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| CITY OF WOLVERHAMPTON COUNCIL | Meeting of the City Council 7 March 2018 |
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| Report title | Capital Programme 2017-2018 to 2021-2022 quarter three review and 2018-2019 to 2022-2023 budget strategy including the i9 Office Development – Investment Case Treasury Management Strategy 2018-2019 2018-2019 Budget and Medium Term Financial Strategy 2018-2019 to 2019-2020 Council Tax Formal Resolutions | |
| Referring body | Cabinet, 20 February 2018 | |
| Councillor to present report | Councillor Andrew Johnson | |
| Wards affected | All Wards | |
| Cabinet Member with lead responsibility | Councillor Roger Lawrence, Leader of the Council Councillor Andrew Johnson, Resources | |
| Accountable director | Keith Ireland, Managing Director | |
| Originating service | Strategic Finance | |
| Accountable employee | Claire Nye | Director of Finance |
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| Report to be/has been considered by | Strategic Executive Board | 6 February 2018 |
| | Cabinet | 20 February 2018 |

Recommendations for decision:

The Council is recommended to approve:

Cabinet recommendations from the Capital Programme 2017-2018 to 2021-2022 quarter three review and 2018-2019 to 2022-2023 budget strategy, including the i9 Office Development- Investment Case.

1. Approves the revised medium term General Fund capital programme of £373.1 million, an increase of £33.8 million from the previously approved programme (paragraph 2.4 of the Cabinet report), reflecting the latest projected expenditure for the medium term.
2. Approves the net additional General Fund resources of £33.8 million identified for;
 - i. 11 new projects totalling £12.6 million (paragraph 4.1 of the Cabinet report);
 - ii. Civic Halls, an existing project, of £23.7 million as approved by Council on 31 January 2018 (paragraph 3.23 of the Cabinet report);
 - iii. i9 Office Development, a new project, of £13.0 million (paragraph 4.5 of the Cabinet report);
 - iv. 23 existing projects net decrease totalling £15.5 million (paragraph 3.23 of the Cabinet report).
3. Approve the Investment Case for the i9 office development at Wolverhampton Interchange.
4. Authorise the allocation of up to £13 million capital investment by way of prudential borrowing to forward purchase the i9 office development.
5. Approve the proposal to declare the Council's land holdings at Railway Street car park as surplus to requirements to enable the office development.
6. Approve the Council granting a headlease to ION and the grant of an underlease from ION to the Council.
7. Approve delegation to the Cabinet Members for City Economy and Resources, in consultation with the Strategic Director for Place and Director of Finance for: -
 - i. The appointment of ION (being the developer under the Master Development Agreement or their subsidiary) as developer to deliver the scheme;
 - ii. The entering into various legal agreements with ION including Funding/ Phase Agreements, collateral warranties, supplemental agreement to the Master Development Agreement for the Interchange, headlease, underlease, and any other ancillary documentation necessary in order to give effect to the recommendations in this report;
 - iii. Participating in the process for ION to procure and appoint a contractor to build i9;
 - iv. The approval of terms for lettings with occupiers;
 - v. The application for, and granting of, relevant licences to enable the construction of i9;
 - vi. Approval of the terms for the headlease to ION and the underlease to the Council subject to advice from Corporate Landlord;

- vii. The Council establishing an investment company to hold the asset if this proves to be a preferential option.
8. Approve the use of the Council's powers under s.247 of the Town and Country Planning Act 1990 to stop up parts of the highway at Railway Street to enable development.
9. Agree to receive a further report regarding the appropriation of the development site for planning purposes (if appropriation is required).

Cabinet recommendations from the Treasury Management Strategy 2018-2019:

1. The authorised borrowing limit for 2018-2019 as required under Section 3(1) of the Local Government Act 2003 be set at £1,087.5 million (PI 3, Appendix 3 to the Cabinet report).
2. The Treasury Management Strategy Statement 2018-2019 as set out in Appendix 1 to the Cabinet report.
3. The Annual Investment Strategy 2018-2019 as set out in Appendix 2 to the Cabinet report.
4. The Prudential and Treasury Management Indicators as set out in Appendix 3 to the Cabinet report.
5. The Annual Minimum Revenue Provision (MRP) Statement setting out the method used to calculate MRP for 2018-2019 onwards as set out in Appendix 4 to the Cabinet report.
6. The Treasury Management Policy Statement and Treasury Management Practices as set out in Appendix 5 to the Cabinet report.
7. 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 will be reported to the Cabinet Member for Resources and Cabinet (Resources) Panel as appropriate.

2018-2019 Budget and Medium Term Financial Strategy 2018-2019 to 2019-2020:

1. The net budget requirement for 2018-2019 of £229.1 million for General Fund services (paragraph 17.3 of the Cabinet report).
2. The Medium Term Financial Strategy 2018-2019 to 2019-2020 as detailed in Table 7 and the budget preparation parameters underpinning the MTFFS as detailed in Appendix 1 to the Cabinet report.
3. The budget allocation for Adult Social Care in 2018-2019 outlined in the report, making due consideration to the Minimum Funding Level for Adult Social Care (section 15.0 of the Cabinet report).

4. A Council Tax for Council services in 2018-2019 of £1,540.21 for a Band D property, being an increase of 3.99% on 2017-2018 levels, which incorporates the 2% increase in relation to Adult Social Care (paragraph 7.5 of the Cabinet report).
5. That work starts on developing budget reductions for 2019-2020 and progress be reported to Cabinet in July 2018 (paragraph 17.4 of the Cabinet report).
6. Revisions to the local council tax reduction scheme to introduce: a disregard of bereavement support payment, a disregard of any payments made under 'We love Manchester Emergency Fund' (WLMEF) and the 'London Emergencies Trust' (LET) and to add wording to allow references to legacy benefits to include universal credit.

Council Tax formal resolutions for 2018-2019:

The resolution as follows:

1. That it be noted that the Council Tax base for the year 2018-2019 is calculated at 62,959.19 (Item T in the formula in Section 31B of the Local Government Finance Act 1992, as amended (the "Act"), as reported to Cabinet on 20 February 2018.
2. Calculate that the Council Tax requirement for the Council's own purposes for 2018-2019 is £96,970,000.
3. That the following amounts be calculated for the year 2018-2019 in accordance with Sections 30 to 36 of the Local Government Finance Act 1992 as amended:
 - (a) £622,058,000 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) of the Act.
 - (b) £525,088,000 being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(3) of the Act.
 - (c) £96,970,000 being the amount by which the aggregate at 3(a) above exceeds the aggregate at 3(b) above, calculated by the Council in accordance with Section 31A(4) of the Act as its Council Tax requirement for the year. (Item R in the formula in Section 31B of the Act).
 - (d) £1,540.21 being the amount at 3(c) above (Item R), all divided by Item T (section 1 above), calculated by the Council, in accordance with Section 31B of the Act, as the basic amount of its Council Tax for the year (including Parish precepts).
 - (e) £0 being the aggregate amount of all special items (Parish precepts) referred to in Section 34(1) of the Act.

- (f) £1,540.21 being the amount at 3(d) above less the result given by dividing the amount at 3(e) above by Item T (1(a) above), calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no Parish precept relates.

4. To note that West Midlands Police and Fire Authorities have issued precepts to the Council in accordance with Section 40 of the Local Government Finance Act 1992 for each category of dwellings in the Council's area as indicated in the table below.

| Precepting Authority | Valuation Band | | | | | | | |
|---|----------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | A 6/9 | B 7/9 | C 8/9 | D 9/9 | E 11/9 | F 13/9 | G 15/9 | H 18/9 |
| West Midlands Fire Service | 39.23 | 45.77 | 52.30 | 58.84 | 71.92 | 84.99 | 98.07 | 117.65 |
| West Midlands Police and Crime Commissioner | 85.70 | 99.98 | 114.27 | 128.55 | 157.12 | 185.68 | 214.25 | 257.10 |
| Total Precepts | 124.93 | 145.75 | 166.57 | 187.39 | 229.04 | 270.67 | 312.32 | 374.75 |

5. That the Council, in accordance with Sections 30 to 36 of the Local Government Finance Act 1992, hereby sets the aggregate amounts shown in the tables as the amounts of Council Tax for 2018-2019 for each part of its area and for each of the categories of dwellings.

| Billing Authority | Valuation Band | | | | | | | |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | A 6/9 | B 7/9 | C 8/9 | D 9/9 | E 11/9 | F 13/9 | G 15/9 | H 18/9 |
| City of Wolverhampton Council | 1,026.81 | 1,197.94 | 1,369.08 | 1,540.21 | 1,882.48 | 2,224.74 | 2,567.02 | 3,080.42 |
| Total Billing | 1,026.81 | 1,197.94 | 1,369.08 | 1,540.21 | 1,882.48 | 2,224.74 | 2,567.02 | 3,080.42 |

6. That, having calculated the aggregate in each case of the amounts at (3) (f) and (4) above, the City Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of the Council Tax for the year 2018-2019 for each of the categories of dwellings shown below:

| Authority | Valuation Band | | | | | | | |
|--------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | A 6/9 | B 7/9 | C 8/9 | D 9/9 | E 11/9 | F 13/9 | G 15/9 | H 18/9 |
| Total Precepts | 124.93 | 145.75 | 166.57 | 187.39 | 229.04 | 270.67 | 312.32 | 374.75 |
| Total Billing | 1,026.81 | 1,197.94 | 1,369.08 | 1,540.21 | 1,882.48 | 2,224.74 | 2,567.02 | 3,080.42 |
| Total Council Tax | 1,151.74 | 1,343.69 | 1,535.65 | 1,727.60 | 2,111.52 | 2,495.41 | 2,879.34 | 3,455.17 |

7. That a notice of the amounts payable in respect of chargeable dwellings in each valuation band for the year commencing on 1 April 2018 be published in at least one local newspaper and that in accordance with Section 3(2) of the Local Government Finance Act 1992, this notice shall also make reference to the National Non-Domestic Rating Multiplier set by the Secretary of State, and specify that the Council Tax and the non-domestic rate demands are annual demands which cover the full financial year.
8. The Council has determined that its relevant basic amount of Council for 2018-2019 is not excessive in accordance with principles approved under Section 52ZB Local Government Finance Act 1992.

9. As the billing authority, the Council has not been notified by a major precepting authority that its relevant basic amount of Council Tax for 2018-2019 is excessive and that the billing authority is not required to hold a referendum in accordance with Section 52ZK Local Government Finance Act 1992.

Recommendations for noting:

The Council is asked to note:

Cabinet recommendations from the Treasury Management Strategy 2018-2019:

1. That the MRP charge for the financial year 2018-2019 will be £7.8 million increasing to £14.7 million in 2019-2020 (paragraph 2.16 of the Cabinet report).
2. That Cabinet (Resources) Panel and Council will receive regular Treasury Management reports during 2018-2019 on performance against the key targets and Prudential and Treasury Management Indicators in the Treasury Management Strategy and Investment Strategy as set out in paragraph 2.14 and Appendices 2 and 3 to the Cabinet report.
3. That the detailed guidance notes for the new Code of Practice on Treasury Management and the Prudential Code are still to be published by CIPFA and therefore the current statements are based on the Council's interpretation of these Codes.
4. Revised guidance on Local Government Investments and Minimum Revenue Provision was issued by the Ministry of Housing, Communities and Local Government on 2 February 2018. The new guidance is currently being reviewed by the Director of Finance and updates will be provided to Councillors in due course.

1.0 Purpose

- 1.1 The purpose of this report is to obtain Full Council approval for the annual capital budget, treasury management strategy and revenue budget, as recommended by Cabinet and to pass the statutory formal Council Tax resolutions.

2.0 Background

- 2.1 The Council's revenue and capital budgets together with the treasury management strategy require approval by Full Council on an annual basis. In addition to this, Full Council has to pass statutory resolutions in respect of Council Tax before the commencement of each financial year.

3.0 Reports

- 3.1 The budget setting information and recommendations from Cabinet are set out in the relevant reports to Cabinet which were presented on 20 February 2018:
- i. Capital Programme 2017-2018 to 2021-2022 quarter three review and 2018-2019 to 2022-2023 budget strategy
 - ii. i9 Office Development – Investment Case
 - iii. 2018-2019 Budget and Medium Term Financial Strategy 2018-2019 to 2020-2021
- 3.2 Cabinet recommendations in relation to the treasury management strategy are set out in the report to Cabinet which was presented on 20 February 2018:
- i. Treasury Management Strategy 2018-2019
- 3.3 The setting of the Council Tax Base is set out in the report to Cabinet (Resources) Panel which was presented on 16 January 2018:
- i. Council Tax Base and Business Rates (NDR) Net Rate Yield 2018-2019
- 3.4 All reports are available on the Council's website and may be accessed via the following links:

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

<http://wolverhampton.moderngov.co.uk/ieListDocuments.aspx?CId=143&MId=7499&Ver=4>

4.0 Financial implications

- 4.1 The financial implications of all the recommendations are included in the relevant Cabinet reports referenced in this report.

5.0 Legal implications

- 5.1 The legal implications of all the recommendations are included in the relevant Cabinet reports referenced in this report.

6.0 Equalities implications

6.1 The equalities implications of all the recommendations are included in the relevant Cabinet reports referenced in this report.

7.0 Environmental implications

7.1 The environmental implications of all the recommendations are included in the relevant Cabinet reports referenced in this report.

8.0 Human resources implications

8.1 The human resources implications of all the recommendations are included in the relevant Cabinet reports referenced in this report.

9.0 Corporate Landlord implications

9.1 The corporate landlord implications of all the recommendations are included in the relevant Cabinet reports referenced in this report.

10.0 Schedule of background papers

10.1 Capital Programme 2017-2018 to 2021-2022 quarter three review and 2018-2019 to 2022-2023 budget strategy, report to Cabinet, 20 February 2018

10.2 i9 Office Development – Investment Case, report to Cabinet, 20 February 2018

10.3 Treasury Management Strategy 2018-2019, report to Cabinet, 20 February 2018

10.4 2018-2019 Budget and Medium Term Financial Strategy 2018-2019 to 2019-2020, report to Cabinet, 20 February 2018

10.5 Council Tax Base and Business Rates (NDR) Net Rate Yield 2018-2019, report to Cabinet (Resources) Panel, 16 January 2018