


REPORT TO CABINET

20 February 2019

Subject:	2018/19 Budget Monitoring – Quarter 3
Presenting Member:	Councillor Steve Eling – Leader of the Council
Director:	Executive Director – Resources – Darren Carter
Contribution towards Vision 2030:	
Key Decision:	Yes
Forward Plan (28 day notice) Reference:	SMBC02/02/2019
Cabinet Member Approval and Date:	Councillor Steve Eling – Leader of the Council
Director Approval:	Darren Carter – Executive Director – Resources
Reason for Urgency:	Urgency provisions do not apply.
Exempt Information Ref:	Exemption provisions do not apply.
Ward Councillor (s) Consulted (if applicable):	Ward members have not been consulted.
Scrutiny Consultation Considered?	Scrutiny has not been consulted.
Contact Officer(s):	Rebecca Griffiths, Head of Finance Rebecca_griffiths@sandwell.gov.uk

DECISION RECOMMENDATIONS

That Cabinet:

1. Receive the financial monitoring position of individual directorates and the Housing Revenue Account (HRA) as at 31 December 2018 (quarter 3 2018/19) and refer to the Budget and Corporate Services Scrutiny Management Board for consideration and comment.
2. Note the current financial position for the council: -

Directorate	Projected (Surplus) / Deficit £000
Corporate Management	0
Resources	(1,656)
Adult Social Care	(1,640)
Regeneration & Growth	0
Housing & Communities	98
Children's Services	138
Total Net Service Expenditure	(3,060)
Central Items	(592)
Total Net Service Expenditure (incl Central Items)	(3,652)

The above figure excludes the use of corporate resources by service areas. When this is included, the overall position is a projected surplus of **£2.832m**.

3. Approve the following capital charge adjustments above £0.250m: -

	£000
Capital Charge Adjustments	
Adult Social Care	1,991
Children's Services	(887)
Housing and Communities	1,077
Resources	332

4. Approve the following budget adjustments between directorates: -

Resources	£000	£000
Transfer of Public Law Fees budget to central items		300
Total	0	300
Central Items	£000	£000
Transfer of Public Law Fees budget from Resources	300	
Total	300	0

5. Approve the following budget adjustments within directorates: -

Housing and Communities	£000	£000
<u>Restructure: -</u>		
Communities & Partnerships		6,654
Housing Management	2,229	
Tourism, Culture & Leisure	9,828	
Commercial Services		5,522
Business Excellence	119	
Total	12,176	12,176
HRA	£000	£000
<u>Restructure: -</u>		
Communities & Partnerships		1,825
Housing Management	1,825	
Total	1,825	1,825

6. Approve budget adjustments for the following specific grants: -

Directorate	Grant Details	Amount (£000)
Adult Social Care	Winter Pressures Grant	1.847

7. Approve the following proposed uses of surpluses/deficits: -

	£000
<u>Adult Social Care</u>	
Forecast surplus be carried forward to 2021/22 to assist in the management of projected budget pressures	1,640
<u>Resources</u>	
Carry Forward to 2019/20 to fund planned leavers beyond deletion of posts	124
Carry Forward to 2019/20 & 2020/21 to fund 2 Higher Level Apprentices	96
Request reprofiling of prior year carry forwards due to delay	184
Carry Forward to 2019/20, 2020/21 and 2021/22 to fund Microsoft Server & Cloud enrolment	500
Carry Forward to 2019/20 to fund Oracle Licensing and various ICT projects	691
To be allocated - further details to be provided in outturn report.	61
Total	1,656
<u>Public Health</u>	
Balance of the forecast surplus to be carried forward to 2020/21 to assist in the management of the reductions in the value of the Public Health Grant	454

<u>Children's Services</u> Directorate savings to be identified	138	
<u>Housing & Communities</u> Directorate savings to be identified	98	

1 PURPOSE OF THE REPORT

- 1.1 This report summarises the financial position of Sandwell MBC as at the end of December 2018 (quarter 3 2018/19).

2 IMPLICATION FOR THE COUNCIL'S AMBITION

- 2.1 Each of the Council's 10 ambitions are engaged across this report; the Council's financial status helps to underpin the Council's Vision 2030 and associated aspirations.

3 BACKGROUND AND MAIN CONSIDERATIONS

- 3.1 The Executive Director of Resources is required to report the financial position of the authority to Cabinet on a quarterly basis.
- 3.2 The report sets out the projected year-end variances for each directorate and the reasons for those variances.

4 THE CURRENT POSITION

FORECAST OUTTURN SUMMARY

- 4.1 At a directorate level, excluding Public Health and the HRA, the council is forecasting a year-end surplus of **£3.652m** which is broken down in the table below: -

Directorate	Projected (Surplus) / Deficit £000	Main reasons for surplus/deficit
Corporate Management	0	
Resources	(1,656)	Delay in using 2017/18 b/fwd and additional government grant income
Adult Social Care	(1,640)	Vacancies and utilisation of Winter Pressures Grant to offset pressures.
Regeneration & Growth	0	
Housing & Communities	98	Temporary accommodation costs reduced by vacancies
Children's Services	138	SEN Home to School transport reduced by various savings.

Total Net Service Expenditure	(3,060)	
Central Items	(592)	
Total Net Service Expenditure (incl Central Items)	(3,652)	

- 4.2 In addition, there is a projected year-end surplus against Public Health of **£0.454**. This is a ring-fenced grant and is therefore required to be carried forward into 2019/20.
- 4.3 More detailed explanations for these variances are contained within the individual appendices for each directorate.
- 4.4 The forecast outturn for individual directorates assumes the use of some corporate resources. When this is taken into account, the projected year-end surplus for the council as a whole is **£2.832m**.

REVENUE VIREMENTS

- 4.5 Approval for the following capital charge budget adjustments is requested:
-

	£000
Capital Charge Adjustments	
Adult Social Care	1,991
Children's Services	(887)
Housing and Communities Resources	1,077
	332

- 4.6 Approval to transfer a budget of £0.300m from Resources to Central Items is requested as it is considered that this area of expenditure is not within the control of a specific directorate.
- 4.7 Approval for the following revenue virements within service areas is requested: -

Housing and Communities	£000	£000
Communities & Partnerships		6,654
Housing Management	2,229	
Tourism, Culture & Leisure	9,828	
Commercial Services		5,522
Business Excellence	119	
Total	12,176	12,176
HRA	£000	£000

Communities & Partnerships Housing Management	1,825	1,825
Total	1,825	1,825

These virements relate to the restructure of the Housing and Communities directorate.

CENTRAL ITEMS

- 4.8 The council has several budgets that are held centrally and classified as Central Items. This is because the nature of these budgets is not within the control of a specific directorate.
- 4.9 The forecast outturn against these budgets is a surplus of **£0.592m**. The reasons for this surplus can be found in the individual appendices for directorates.

USE OF RESERVES

- 4.10 At the end of 2017/18, a total of **£24.481m** was held in earmarked reserves. It is forecast that **£1.267m** of these reserves will be used during 2018/19 leaving a remaining balance of **£23.190m** at the end of the financial year.
- 4.11 A breakdown of these earmarked reserves can be found in Appendix C.

GRANTS & CONTRIBUTIONS

- 4.1 Additional resources are received by directorates throughout the year to fund specific activities. This means that approval is required for both the income and expenditure budgets for the relevant directorate to increase in comparison to the original approved budget.
- 4.2 The following specific grants and contributions have been received since the last quarter's monitoring: -

Directorate	Grant Details	Amount (£000)
Adult Social Care	Winter Pressures Grant	1.847

HOUSING REVENUE ACCOUNT

- 4.3 Appendix M shows the budget monitoring for the council's Housing Revenue Account (HRA) for the third quarter of 2018/19. The HRA is forecasting a year-end surplus of **£0.275m**.

SOURCES OF FINANCE

- 4.4 There have been no adjustments to the sources of finance that formed part of the approved budget for the council.

CAPITAL MONITORING

- 4.5 The capital programme has been amended for additional adjustments and reprofiling of funding into future years. The programme is forecast to break even at year-end. Appendix D shows a breakdown of the capital programme.
- 4.6 There have been no capital virements to date.

SECTION 106 MONIES

- 4.7 Section 106 monies are paid by developers towards the cost of providing community and social infrastructure but must be used for specific purposes. Details of the Section 106 monies held by the council and how these are being used are contained within the individual directorate appendices.

FINANCIAL HEALTH INDICATORS

- 4.8 Appendix E shows how the council is performing in terms of various financial health indicators.

5 CONSULTATION (CUSTOMERS AND OTHER STAKEHOLDERS)

- 5.1 There is no requirement to formally consult stakeholders or customers in relation to this report.

6 ALTERNATIVE OPTIONS

- 6.1 The alternative option is to fail to provide a report on the Council's financial status. This would be in contravention of statutory obligations and would place the Council at risk of challenge and poor practice.

7 STRATEGIC RESOURCE IMPLICATIONS

- 7.1 Strategic resource implications are contained within the main body of the report.

8 LEGAL AND GOVERNANCE CONSIDERATIONS

- 8.1 The Local Government Act 2003 places a requirement on local authorities to provide Members with regular financial monitoring.

9 EQUALITY IMPACT ASSESSMENT

9.1 There is no requirement to conduct an Equality Impact Assessment.

10 DATA PROTECTION IMPACT ASSESSMENT

10.1 Any information used to compile this report is subject to information governance legislation and is managed in accordance with the Council's policies and protocols. A Data Protection Impact Assessment is not required.

11 CRIME AND DISORDER AND RISK ASSESSMENT

11.1 There no requirement to carry out a Crime and Disorder and Risk Assessment.

12 SUSTAINABILITY OF PROPOSALS

12.1 This information is contained within the main body of this report.

13 HEALTH AND WELLBEING IMPLICATIONS (INCLUDING SOCIAL VALUE)

13.1 The financial prosperity of the council provides a foundation for health and wellbeing across the remit of the council.

14 IMPACT ON ANY COUNCIL MANAGED PROPERTY OR LAND

14.1 There is no direct impact on any land or assets.

15 CONCLUSIONS AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS

15.1 Recommendations within this report are requested to ensure the Council can conduct its business efficiently, take action to provide for the security of the assets under its control, and for ensuring that the use of these resources is legal, properly authorised, provides value for money and achieves best value.

15.2 The detailed recommendations are outlined in the summary at the beginning of the report.

16 BACKGROUND PAPERS

16.1 Revenue/capital monitoring returns from directorates.

17 **APPENDICES:**

- Appendix A – Revenue Monitoring Summary
- Appendix B – Central Items Summary
- Appendix C – Earmarked Reserves
- Appendix D – Capital Monitoring
- Appendix E (i) Key Performance Indicators
- Appendix E (ii) Aged Debt Report
- Appendix F – Corporate Management Financial Monitoring
- Appendix G – Resources Financial Management
- Appendix H – Adult Social Care Financial Monitoring
- Appendix I - Regeneration & Growth Financial Monitoring
- Appendix J – Housing & Communities Financial Monitoring
- Appendix K – Children’s Services Financial Monitoring
- Appendix L – Public Health Financial Monitoring
- Appendix M – Housing Revenue Account Financial Monitoring

Darren Carter
Executive Director – Resources