

## **Cabinet – 18 March 2020**

### **Dissolution of VIEW Programme, Board and Company and the Allocation of Funds**

**Portfolio:** Councillor Adrian Andrew, Deputy Leader and Regeneration.

**Related portfolios:** Councillor Mike Bird, Leader of the Council.

**Service:** Economy and Environment

**Wards:**

**Key decision:** Yes

**Forward plan:** Yes

#### **1. Aim**

This report sets out the background to and the case for the dissolution of the current Visionary Investment Enhancing Walsall (VIEW) programme, board, company and Development Clawback Agreement, together with proposals for the allocation of the remaining funds. The aim is to achieve the dissolution of the VIEW programme, including its Board and Company, together with the distribution of any remaining funds.

#### **2. Summary**

- 2.1 This report provides details of the request made to the Council by Walsall Housing Group (WHG) to agree changes to the 2003 Stock Transfer Agreement, and subsequent WHG Board proposals. It informs the Council of the proposal to dissolve the current VIEW Board partnership and to end the current arrangements relating to development clawback receipts from property disposals. It includes proposed new working arrangements and the allocation of remaining and projected funds for the three years from 2020/21.
- 2.2 If approved this will result in the dissolution of the current stock transfer arrangements that relate to VAT sharing and the acceptance of final payments of £150,000 towards the Economic Growth Programme and £145,000 as a final VIEW programme contribution to Walsall Council. Noting that in addition, a payment of £100,000 to One Walsall will be made from the VIEW Building Capacities Fund, to support activities in 2020/21 and beyond. It will also result in the ring-fencing of funds received for property disposals for regeneration purposes for use by WHG across the borough.

### **3. Recommendations**

- 3.1 That Cabinet accept the offer from Walsall Housing Group from the Visionary Investment Enhancing Walsall programme of £295,000 into the Inclusive Economic Growth Programme to sponsor Economic Development activities during 2020/21 and beyond.
- 3.2 That the Cabinet notes the £100,000 of support offered through the Visionary Investment Enhancing Walsall programme in supporting the activities of One Walsall throughout 2020/21 and 2021/22.
- 3.3 That Cabinet accepts the proposals from the Walsall Housing Group Board for the dissolution of the current Visionary Investment Enhancing Walsall programme, board and company and agrees to:
  - 3.3.1 End the current transfer agreement arrangements that relate to VAT sharing
  - 3.3.2 The dissolution of the Visionary Investment Enhancing Walsall (VIEW) board
  - 3.3.3 The transfer of all remaining funds held by VIEW to Walsall Housing Group
  - 3.3.4 The payment of all further VAT savings to Walsall Housing Group
- 3.4 That Cabinet approves the cancellation of the current Development Clawback Agreement with Walsall Housing Group, accepting a commitment from Walsall Housing Group to ring-fence all monies received from disposals for regeneration activity within Walsall Borough.
- 3.5 That Cabinet authorises officers to follow the statutory process and required procedures for the dissolution of the current VIEW and Development Clawback agreements with Walsall Housing Group.
- 3.6 That Council delegates authority to the Executive Director Economy & Environment to negotiate and agree the final terms of the Deed of Variation, to the 15<sup>th</sup> and 16<sup>th</sup> Schedules of the Stock Transfer Agreement (2003), to be entered into with WHG to record the changes set out in Recommendations 3.3 and 3.4 above.

### **4. Report detail - know**

#### ***Context***

- 4.1 In 2003 a framework for the development of a VAT shelter was agreed between Walsall Council and the Walsall Housing Group (WHG) and included in the housing stock transfer agreement in the same year. Subsequently on the 2 March 2005 a report to the Council's Cabinet approved the establishment of a joint VAT shelter with WHG using the model of a new Charitable Industrial & Provident Society.
- 4.2 The VIEW (Visionary Investment Enhancing Walsall) programme was subsequently established as a partnership between the Council and WHG as an exempt charity and registered society in 2005. The VIEW board and associated

governance arrangements were established to manage funding generated from VAT repayments, utilising these funds to boost learning and employment opportunities across the Borough, supporting the regeneration of Walsall.

- 4.3 The VIEW Board comprises of members appointed by WHG, Walsall Council and independent members, who together oversee the effective spending of all VIEW funds. The board sits within WHG's governance arrangements, reporting into the WHG main Board.
- 4.4 In 2005 the proceeds from a VAT Sharing Agreement relating to 'Qualifying Works' were estimated to be in the region of £9million over an estimated lifespan of seven years to support economic, social and environmental well-being of the residents of Walsall. This programme has exceeded expectations, with a total of £11.5m expected to the year ending 31 March 2020, a period of 15 years.
- 4.5 Future predictions on VAT repayments against qualifying works agreed with HM Revenue and Customs (HMRC) suggests that there is very limited likelihood of any further funding to be generated. Current forecasts provided by WHG and reported to the VIEW board meeting on the 13 January 2020 estimated that VAT recovery from this work from the parent company for the three years from 2020/21 would total around £880,000. As VIEW's funding streams dwindle, the cost of supporting and administering the VIEW programme becomes uneconomic.
- 4.6 The VIEW programme currently supports the Council's Inclusive Economic Growth Programme (IEGP) approved by Cabinet on 21 June 2017, providing financial support to the Walsall Works, Employment Growth and Development Teams in the Economy and Environment directorate. The VIEW board agreed to approve a further £150,000 of funding for 2020/21 and an additional £145,000 contribution towards future IEGP activities, to deliver programmes that support sustained economic growth in businesses and jobs in the borough and ensuring people have the skills to achieve. In addition the VIEW Board has also agreed a further contribution of £100,000 in support for One Walsall projects throughout 2020/21 and 2021/22.
- 4.7 These approvals were considered and approved by the WHG board on the 30<sup>th</sup> January 2020. WHG are now offering these funds on condition that Walsall Council;
  - 4.7.1 Ends the current transfer agreement arrangements that relate to VAT sharing
  - 4.7.2 Agrees to the dissolution of VIEW and the VIEW board
  - 4.7.3 Agrees to all remaining funds held by VIEW be transferred to WHG
  - 4.7.4 Agrees that any further VAT savings are paid to WHG
- 4.8 In addition a Development Clawback Agreement saw monies from disposals being ring-fenced for regeneration activity. Although the clawback period runs through to 2023, current forecasts during this period is low, as very few, if any properties are likely to be disposed of during this time. The WHG board on the 30 January 2020 agreed to the ring fencing of any such proceeds for regeneration purposes within the Walsall Borough.

### ***Council Corporate Plan priorities***

- 4.9 The resources received through the VIEW programme continue to support the Council's Inclusive Economic Growth Programme (IEPG), which directly supports the Economic Growth of Walsall. This activity contributes towards the creation of jobs in our economy, the numbers of local people supported into training and apprenticeships and those securing employment.

### ***Risk management***

- 4.10 No risks identified at the time of drafting

### ***Financial implications***

- 4.11 There were no financial risks identified at the time of drafting. All funding received from WHG will become part of the Council's Inclusive Economic Growth Programme (IEPG) and will be managed and accounted for accordingly.

### ***Legal implications***

- 4.12 VIEW is registered with the Financial Conduct Authority, as an industrial society, and, as such, will need to follow the statutory process for dissolution, including an instrument of dissolution for the remaining funds/assets. A Deed of Amendment to reflect the dissolution and new working arrangements will need to be put in place between the two parties. WHG have sought legal advice that indicates that the most appropriate option for doing this is a Transfer of Engagements from VIEW to WHG.

A Deed of Variation to the Stock Transfer agreement (2003) will need to be entered into by the Council and WHG, reflecting the required changes to the 15<sup>th</sup> and 16<sup>th</sup> Schedules.

### ***Procurement Implications/Social Value***

- 4.13 There are no identified Procurement implications

### ***Property implications***

- 4.14 There are no identified Property implications

### ***Health and wellbeing implications***

- 4.15 No relevant issues or implications have been identified.

### ***Staffing implications***

- 4.16 No staff will be affected as a result of the VIEW programme dissolution. Funding received as a result of the dissolution of the VIEW programme will be added to the Inclusive Economic Growth Programme (IEGP) and will support staff appointed to deliver agreed work streams. This will be in accordance with council policies and operating procedures.

### ***Reducing Inequalities***

- 4.17 Both WHG and Walsall Council are committed to providing services that support individuals across the Borough that are excluded from or disadvantaged due to their circumstance or locations in accessing learning or employment opportunities. VIEW funding allocated to the Inclusive Economic Growth Programme (IEPG) will support individuals in the achievement of their goals.

### ***Consultation***

- 4.18 Discussions have taken place with VIEW Board members, WHG Board members and associated Walsall Council members to form and agree these proposals. The VIEW Board meeting on the 13 January 2020 agreed to recommend the proposals as included within their report to the WHG board on the 30 January 2020, which agreed to these proposals, which inform the contents of this report.

## **5.0 Decide**

- 5.1 Due to the projected decline in future funding levels it is proposed that the remaining funds within the VIEW programme are allocated now to support activities during 2020/21 and beyond across the partners. In addition it is proposed that the current Development Clawback Agreement with WHG is cancelled, instead accepting a commitment from WHG to ring-fence all monies received from disposals for regeneration activity within Walsall Borough. This will be achieved through a process of dissolution to end all current agreements and the payment of agreed funding to Walsall Council and One Walsall.

## **6.0 Respond**

- 6.1 Subject to cabinet and WHG Board approvals, officers will work together to achieve the dissolution of VIEW and the other agreed changes and the payment and receipt of all outstanding VIEW funding.

## **7.0 Review**

- 7.1 Implementation will be monitored through the Economy & Environment Directorates programme management team/s. Baseline outcome measures will be developed and set into place together with the appropriate recording and reporting measures into the Inclusive Economic Growth Programme (IEPG). These are reported to appropriate groups with details included in the Portfolio Holders annual report to Council.

## Background papers

Stock Transfer Agreement 2003

Walsall Council Cabinet Report – VAT Shelter for Housing Regeneration 2<sup>nd</sup> March 2005

VIEW (Visionary Investments Enhancing Walsall) Board Report; 13<sup>th</sup> January 2020

Walsall Housing Group Limited Board Report 30<sup>th</sup> January 2020

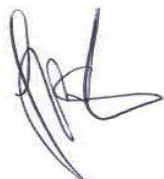
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Economy & Environment

9 March 2020



Councillor Andrew

Deputy Leader and Regeneration.

9 March 2020