

Meeting of the Cabinet

Minutes - 19 October 2016

Attendance

Members of the Cabinet

Cllr Roger Lawrence (Chair)
Cllr Peter Bilson (Vice-Chair)
Cllr Claire Darke
Cllr Steve Evans
Cllr Val Gibson
Cllr Milkinderpal Jaspal
Cllr Andrew Johnson
Cllr John Reynolds
Cllr Paul Sweet

Employees

Dereck Francis	Democratic Support Officer
Keith Ireland	Managing Director
Jas Kaur	Democratic Services Manager
Claire Nye	Chief Accountant
Linda Sanders	Strategic Director - People
Mark Taylor	Director of Finance

Part 1 – items open to the press and public

- | <i>Item No.</i> | <i>Title</i> |
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| 1 | Apologies for absence
Apologies for absence were submitted on behalf of Cllr Sandra Samuels. |
| 2 | Declarations of interests
No declarations of interests were made. |
| 3 | Minutes of the previous meeting - 14 September 2016
Resolved:
That the minutes of the meeting held on 14 September 2016 be approved as a correct record and signed by the Chair. |
| 4 | Matters arising
There were no matters arising from the minutes of the previous meeting. |
| 5 | Financial Plan and Efficiency Strategy
Cllr Andrew Johnson presented for review the Council's draft Financial Plan and Efficiency Strategy prior to its consideration for approval by Full Council on 9 November 2016. |

The updated Financial Plan and Efficiency Strategy provided further evidence to support the Council's submission for a four year central government funding settlement which would enable the authority to operate with increased financial certainty in the medium term.

Cllr Johnson also paid tribute to the employees involved in producing the draft Financial Plan and Efficiency Strategy

Resolved:

1. That authority be delegated to the Cabinet Member for Resources, in consultation with the Director of Finance, to agree the final amendments to the Financial Plan and Efficiency Strategy prior to presentation to Full Council in November, where approval for publication would be sought.
2. That the draft version of the Financial Plan and Efficiency Strategy be noted.
3. That it be noted that the submission to the Secretary of State had now been made for the four year settlement. Confirmation of the Council's submission had been received and the Council was now awaiting further details from the Department for Communities and Local Government.

- 6 **Draft Budget and Medium Term Financial Strategy 2017/18 - 2019/20**
Cllr Andrew Johnson presented the report on an update on progress towards identifying additional opportunities to address the projected £22.2 million budget deficit for 2017/18. The proposals that were initially reported to Cabinet in July 2016 had been further developed in recent months. Approval was requested to progress the budget reduction and income generation proposals to the formal budget consultation and scrutiny stages of the budget process.

Resolved:

1. That budget reduction and income generation proposals amounting to £13.5 million in 2017/18 proceed to the formal consultation and scrutiny stages of the budget process.
2. That Financial Transaction and Base Budget Revisions totalling a net reduction of £10.0 million in 2017/18 be incorporated into the 2017/18 draft budget.
3. That authority be delegated to the Cabinet Member for Resources in consultation with the Director of Finance to explore the option of making further pension contributions to the West Midlands Pension Fund in 2017/18, in order to reduce the total costs and secure on-going budget reductions to support the budget challenge that the Council would face in future years
4. That the removal of the previously approved 'Restructuring of the Library Service' budget reduction totalling £500,000 in the Medium Term Financial Strategy in 2017/18 to allow the development of a five year libraries strategy

which would be informed by engagement and consultation, as recommended by the Libraries Peer Review be approved.

5. That the re-profile of the previously approved 'Children's Services Re-design' budget reduction; to delay £375,000 of the budget reduction from 2017/18 to 2018/19 in the Medium Term Financial Strategy to allow the Children's Service Re-design to be fully embedded be approved.
6. That the re-profile of the previously approved 'Reconfiguration of the Residual Waste Collection Service' budget reduction by £500,000 from 2017/18 to 2018/19 in the Medium Term Financial Strategy, whilst the review household waste and recycling centres is undertaken be approved.
7. That the further re-profile of £600,000 from 2017/18 to 2018/19 (£300,000) and 2019/20 (£300,000) of the 'Review of Waste and Recycling' budget reduction which was presented to Cabinet in July 2016, to reflect a potential implementation date of June 2017 be approved.
8. That the removal of the 'Re-provision of Staff Counselling Service' budget reduction proposal totalling £20,000 in 2017/18, which was presented to Cabinet in July 2016, due to the outcome of the procurement exercise, which attracted no tender submissions be approved.
9. That authority be delegated to the responsible Cabinet Member and the Cabinet Member for Resources, in consultation with the responsible Director and the Director of Finance to implement financial transactions and base budget revisions at the earliest opportunity where the proposal is not reliant on the outcome of formal budget consultation.
10. That authority be delegated to the Cabinet Member for Resources in consultation with the Director of Finance to approve the final budget consultation arrangements.
11. That it be noted that the 2016/17 Budget and Medium Term Financial Strategy (MTFS) 2016/17 - 2019/20 was presented to Full Council for approval on 2 March 2016. After updating the MTFS for changes in assumptions and the outcome of the Local Government Finance Settlement, the Council was able to set a balanced budget for 2016/17 without the use of general fund reserves. However, it was projected that the Council would be faced with finding further estimated budget reductions totalling £54.6 million by 2019/20.
12. That it be noted that the updated projected deficit already assumes the achievement of previously agreed budget reduction and income generation proposals amounting to £37.4 million over the four year period to 2019/20. Having identified budget reductions in excess of £175 million over the last six financial years, the extent of the financial challenge over the medium term continues to represent the most significant that the Council had ever faced.
13. That it be noted that since the 2016/17 budget was set, detailed work had been in progress across all areas of the Council to identify opportunities to deliver the £22.2 million projected budget deficit for 2017/18.

14. That it be noted that an initial review of the assumptions and projections built into the Draft Budget and MTFs 2017/18 - 2019/20 had been undertaken, with further work to be completed during the 2017/18 budget setting process. The review of projections includes assessing the option for making further pension contributions to the West Midlands Pension Fund in order to secure on-going budget reductions, in addition to assessing the successful delivery of previously approved proposals.
15. That it be noted that due to a range of external factors, budget assumptions remain subject to change. This could therefore result in alterations to the financial position faced by the Council. Specific known issues including the Apprenticeship Levy, the Improved Better Care Fund Government funding and the West Midlands Combined Authority are currently being investigated. An update on any impact that these factors have on the MTFs would be reported in due course to Cabinet.
16. That it be noted that work continues to identify additional budget reduction and income generation opportunities to address the projected budget deficit in 2018/19 and 2019/20, amounting to £30.4 million, in order to ensure that a balanced budget can be set over the medium term. An update on progress would be provided to Cabinet in the 2017/18 budget report presented to Councillors in February 2017.
17. That it be noted that the submission to the Secretary of State had now been made for the four year settlement. Confirmation of the Council's submission had been received and we are now awaiting further details from the Department of Communities and Local Government.
18. That it be noted that the Council's General Fund Balance remains at £10.0 million; the minimum balance as determined in the Council's approved Reserves and Balances Policy. Emphasis therefore continued to be placed on identifying budget reductions and income generation proposals to meet the projected budget deficit over the medium term.
19. That it be noted that the 2017/18 budget timetable would, as in previous years, include updated reports presented to Cabinet in January 2017 detailing the outcome of the Provisional Local Government Settlement and the budget consultation and scrutiny, with the final budget report due to be presented to Cabinet in late February and then Full Council in March 2017 for final approval.
20. That it be noted that the overall level of risk associated with the Draft Budget and Medium Term Financial Strategy 2017/18 to 2019/20 continued to be assessed as Amber.

100% Business Rates Retention Pilot

Cllr Andrew Johnson sought approval for the Council to participate in the 100% Business Rates Retention Pilot from April 2017. Participation in the pilot was only

open to Constituent Members of Combined Authorities. The pilot would also operate on a no financial detriment basis.

Resolved:

1. That the City of Wolverhampton Council, as one of the Constituent Members of the West Midlands Combined Authority, participates in a business rates retention pilot from April 2017, on a no detriment basis and in accordance with the terms outlined in this report.
2. That Birmingham City Council act as lead authority in order to co-ordinate arrangements and liaise with Department for Communities and Local Government over all matters relating to the pilot and that a fee is payable in recognition of any costs incurred relating to this role.
3. That authority be delegated to the Cabinet Member for Resources, in consultation with the Director of Finance, to approve any changes to the terms outlined in the report, which may be necessary as the negotiation of the detailed terms of the pilot are progressed by the Combined Authority.
4. That it be noted that the agreement to participate is subject to each individual constituent member authority's decision on whether to proceed with the pilot.