



Cabinet

Minutes - 25 February 2015

Attendance

Members of the Cabinet

Cllr Peter Bilson (Vice-Chair)
Cllr Steve Evans
Cllr Val Gibson
Cllr Andrew Johnson
Cllr Elias Mattu
Cllr Phil Page
Cllr John Reynolds
Cllr Sandra Samuels
Cllr Paul Sweet

Employees

Dereck Francis	Democratic Support Officer
Keith Ireland	Managing Director
Kevin O'Keefe	Director of Governance
Mark Taylor	Director of Finance
Linda Sanders	Strategic Director - People
Tim Johnson	Strategic Director - Place

Part 1 – items open to the press and public

Item No. *Title*

- 1 Apologies for absence**
No apologies for absence were received for the meeting.
- 2 Declaration of interests**
No declarations of interests were made.
- 3 Minutes of the previous meeting (4 February 2015)**
Resolved:
That the minutes of the previous meeting held on 4 February 2015 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 **Capital Programme 2014/15 to 2018/19 Quarter Three Review and 2015/16 to 2019/20 Budget Strategy**

Councillor Andrew Johnson proposed that the recommendations contained in the reports at agenda items 5, 6 and 7 be referred to Full Council for approval.

On the Treasury Management Strategy (item 6) he commented on a misunderstanding within the media about the plans relating to the revision to the Minimum Revenue Provision (MRP) policy. The revised approach would mean the Council moving from accounting for the repayment off its borrowing using a “straight line method” where the amount was the same each year to an annuity method where it would pay less at the start and more at the end. Based on the revised policy, the Council had been overly prudent between April 2008 and March 2014. In the light of this it was being proposed that the Council take a pause over the next four years in the provision it makes until it was at the level where it would have been under the annuity MRP method.

Cllr Johnson added that the proposal would be beneficial to the overall Council budget and the services that the Council could provide to Wolverhampton residents. He informed Cabinet that he was satisfied with the assurance from the Director of Finance that the proposal was a prudent thing to do and that leading Counsel had concluded that it was permissible and lawful.

Resolved:

1. That Full Council is recommended to:
 - a. Approve the revised medium term General Fund capital programme of £221.2 million, an increase of £1.5 million from the previously approved programme, reflecting the latest projected expenditure for the medium term.
 - b. Approve the projected changes in expenditure for ten existing projects totalling £1.5.
2. That a virement of £285,000 within the Education and Enterprise directorate from the Targeted Disposals programme to the Westside project be approved.
3. That the updated schedules of works for the capital projects under the following directorates be approved;
 - a. Community: Urban parks refurbishment, Sports Investment Strategy, Short breaks for disabled children and Co-location programme
 - b. Delivery: ICTS, Leisure centres, Disposals and Corporate Asset Management
 - c. Education and Enterprise: BSF, Capital Maintenance, Universal Infant Free School Meals, Primary School Expansion programme and Targeted Disposals

4. That authority be delegated to the Cabinet Member for Resources in consultation with the Director of Finance to approve the allocation of the provision of the 'Corporate Asset Management Programme' to reserve capital projects in order so that they may be progressed in a timely manner if priority projects are delivered under budget or do not proceed.
5. That the expenditure position for quarter three of 2014/15 which stands at 43.0% of the approved General Fund capital budget be noted.
6. That the revised budgets for the Primary School Expansion programme which were subject to a separate report to Cabinet (Resources) Panel on the 10 February 2015 be noted.

6 Treasury Management Strategy 2015/16

Resolved:

1. That Full Council be recommended to approve:
 - (a) That the authorised borrowing limit for 2015/16 as required under Section 3(1) of the Local Government Act 2003 be set at £1,003.5 million.
 - (b) The Treasury Management Strategy Statement 2015/16.
 - (c) The Annual Investment Strategy 2015/16.
 - (d) The Prudential and Treasury Management Indicators.
 - (e) The Annual Minimum Revenue Provision (MRP) Statement setting out the method used to calculate MRP for 2015/16 onwards.
 - (f) The method used to calculate MRP for 2014/15 as set out in the Annual Minimum Revenue Provision (MRP) Statement approved by Council on 17 December 2014 be amended to the method as set out in appendix D to the report
 - (g) The Treasury Management Policy Statement and Treasury Management Practices as set out in appendix F to the report.
 - (h) That authority continues to be delegated to the Director of Finance to amend the Treasury Management Policy and Practices and any corresponding changes required to the Treasury Management Strategy, the Prudential and Treasury Management Indicators, the Investment Strategy and the Annual MRP Statement to ensure they remain aligned. Any amendments would be reported to the Cabinet Member for Resources and Cabinet (Resources) Panel as appropriate.
2. That Full Council be recommended to note:
 - (a) That as a result of the revised MRP calculations, the MRP charge for financial years 2014/15 to 2017/18 would be zero increasing to £9.7 million in 2018/19, subject to annual review.

- (b) That Cabinet (Resources) Panel and Council would receive regular Treasury Management reports during 2015/16 on performance against the key targets and Prudential and Treasury Management Indicators in the Treasury Management Strategy and Investment Strategy.
- (c) That legal advice has been sought from leading Counsel on the revised MRP policy and the conclusion was that the proposal is a permissible, reasonable and lawful exercise.
- (d) That the Director of Finance (Section 151 Officer) considers that this revised approach to MRP is prudent and therefore complies with the Council's statutory duties in respect of MRP.
- (e) That the Council's external auditor has referred the revised MRP policy to the Audit Commission's Technical Team for an opinion and at the time of writing this report a response is awaited.

7 Budget 2015/16 and Medium Term Financial Strategy 2015/16 to 2018/19

Resolved:

1. That the changes to the 2015/16 draft budget for General Fund services, since the draft budget was last reported to Cabinet on 4 February 2015 be approved.
2. That the formal response to the budget consultation, which has been reflected in the 2015/16 net budget requirement presented to Councillors be approved.
3. That the formal response to the budget scrutiny, which has been reflected in the 2015/16 net budget requirement presented to Councillors be approved.
4. That it be approved that due to the extreme uncertainty facing the Council and the potentially significant impact that this has on the accuracy of financial projections the period of the medium term financial strategy should continue to extend to 2018/19 only, for the foreseeable future.
5. That authority is delegated to the Cabinet Member for Resources in consultation with the Director of Finance to approve the Financial Plan
6. That Full Council be recommended to approve:
 - a. The net budget requirement for 2015/16 of £224.9 million for General Fund services
 - b. The Medium Term Financial Strategy 2015/16 to 2018/19.
 - c. A Council Tax for Council services in 2015/16 of £1,369.64 for a Band D property, being an increase of 1.99% on 2014/15 levels.
 - d. That £20 million of additional savings for 2016/17 should be identified and reported to Cabinet in June 2015, in order to demonstrate that a balanced budget can be achieved in 2016/17.

7. That Full Council be recommended to note:
 - a. That recasting the projected budget challenge to include pressures that we have become aware of during the last year has resulted in the budget challenge increasing from £123 million to £134 million over the period 2014/15 to 2018/19. The increase is largely due to the rising costs of Looked After Children, pay and pension costs, and continuing Government grant cuts. However, savings totalling £87.8 million have been identified during the 2014/15 and 2015/16 budget setting processes, therefore the remaining projected budget challenge stands at £46.3 million up to 2018/19.
 - b. That the budget for 2015/16 is in balance without the use of general reserves.
 - c. That all other aspects of the draft 2015/16 Budget and Medium Term Financial Strategy, previously approved by Cabinet on 22 October 2014, 14 January 2015 and 4 February 2015, remain unchanged.
 - d. That, in the opinion of the Director of Finance (Section 151 Officer); the 2015/16 budget estimates are robust.
 - e. That, in the opinion of the Director of Finance (Section 151 Officer), the proposed levels of reserves, provisions and balances is adequate in respect of the forthcoming financial year
 - f. That Leading Counsel's opinion on the revised MRP Policy was that it is lawful and that the Director of Finance considers that the revised approach is prudent. At the time of writing, the Council's external auditor has referred the revised policy to the Audit Commission's Technical Team for an opinion; a response is awaited.
 - g. That after taking account of the £20 million savings target for 2016/17, a further £26 million needs to be identified over the period 2017/18 to 2018/19, in order to address the projected budget deficit over the medium term to 2018/19.
 - h. That due to the uncertainty surrounding the future of public finances in 2016/17 and beyond, and the existing assumptions concerning the successful delivery of prior year savings amounting to £46 million, the projected additional savings requirement of £46 million over the medium term could change significantly over the coming years as more information becomes available.
 - i. That having identified significant savings over the last five financial years, the extent of the financial challenge over the medium term continues to represent the most significant that the council has ever faced.
 - j. That authority to agree a composite employer's contribution rate with the West Midlands Pension Fund was delegated to the Director of Finance (Section 151 Officer) on 4 February 2015.

- k. That councillors must have due regard to the public sector equality duty (Section 149 of the Equality Act 2010) when making budget decisions.

8 **Better Care Fund Section 75 Agreement (Pooled Budget)**

Cllr Sandra Samuels presented a report which updated Cabinet on a proposal for the Council to enter into a Section 75 Agreement with NHS Wolverhampton Clinical Commissioning Group (CCG) for the management of the Better Care Fund. The report also set out the approach to risk share and performance management of the pooled fund and the proposed governance arrangements for the Section 75 Agreement.

She reported that the proposal was good news for the Council and the city. She placed on record her thanks to the Viv Griffin, Service Director, Disability and Mental Health and her Commissioning team for their efforts in negotiations on the terms of the Agreement.

Cllr Steve Evans also welcomed the proposal as good news for the city. There would be more integrated and efficient working in Adult Social Care between the Council and the CCG and pooling of resources, which would lead to better outcomes for Wolverhampton residents.

Resolved:

1. That the Council enter into a Section 75 Agreement (Pooled Fund) with NHS Wolverhampton Clinical Commissioning Group, on the terms and conditions outlined in the report along with any other ancillary legal agreements necessary for the joint administration of the Better Care Fund, including setting up a pooled fund to be managed by the Council.
2. That authority be delegated to the Cabinet Members for Adult Services, Health and Well Being and Resources, in consultation with the Strategic Director for People and Director of Finance to approve the final terms of the proposed Section 75 Agreement.

9 **Post Compulsory Education - Discretionary Awards for Further and Higher Education Student and Pupils in Schools - 2015/16**

Cllr Phil Page presented the report which recommended that the Authority continues its policy of not making any post compulsory education awards to further education and higher education students. Funding to the Council for the awards had been withdrawn from the Standard Spending Assessment from the 1999/2000 financial year. The Authority was still required to make an annual determination in respect of their powers to make discretionary awards to students

Resolved:

That in respect of the 2015-16 financial year, the Authority determines not to make any "Post Compulsory Education Awards" to further education and higher education students in any circumstance and continues its policy of not making any provision for considering such applications