

- 8.1 Some equalities groups experience particular challenges relating to digital and financial inclusion therefore the availability of personal budgeting and assisted digital support has positive equalities implications. An equalities impacts assessment has been completed.

9.0 Environmental implications

9.1 Digital inclusion has positive environmental implications since it allows transactions to be undertaken online.

10.0 Human resources implications

10.1 There are no human resource implications.

11.0 Corporate landlord implications

11.1 There are no corporate landlord implications.

12.0 Schedule of background papers

12.1 None

Confident Capable Council Scrutiny Panel

6 February 2019

Report title	Treasury Management	
Cabinet member with lead responsibility	Councillor Louise Miles Resources	
Wards affected	All	
Accountable director	Claire Nye, Director of Finance	
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	Cabinet Council	21 November 2018 5 December 2018

Recommendation for action or decision:

The Scrutiny Panel is recommended to:

1. Consider the activity undertaken throughout quarter two of 2018-2019.

Recommendations for noting:

The Scrutiny Panel is asked to note:

1. That a mid-year review of the Treasury Management Strategy Statement has been undertaken and the Council has operated within the limits and requirements approved in March 2018.
2. That a revenue net overspend of £2.2 million for the General Fund and an underspend of £12,000 for the Housing Revenue Account (HRA) are forecast from treasury management activities in 2018-2019.

3. That the detailed guidance notes for the Code of Practice on Treasury Management and the Prudential Code have recently been published by CIPFA and are under review by the Director of Finance. Therefore, the Treasury Management Statements for 2018-2019 are still based on the Council's interpretation of these Codes.
4. The updated position on the revised guidance on Local Government Investments and Minimum Revenue Provision as detailed in paragraphs 2.6 and 2.7 of the Cabinet report.
5. The position regarding the Money Market Fund reform which is effective from 21 January 2019 and will require an update to the Annual Investment Strategy for 2018-2019 as detailed in paragraph 5.11 of the Cabinet report.
6. The resulting amendment to the Treasury Management Policy and Practices and corresponding change to the Annual Investment Strategy 2018-2019 to ensure they remain aligned for the Money Market Fund reform.

1.0 Purpose

- 1.1 To bring to the Panel's attention, information about the Council's treasury management activity that has been reported to Cabinet on 21 November 2018. Also, the resulting change to the Treasury Management Policy and Practices and Annual Investment Strategy 2018-2019 due to the Money Market Fund reform.

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) Treasury Management Code of Practice. The Code requires a nominated body be responsible for ensuring effective scrutiny of the Council's Treasury Management strategy and policies, the Confidential, Capable Council Scrutiny Panel fulfils this role.
- 2.2 On 21 November 2018 Cabinet received the report 'Treasury Management Activity Monitoring – Mid Year Review 2018-2019'. This report can be found in Appendix A.
- 2.3 In addition, 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 Money Market Funds as part of the EU's Money Market Fund reforms. 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.
- 2.4 The Scrutiny Panel are asked to consider the activity outlined in the report.

3.0 Financial implications

- 3.1 The financial implications are detailed in the Cabinet report of 21 November 2018. [SH/15012019/C]

4.0 Legal implications

- 4.1 The legal implications are detailed in the Cabinet report of 21 November 2018. [TS/15012019/F]

5.0 Equalities implications

- 5.1 The equalities implications are detailed in the Cabinet report of 21 November 2018.

6.0 Environmental implications

- 6.1 The environmental implications are detailed in the Cabinet report of 21 November 2018.

7.0 Human resources implications

7.1 The human resources implications are detailed in the Cabinet report of 21 November 2018.

8.0 Corporate landlord implications

8.1 The Corporate Landlord implications are detailed in the Cabinet report of 21 November 2018.

9.0 Health and wellbeing implications

9.1 The health and wellbeing resources implications are detailed in the Cabinet report of 21 November 2018.

10.0 Schedule of background papers

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

CITY OF WOLVERHAMPTON COUNCIL	Cabinet 21 November 2018
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Report title	Treasury Management Activity Monitoring – Mid Year Review 2018-2019	
Decision designation	RED	
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	Council	5 December 2018
	Confident, Capable Council	6 February 2019

Recommendations for decision:

That Cabinet recommends that Council notes:

1. That a mid-year review of the Treasury Management Strategy Statement has been undertaken and the Council has operated within the limits and requirements approved in March 2018.
2. That a revenue net overspend of £2.2 million for the General Fund and an underspend of £12,000 for the Housing Revenue Account (HRA) are forecast from treasury management activities in 2018-2019.
3. That the detailed guidance notes for the Code of Practice on Treasury Management and the Prudential Code have recently been published by CIPFA and are under review by the Director of Finance. Therefore, the Treasury Management Statements for 2018-2019 are still based on the Council's interpretation of these Codes.
4. The updated position on the revised guidance on Local Government Investments and Minimum Revenue Provision as detailed in paragraphs 2.6 and 2.7 of the report.

5. The position regarding the Money Market Fund reform which is effective from 21 January 2019 and will require an update to the Annual Investment Strategy for 2018-2019 as detailed in paragraph 5.11 of the report.

1.0 Purpose

- 1.1 This report provides a monitoring and progress report on treasury management activity for the second quarter of 2018-2019 as part of the mid-year review, in line with the Prudential Indicators approved by Council in March 2018.

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:

<https://wolverhamptonintranet.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 borrowing, investments and 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 CIPFA updated and released new versions of both the Code of Practice on Treasury Management and Prudential Code in December 2017. Although the Codes had been released and are effective for the 2018-2019 financial year, the detailed sector specific guidance had not been issued and therefore, the strategy statements for 2018-2019 were prepared on an interpretation of the Codes. CIPFA acknowledged that the requirement to produce a Capital Strategy, which is a requirement under the Prudential Code, may require a longer lead-in time and that this requirement may not be able to be fully implemented until the 2019-2020 financial year. CIPFA recommended that the requirement of both Codes are implemented as soon as possible.
- 2.5 The detailed guidance notes for the Codes have recently been published and are currently under review by the Director of Finance to assess any necessary changes.
- 2.6 On 2 February 2018 the Ministry of Housing, Communities & Local Government (MHCLG) issued its new Statutory Guidance on Local Government Investments and Minimum Revenue Provision. The guidance on Local Government Investments was effective from 1 April 2018, however, MHCLG acknowledged due to timescales this may not have been practical to implement and approve before this date. Therefore, the disclosures and requirements can be presented for approval the first time the

relevant strategy document is updated or superseded after 1 April 2018. Due to the linkages with the new guidance notes issued by CIPFA this particular guidance is being reviewed in tandem with those as detailed in paragraph 2.5.

- 2.7 With regard to the guidance on Minimum Revenue Provision (MRP) the effective date is 1 April 2019, except for the elements 'Changing Methods for Calculating MRP' which apply from 1 April 2018. Early adoption of the guidance is encouraged. This guidance has been reviewed, the main impact for the Council has been the introduction of a maximum useful economic life of 50 years (this is the maximum time that can be used for spreading the cost of borrowing) and MRP to be charged for all borrowings. The effective date for these changes is 1 April 2019 and therefore, when the Annual MRP Statement for 2019-2020 is put to Councillors for approval, they will be incorporated into the statement. The ongoing effect on the revenue budget will also be built into the Medium Term Financial Strategy (MTFS).
- 2.8 Cabinet and Cabinet (Resources) Panel receive quarterly reports throughout the year to monitor performance against the strategy and Prudential Indicators that have previously been approved by Council.
- 2.9 The Council continues to use Link Asset Services as its treasury management advisors throughout 2018-2019. Link Asset Services 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**
- 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 two £000
General Fund	26,663	28,881	2,218
Housing Revenue Account	10,431	10,419	(12)
Total before use of reserve	37,094	39,300	2,206
Approved use of the Treasury Management Equalisation Reserve	(1,430)	(1,430)	-
Total after use of reserve	35,664	37,870	2,206

- 3.2 A revenue net overspend of £2.2 million for the General Fund and an underspend of £12,000 for the HRA are projected for the year 2018-2019. For the General Fund the main reasons are 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. Work will be undertaken to see if there are any opportunities to reduce the level of MRP in 2018-2019. However, 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. The Council's strategy is to continue to use cash balances to finance capital expenditure rather than external borrowing. Borrowings are actively managed to achieve savings wherever possible.
- 3.3 Appendix 1 to this report shows a comparison of the latest estimates of Prudential and Treasury Management Indicators over the medium term period with the equivalent figures which were approved by Council in March 2018.

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.

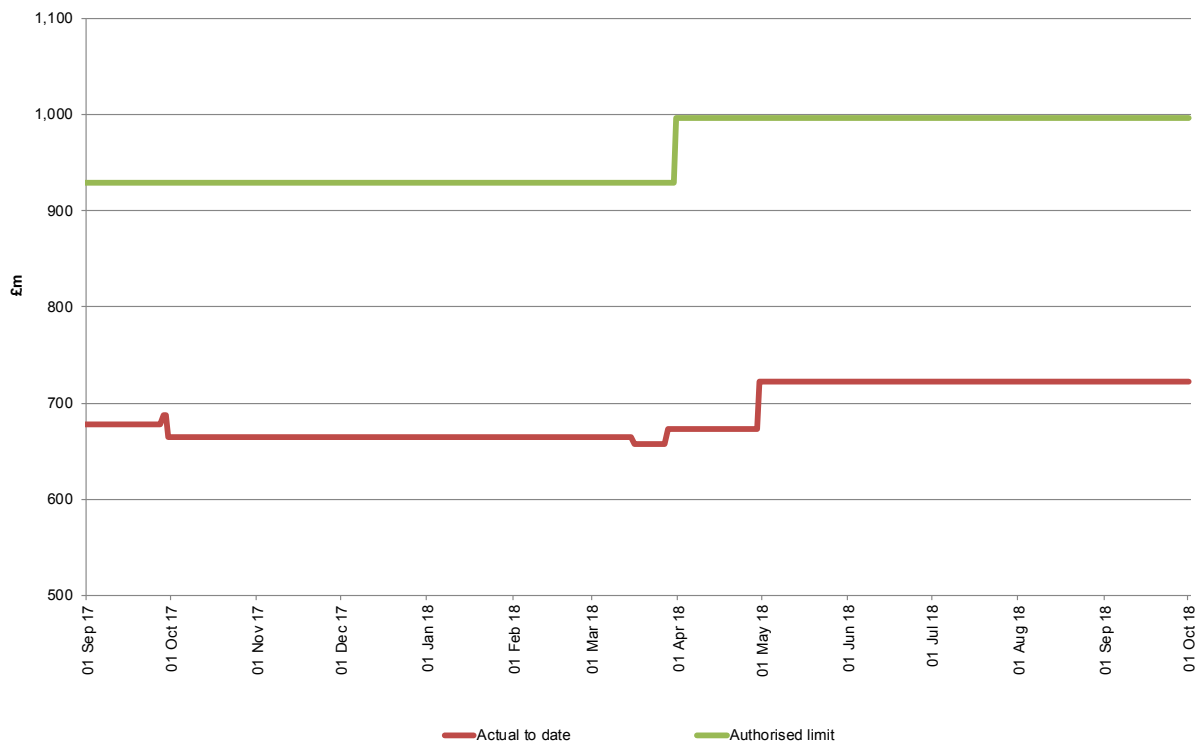
Table 2 – Average interest rate payable in 2017-2018 and 2018-2019

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

- 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 two 2018-2019 and forecasts that interest rates across all periods will increase up to March 2021. 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 30 September 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 between quarters three and 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 £158.3 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 PWLB rates.

5.0 Investments 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 31 May 2018 and 30 September 2018.

Table 3 – Total amounts invested 2018-2019

	31 May 2018 £000	30 September 2018 £000
Business Reserve Accounts	556	220
Money Market Funds	10,765	11,465
	11,321	11,685
Average cash balance for the year to date	13,358	20,901

- 5.3 Money Market Funds and Business Reserve Accounts are the main investments used as these have high credit ratings and instant access. This is based on the Council's low appetite for risk.
- 5.4 The Council's cash flow balance for the second quarter of the current financial year has moved between a low of £11.7 million and a maximum of £43.6 million. The average cash balance for the quarter being £24.1 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%	0.57%

- 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 two 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 above, Money Market Funds (MMF) are the main investments used by the Council. Since the financial crisis in 2008 various reforms have taken place across the financial sector to enhance resilience and stability. The latest reform issued by the EU effects MMF where the category of fund is changing with effect 21 January 2019. The impact of this change for the Council is currently under review by the Director of Finance and it will require an amendment to the Annual Investment Strategy for 2018-2019. Once this review has been completed a revised strategy will be put to Councillors for approval.

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 decisions

- 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/07112018/Y]

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/07112018/Q]

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

Cabinet, 20 February 2018 – [‘Treasury Management Strategy 2018-2019’](#)

Cabinet, 11 July 2018 – [‘Treasury Management – Annual Report 2017-2018 and Activity Monitoring Quarter One 2018-2019’](#)

16.0 Appendices

Appendix 1: Prudential and Treasury Management Indicators

Appendix 2: Maturity profile

Appendix 3: Link Commentary

Appendix 4: Borrowing type, borrowing and repayments

Appendix 5: Certainty rate disclosure

Appendix 6: Lending list

Appendix 1

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 two capital budget monitoring 2018-2019 report. This indicator was called PI 3 up to 2018-2019.

	Approved by Council 7 March 2018			As at 30 September 2018		
	2018-2019	2019-2020	2020-2021	2018-2019	2019-2020	2020-2021
	Forecast £000	Forecast £000	Forecast £000	Forecast £000	Forecast £000	Forecast £000
General Fund	147,670	85,025	41,747	130,499	145,963	56,782
HRA	64,390	69,390	67,650	61,962	81,080	65,002
	212,060	154,415	109,397	192,461	227,043	121,784

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

The capital financing requirement measures the authority's underlying need to borrow for a capital purpose. This indicator was called PI 4 up to 2018-2019.

	Approved by Council 7 March 2018			As at 30 September 2018		
	2018-2019	2019-2020	2020-2021	2018-2019	2019-2020	2020-2021
	Forecast £000	Forecast £000	Forecast £000	Forecast £000	Forecast £000	Forecast £000
General Fund	736,387	765,583	779,265	672,618	731,723	744,857
HRA	279,027	307,117	335,603	270,748	308,784	333,347
	1,015,414	1,072,700	1,114,868	943,366	1,040,507	1,078,204

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). This indicator was called PI 5 up to 2018-2019.

	Approved by Council 7 March 2018		
	2018-2019	2019-2020	2020-2021
	Limit £000	Limit £000	Limit £000
Borrowing	996,745	1,068,662	1,136,052
Other Long Term Liabilities	90,754	86,628	82,351
Total Authorised Limit	1,087,499	1,155,290	1,218,403
Actual and Forecast External Debt as at 30 September 2018	915,965	1,040,107	1,077,803
Variance (Under) / Over Authorised limit	(171,534)	(115,183)	(140,600)

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. This indicator was called PI 6 up to 2018-2019.

	Approved by Council 7 March 2018		
	2018-2019	2019-2020	2020-2021
	Limit £000	Limit £000	Limit £000
Borrowing	964,873	1,047,456	1,117,437
Other Long Term Liabilities	90,731	86,606	82,328
Total Operational Boundary Limit	1,055,604	1,134,062	1,199,765
Actual and Forecast External Debt as at 30 September 2018	915,965	1,040,107	1,077,803
Variance (Under) / Over Operational Boundary Limit	(139,639)	(93,955)	(121,962)

Appendix 1

Prudential Indicators (PI) required by The Prudential Code

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". This replaced PI 8 net debt and the capital financing requirement from 2013-2014 onwards and was called PI 8a up to 2018-2019.

	Approved by Council 7 March 2018			As at 30 September 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
Forecast Capital Financing Requirement at end of Second Year	1,114,868	1,114,868	1,114,868	1,078,206	1,078,206	1,078,206
Gross Debt	945,480	1,023,937	1,089,641	915,965	1,040,107	1,077,803
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 the General Fund and HRA. This indicator was called PI 1 up to 2018-2019.

	Approved by Council 7 March 2018			As at 30 September 2018		
	2018-2019 Forecast	2019-2020 Forecast	2020-2021 Forecast	2018-2019 Forecast	2019-2020 Forecast	2020-2021 Forecast
General Fund	11.5%	15.6%	17.1%	12.6%	15.7%	17.8%
HRA	34.0%	33.6%	34.7%	34.0%	34.8%	35.8%

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

	Approved by Council 7 March 2018			As at 30 September 2018		
	2018-2019 Forecast £	2019-2020 Forecast £	2020-2021 Forecast £	2018-2019 Forecast £	2019-2020 Forecast £	2020-2021 Forecast £
Financial year impact						
Implications of the capital programme for year:						
For Band D council tax	215.17	277.34	326.34	94.19	207.18	258.12
For average weekly housing rents	3.44	6.79	10.04	2.58	6.59	9.35
Marginal impact to previous quarter						
Implications of the capital programme for year:						
For Band D council tax	(45.46)	2.78	21.68	(28.94)	(2.37)	5.17
For average weekly housing rents	0.33	0.78	1.17	(0.11)	0.42	0.19

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			As at 30 September 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
HRA Debt Limit*	356,770	356,770	356,770	356,770	356,770	356,770
HRA Capital Financing Requirement	279,027	307,117	335,603	270,748	308,784	333,347
Headroom	77,743	49,653	21,167	86,022	47,986	23,423

* With effect 30 October 2018 the HRA Debt Limit was revoked, the figures above are provided as they relate to the quarter two position before this effective date.

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. This indicator was called TMI 3 up to 2018-2019.

	Approved by Council 7 March 2018		
	2018-2019 Limit £000	2019-2020 Limit £000	2020-2021 Limit £000
Upper limit for more than 365 days	35,000	35,000	35,000
Actual and Forecast Invested at 30 September 2018	-	-	-
Variance (Under) / Over Limit	(35,000)	(35,000)	(35,000)

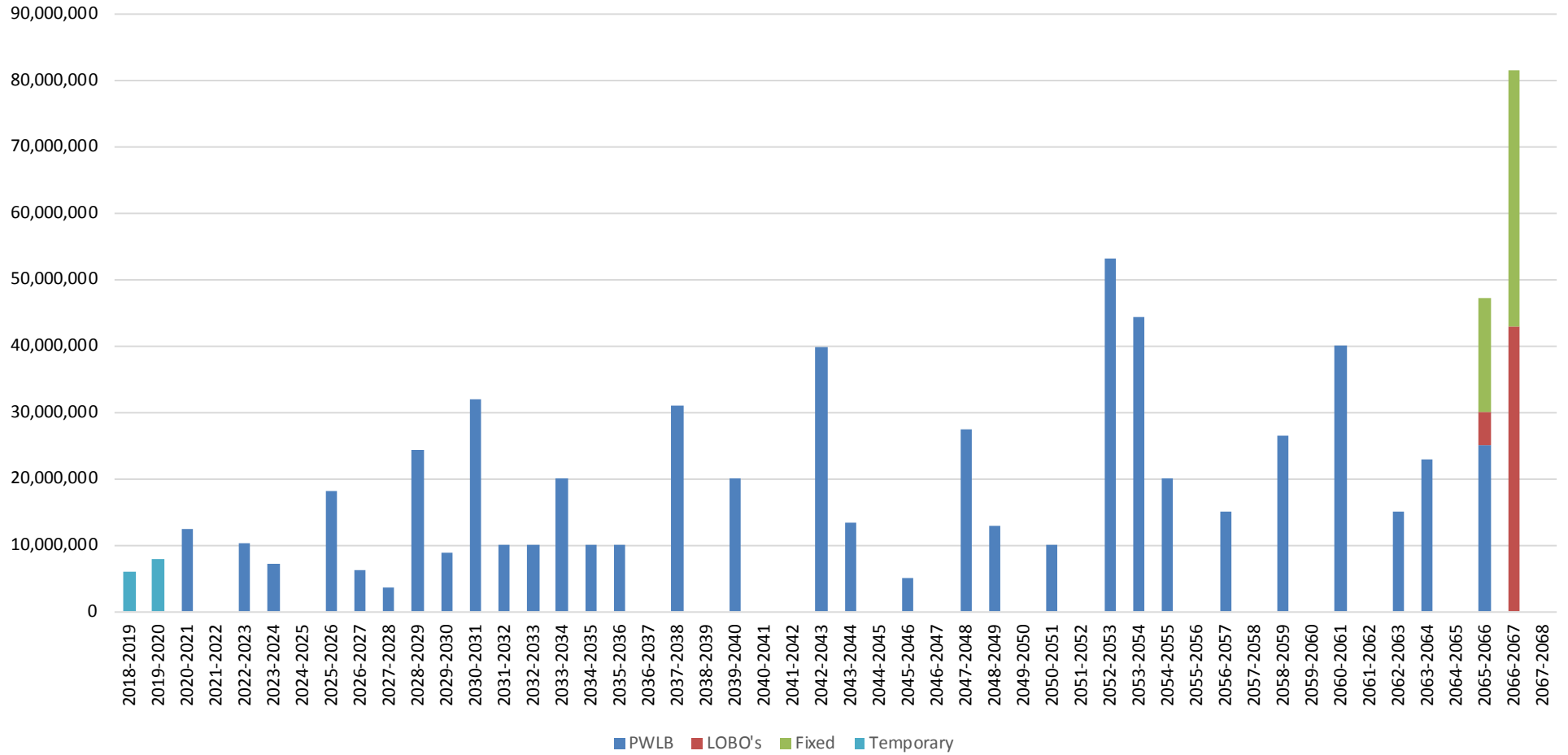
TMI 2 - Upper and lower limits to the maturity structure of its borrowing.

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		As at 30 September 2018
	Upper Limit	Lower Limit	2018-2019 Forecast Borrowing
Under 12 months	25%	0%	1.68%
12 months and within 24 months	25%	0%	5.41%
24 months and within 5 years	40%	0%	3.58%
5 years and within 10 years	50%	0%	6.31%
10 years and within 20 years			15.87%
20 years and within 30 years			21.92%
30 years and within 40 years	90%	50%	20.35%
40 years and within 50 years			24.88%
50 years and within 60 years			-

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Borrowing Maturity at 30 September 2018



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Economic Background**UK**

The first half of 2018/19 has seen UK economic growth post a modest performance, but sufficiently robust for the Monetary Policy Committee, (MPC), to unanimously (9-0) vote to increase Bank Rate on 2nd August from 0.5% to 0.75%. Although growth looks as if it will only be modest at around 1.5% in 2018, the Bank of England's August Quarterly Inflation Report forecast that growth will pick up to 1.8% in 2019, albeit there were several caveats – mainly related to whether or not the UK achieves an orderly withdrawal from the European Union in March 2019.

Some MPC members have expressed concerns about a build-up of inflationary pressures, particularly with the pound falling in value again against both the US dollar and the Euro. The Consumer Price Index (CPI) measure of inflation rose unexpectedly from 2.4% in June to 2.7% in August due to increases in volatile components, but is expected to fall back to the 2% inflation target over the next two years given a scenario of minimal increases in Bank Rate. The MPC has indicated Bank Rate would need to be in the region of 1.5% by March 2021 for inflation to stay on track. Financial markets are currently pricing in the next increase in Bank Rate for the second half of 2019.

As for the labour market, unemployment has continued at a 43 year low of 4% on the Independent Labour Organisation measure. A combination of job vacancies hitting an all-time high in July, together with negligible growth in total employment numbers, indicates that employers are now having major difficulties filling job vacancies with suitable staff. It was therefore unsurprising that wage inflation picked up to 2.9%, (3 month average regular pay, excluding bonuses) and to a one month figure in July of 3.1%. This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 0.4%, near to the joint high of 0.5% since 2009. (The previous high point was in July 2015.) 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. This tends to confirm that the MPC were right to start on a cautious increase in Bank Rate in August as it views wage inflation in excess of 3% as increasing inflationary pressures within the UK economy. However, the MPC will need to tread cautiously before increasing Bank Rate again, especially given all the uncertainties around Brexit.

EU

Growth was unchanged at 0.4% in quarter 2, but has undershot early forecasts for a stronger economic performance in 2018. In particular, data from Germany has been mixed and it could be negatively impacted by US tariffs on a significant part of manufacturing exports e.g. cars. For that reason, although growth is still expected to be in the region of 2% for 2018, the horizon is less clear than it seemed just a short while ago.

USA

President Trump's massive easing of fiscal policy is fuelling a (temporary) boost in consumption which has generated an upturn in the rate of strong growth which rose from 2.2%, (annualised rate), in quarter 1 to 4.2% in quarter 2, but also an upturn in inflationary pressures. With inflation moving towards 3%, the Fed increased rates another 0.25% in September to between 2.00% and 2.25%, this being four increases in 2018, and indicated they expected to increase rates four more times by the end of 2019. The dilemma, however,

is what to do when the temporary boost to consumption wanes, particularly as the recent imposition of tariffs on a number of countries' exports to the US, (China in particular), could see a switch to US production of some of those goods, but at higher prices. Such a scenario would invariably make any easing of monetary policy harder for the Fed in the second half of 2019.

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 forecasts

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

Link Asset Services Interest Rate View											
	Sep-18	Dec-18	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21
BANK RATE	0.75%	0.75%	0.75%	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.50%	1.50%
5 yr PWLB	2.00%	2.00%	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%
10 yr PWLB	2.40%	2.50%	2.50%	2.60%	2.70%	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%
25 yr PWLB	2.80%	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.50%	3.50%
50 yr PWLB	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%

The flow of generally positive economic statistics after the end of the quarter ended 30 June meant that it came as no surprise that the MPC came to a decision on 2 August to make the first increase in Bank Rate above 0.5% since the financial crash, to 0.75%. However, the MPC emphasised again, that future Bank Rate increases would be gradual and would rise to a much lower equilibrium rate, (where monetary policy is neither expansionary or contractionary), than before the crash; indeed they gave a figure for this of around 2.5% in ten years' time but they declined to give a medium term forecast. We do not think that the MPC will increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. We also feel that the MPC is more likely to wait until August 2019, than May 2019, before the next increase, to be followed by further increases of 0.25% in May and November 2020 to reach 1.5%. However, the cautious pace of even these limited increases is dependent on a reasonably orderly Brexit.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably neutral.

Appendix 3

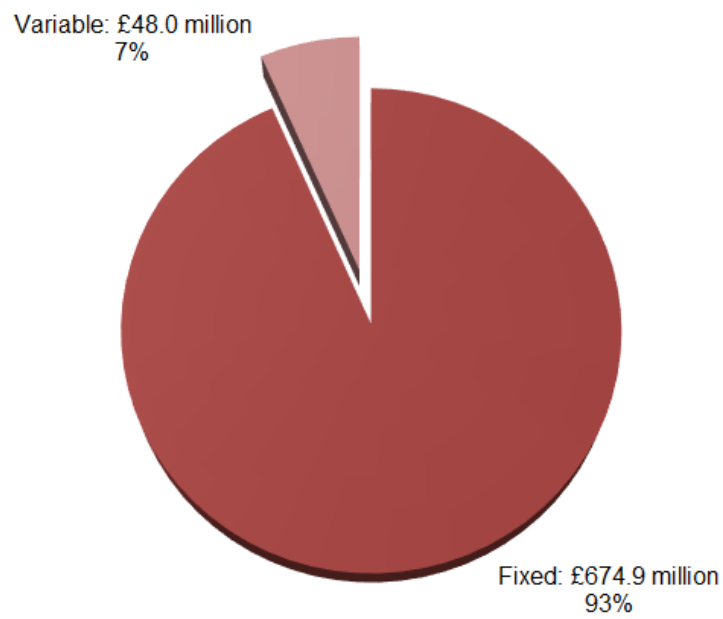
- The balance of risks to increases in Bank Rate and shorter term PWLB rates, are probably also even and are broadly dependent on how strong GDP growth turns out, how slowly inflation pressures subside, and how quickly the Brexit negotiations move forward positively.

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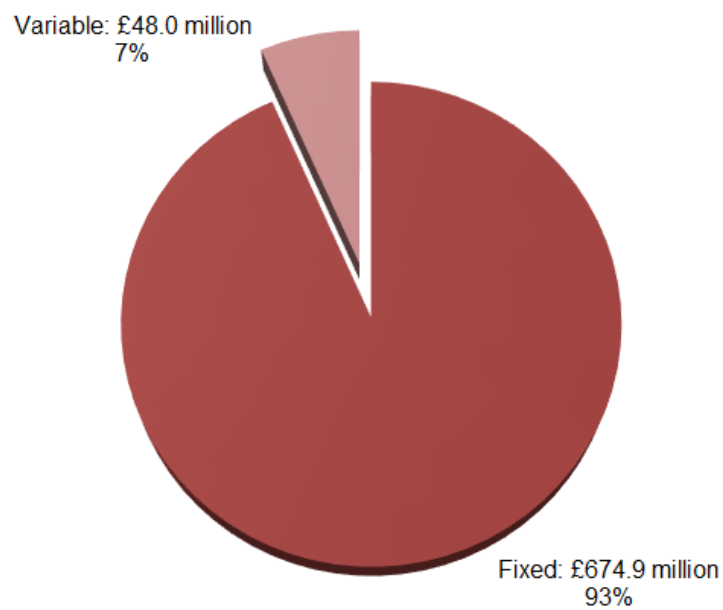
Borrowing: Graphical Summary

Borrowing by Type

As at 30 June 2018



As at 30 September 2018



Borrowing and Repayments in 2018-2019

	Start Date	Maturity Date	Amount £000	Length years	Interest Rate	Full Year Interest £
2018-2019 Borrowing						
PWLB Fixed Maturity:						
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 2						
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 2						
Temporary Loans:						
No activity in quarter 2						
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 30 September 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	97,711	128,576	69,696
Existing maturity loans to be replaced during the year	40,000	72,000	62,500	87,682	80,000	62,500
Less:						
Minimum Revenue Provision for debt repayment	(7,775)	(14,650)	(16,316)	(12,012)	(15,817)	(18,222)
Voluntary debt repayment	(15,186)	(13,241)	(11,700)	(15,033)	(11,492)	(9,500)
	(22,961)	(27,891)	(28,016)	(27,045)	(27,309)	(27,722)
Loans replaced less debt repayment	17,039	44,109	34,484	60,637	52,691	34,778
Net Advance Requirement	151,246	133,412	108,945	158,348	181,267	104,474

City of Wolverhampton Council
2018-2019 Specified Investments Lending List at 30 September 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-mf	20,000	Instant Access
Scottish Widows Sterling Liquidity Fund	Moody's Aaa-mf	20,000	Instant Access

Non-rated Institutions

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

Specific Reserves Working Group

Minutes - 11 December 2018

Attendance

Members of the Specific Reserves Working Group

Cllr Alan Bolshaw
Cllr Ian Brookfield
Cllr Paula Brookfield (Chair)
Cllr Dr Michael Hardacre

Employees

Michelle Howell	Finance Business Partner
Earl Piggott-Smith	Scrutiny Officer
Alison Shannon	Chief Accountant

Part 1 – items open to the press and public

Item No. *Title*

- 1 Apologies for Absence**
There were no apologies received.
- 2 Declarations of Interest**
There were no declarations recorded.
- 3 Specific Reserves Working Group - Terms of Reference**
Earl Piggott-Smith, Scrutiny Officer, presented the terms of reference for the working group.

Resolved:

The panel agreed to note the terms of reference.
- 4 Review of Specific Reserves 2018-2019**
Alison Shannon, Chief Accountant, introduced the report and invited the specific reserves working group to comment on the appropriateness of the specific reserves held by the Council. The Chief Accountant highlighted that in response to the discussion at the previous meeting on 8 December 2018 an extra column titled 'Areas of anticipated expenditure 2018-2019' had been added to Appendix 1 and 2 to provide further context.

The Chief Accountant outlined the purpose of maintaining specific reserves and reassured the working group that any specific reserves considered no longer required, would be transferred to the Council's Efficiency or Transformation reserve. The Chief Accountant added that the working group comments on the report would be reported back to Cabinet for consideration.

The working group discussed the summary of specific reserves analysed by directorate. The Chief Accountant advised that the forecast balance figure is what the Council expects the financial position on each reserve to be as at 31 March 2019.

The working group queried the liability for the Council with regards to school budget balances, and the situation if a school were to go into deficit.

The Chief Accountant advised the working group that information regarding school deficit budget balances and the financial implications of any directed academy conversions for the Council is included in the revenue monitoring report to Cabinet (Resources) Panel on a quarterly basis.

The following is a summary of the working group comments about the specific reserves by directorate detailed in Appendix 1 of the report.

Budget Strategy Reserve

The working group queried the appropriateness of the reserves and the consideration given to future redundancy costs. The Chief Accountant commented it was difficult to forecast the cost of redundancies, but it was currently estimated to be in the region of £3-4 million for 2018-2019.

Business Rates Equalisation Reserves

The working group requested details of the number of times this fund had been used. The Finance Business Partner stated that this reserve had been established to equalise the impact of the fluctuation in business rates arising as a result of revaluations and appeals, and that it had last been used in 2017-2018. However, the Council is not anticipating that the reserve would be required during 2018-2019. The working group queried if the level of reserve was required. The Chief Accountant explained that it is difficult to predict the number of successful appeals, however the level of this reserve seemed prudent.

Development Reserve

The working group queried the reason for maintaining the reserve which is forecast to remain unused. Alison Shannon, Chief Accountant, agreed to query with colleagues if the reserve is still appropriate and transfer the balance into the Efficiency or Transformation Reserve as part of the 2018-2019 closedown process, if this reserve is no longer required.

Efficiency Reserve

No working group comments.

Enterprise Zone Business Rates Equalisation Reserve

The working group queried when this fund was used previously. The Chief Accountant commented that the fund is needed to equalise the impact of fluctuations in business rates receipts within the Enterprise Zone.

Job Evaluation Reserve

The working group queried the time limit for appeals arising from job evaluations and the appropriateness of the reserve. The Chief Accountant advised the working group that the time limit for claims will end in March 2019 and the amount of the reserve will be reviewed after this period.

Local Strategic Partnership Reserve

No working group comments.

Pension Deficit Recovery Reserve

The working group supported the level of reserves and considered it to be good business and financial sense to reduce future costs to the Council and secure on-going budget reductions.

Regional Work Reserve

The working group queried the rationale for holding reserves and the need to match funding for regional initiatives. The Chief Accountant advised the working group that the Council works with the West Midlands Growth Company and contributes as part of the agreement. The working group stated that consideration should be given to the expected benefits from its investments.

Transformation Reserve

The working group queried the purpose of the fund and how it relates to other similar reserves. The Chief Accountant commented that this is a corporate reserve that service areas can submit bids for funding which are expected to deliver future efficiencies.

Treasury Management Equalisation Reserve

No working group comments.

Adult Social Care Reserve

The working group requested a breakdown of how the money in the reserve was used. The Chief Accountant explained that the reserve would be used to cover cost pressures across Adult Social Care to prevent an overspend within year. The working group queried if the expected spend on the reserve will lead to an

underspend in the following year. The Chief Accountant advised the working group that approval from Cabinet would be needed if any additional contributions were to be made to the reserve in year to support cost pressures in future years.

Building Resilience Reserve

No working group comments.

Early Intervention Programme

No working group comments.

Public Health

No working group comments.

Safeguarding Adults Board

The working group queried if the Council contribution was the same as other organisations represented on the Board. The working group were advised that the amount paid does vary. The working group were advised that the budgets of children's and adults safeguarding have been brought together. The working group were advised that the reserve would be used to cover cost pressures such as additional serious case reviews.

Art Gallery Touring Exhibitions Reserve

The working group queried the use of the reserve. The Chief Accountant explained that the reserve is used to cover exhibition costs if the cost for an event exceeded the income generated.

HRA Homelessness

No working group comments.

Kickstart Loans

The working group queried the use of the reserve. The Chief Accountant agreed to review the requirement for this reserve and transfer the balance into the Efficiency or Transformation Reserve as part of the 2018-2019 closedown process, if this reserve is no longer required.

Library Equipment

No working group comments.

Local Growth Transport Fund

The working group requested further details about the purpose of the reserve and an example where it has been used in the past. The Finance Business Partner

explained that the reserve is used to fund the revenue costs of feasibility work if the costs cannot be allocated to a capital project. The working group were advised that there are also other sources of feasibility funding available.

Library Equipment

The working group queried who could apply to this fund and whether it was restricted to specific libraries. The working group requested details of the process for applying and also how the fund is publicised. The working group were advised by the Chief Accountant that it was the aim of the service to use all the funds in the reserve in 2018-2019 and that the reserve was managed by the Head of the Library Service who allocated the reserve based on priorities across the library service.

Regeneration Reserve

No working group comments.

School Arts Service Reserve

The working group asked for further details about the purpose of maintaining the reserve and a clearer description. The Chief Accountant agreed to redraft the information.

Appendix 2 – Other specific reserves with specific criteria

Insurance Reserve

The working group queried if the level of reserves was appropriate given the previous history of claims has been low. The Chief Accountant commented that the level was set to support unexpected insurance claim events, that cannot be covered by Insurance Fund budgets. The working group were advised that there is also a budget for insurance services that covers the costs of the team.

Mary Ellen Bequest

The working group queried if the Oxley Centre was still open. The Chief Accountant agreed to check and report back to the working group.

Magistrates Court Reserve

The working group queried the reason for the Council contributing to future refurbishment costs and wanted details of the responsibility and also further information about the appropriateness of the reserve.

Resolved:

1. The working group comments on the appropriateness of the specific reserves in Appendix 1 and 2 to be considered by Cabinet.
2. The Chief Accountant to provide information on reserves requested by the working group and that any reserves that are no longer required or lower amount that for their original budget should be transferred to the Council's Efficiency or Transformation Reserve.
3. The findings and recommendations of the Specific Reserves Working Group meeting on 11 December 2018 to be presented to Confidential Capable Council Scrutiny Panel meeting on 6 February 2019.

Confident, Capable Council Scrutiny Panel 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

Date of Meeting	Item Description	Lead Report Author	Notes
6.2.19	<ul style="list-style-type: none"> Treasury Management Activity Monitoring – Mid-Year Review 2018-2019 	Sarah Hassell, Finance Manager	
	<ul style="list-style-type: none"> Feasibility of establishing the Print and Design Service as a trading company– briefing paper 	Gail Rider, Head of ICT	
	<ul style="list-style-type: none"> Specific Reserves Working Group Minutes - 11 December 2018 	Claire Nye, Director of Finance	
	<ul style="list-style-type: none"> Universal Credit Update 	Heather Clarke, Manager Strategic Project Funding	Report on work being done to support people moving to Universal Credit
	<ul style="list-style-type: none"> Visitor Access to Civic Centre – update report 	Chris East, Head of Facilities/Lisa Taylor, Head of Service Improvement	
	<ul style="list-style-type: none"> City of Wolverhampton Council Plan 2019-2024 	tbc	
	<ul style="list-style-type: none"> Draft Work Programme 	Earl Piggott-Smith, Scrutiny Officer	
10.04.2019	<ul style="list-style-type: none"> Assessment and evaluation of the Smart Working Policy 	Denise Pearce, Head of Human Resources	<i>13.6.18 That the Scrutiny Panel undertake an assessment and evaluation of the Smart Working Policy at the meeting of the Panel scheduled for the 10 April 2019.</i>

			<i>Information on performance management and data on appraisals should also be included as part of the report.</i>
	<ul style="list-style-type: none"> Customer Services Journey – report by exception 	Lisa Taylor, Head of Customer Services	An update on the implementation of the Future Customer Service Operating Model
	<ul style="list-style-type: none"> Print and Design Service and use of external printing service 	Gail Rider, Head of ICT	The Head of ICT to lead work to undertake detailed market research about the competitiveness of the current Print and Design Service and use of external printing service across the Council
	<ul style="list-style-type: none"> Legal Services Private Work 	Kevin O’Keefe, Director of Governance	
	<ul style="list-style-type: none"> Draft Work Programme 	Earl Piggott-Smith, Scrutiny Officer	

Future Items – dates tbc

1. Training session on treasury management. This training is being organised by Organisation Development Welfare Reform Impact – Briefing Paper Shaun Aldis (Wolverhampton Homes).
2. Cabinet Member for Resources - Portfolio Holder Session with Q & A and outline of key priorities – 12.6.19
3. Chair of Audit and Risk Committee to be invited to brief panel on current and future work priorities - 12.6.19 and to present progress report to the panel on 4.9.19.

The purposes of the Audit Committee are to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process.

4. Universal Credit – suggestion that this is a topic for the city-wide briefing session on 3.7.19
5. Demonstration of the Proposed Future Customer Service Operating Model - April 2019

