


## REPORT TO CABINET

26 June 2019

<b>Subject:</b>	<b>2018/19 Financial Outturn</b>
<b>Presenting Cabinet Member:</b>	<b>Councillor Wasim Ali - Cabinet Member for Resources and Core Council Services</b>
<b>Director:</b>	<b>Executive Director – Resources – Darren Carter</b>
<b>Contribution towards Vision 2030:</b>	
<b>Key Decision:</b>	Yes
<b>Cabinet Member Approval and Date:</b>	Cllr Ali
<b>Director Approval:</b>	Darren Carter
<b>Reason for Urgency:</b>	Urgency provisions do not apply
<b>Exempt Information Ref:</b>	Exemption provisions do not apply
<b>Ward Councillor (s) Consulted (if applicable):</b>	Ward councillors have not been consulted
<b>Scrutiny Consultation Considered?</b>	Budget and Corporate Scrutiny Management Board – 10 July 2019
<b>Contact Officer(s):</b>	Rebecca Griffiths, Head of Finance

### DECISION RECOMMENDATIONS

**That Cabinet:**

1. Refers the proposals arising from the 2018/19 directorate outturn reports for each directorate/service area (Appendices F to L), Schools Outturn (Appendix N), Housing Revenue Account (Appendix M), the Council's capital outturn (Appendix D), Treasury Management outturn (Appendix O) and Key Performance Indicators (Appendix E) to the Budget and Corporate Scrutiny Management Board for consideration.

2. Approve that the surpluses additional to those approved at period 9 be carried forward as requested: -

	Total	2019/20	2020/21	2021/22
	£'000	£'001	£'000	£'000
Resources	151	151		
Adult Social Care	430			430
Regeneration & Growth	636	636		
Children's Services	30	30		
Housing & Communities	245	245		
Public Health - Ringfenced Grant	475		475	
<b>TOTAL</b>	<b>1,967</b>	<b>1,062</b>	<b>475</b>	<b>430</b>

3. Approve the use of £5m of revenue balances towards funding the Sandwell Children's Trust deficit.

4. Authorise the Executive Director – Resources to utilise £1.1m of capital funding to support preparatory works for the A4123 Birchley Island / Junction 2 M5 improvement scheme.

## 1 PURPOSE OF THE REPORT

- 1.1 This report provides details of the council wide financial outturn for the 2018/19 financial year.

## 2 IMPLICATION FOR VISION 2030

- 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

### Directorate Outturn

- 3.1 At a directorate level, excluding Public Health and the HRA, the outturn for 2018/19 was a surplus of **£10.496m** which is broken down in the table below: -

	(Surplus) / Deficit
	£'000
Corporate Management	(922)
Resources	(2,041)
Adult Social Care	(6,342)
Regeneration & Growth	(869)
Housing & Communities	(245)
Children's Services	(77)
<b>Total Net Service Expenditure (excluding Public Health)</b>	<b>(10,496)</b>

3.2 Including, Public Health and Central Items, the outturn for 2018/19 was a surplus of **£14.282m**.

3.3 However, in common with many other councils, Sandwell has experienced an unprecedented increase in demand for our children's social care services that has resulted in a year-end deficit of **£6.567m** for Sandwell Children's Trust. Cabinet approval is sought for the council to cover £5m of this deficit from revenue balances, some of which were earmarked for this specific purpose at the start of the year.

### Central Items

3.4 The Council has a number of budgets that are held centrally. The nature of these budgets means that they are not within any specific Directorate's control, and as a result they are excluded from budgets. These central items ended the year in a surplus of **£1.326m** which will be returned to balances.

### Use of Reserves

3.5 At the end of 2017/18, a total of **£24.560m** was held in earmarked reserves. £1.838m was added to these reserves during 2018/19 leaving a remaining balance of **£26.938m** at the end of the financial year.

### Severance Payments

3.1 The council terminated the contracts of a number of employees in 2018/19 to meet the ongoing challenges of the difficult economic climate and budget reductions. In total 51 employees left the council's employment during the year incurring liabilities of £3.378m.

- 3.2 In 2017/18 a provision of £2.253m was created for employees approved as planned leavers at 31 March 2018. Of this £1.553m was utilised and £0.593m re-provided for in 2019/20. Costs of £1.162m not included in the 2017/18 provisions have been incurred. £1.053m of this has been funded by Directorates and £0.109m from the Council's Corporate Resources.
- 3.3 There are also agreements in place for a further 31 employees to leave the council during 2019/20 or later at an estimated cost of £2.718m. A provision for this amount has therefore been created for future and outstanding termination benefit costs which are expected to be incurred in 2019/20.

### **Capital**

- 3.4 Capital expenditure of £77.6m was incurred during 2018/19.
- 3.5 The majority of this was spent as follows: -
- £1.031m Various ICT projects
  - £18.936m New schools/school refurbishments
  - £3.200m Disabled Facilities Grant
  - £6.105m Various Highways related schemes
  
  - £37.813m Housing Revenue Account
- 3.6 Cabinet previously approved the allocation of up to £2.82m of Council Capital as a local contribution towards the proposed improvement works at A4123 Birchley Island / M5 Junction 2. It is requested that £1.1m of this be brought forward to fund preparatory works.

### **General Fund Balance**

- 3.7 The General Fund balance at the end of 2018/19 was £66.5m. This includes £22.2m of target carry forwards and £32.2m of earmarked central items, leaving a free balance of £12.1m which equates to 5% of net General Fund expenditure.

## **4 THE CURRENT POSITION**

- 4.1 The summary statement included at Appendix A details the actual outturn for the council against the allocated budget for the year.
- 4.2 Individual outturn reports for each directorate, the Housing Revenue Account and the Individual Schools Budget can be found at Appendices F to N.

## **5 CONSULTATION (CUSTOMERS AND OTHER STAKEHOLDERS)**

5.1 There is no requirement to formally consult customers or stakeholders.

## **6 ALTERNATIVE OPTIONS**

6.1 There is no alternative option with regard to the council's financial status.

## **7 STRATEGIC RESOURCE IMPLICATIONS**

7.1 Resource implications are contained within the body of the report.

## **8 LEGAL AND GOVERNANCE CONSIDERATIONS**

8.1 The Accounts and Audit Regulations 2015 stipulate that the council's 2018/19 draft statement of accounts must be approved by the Section 151 officer by 31 May 2019. Following the external audit period, regulations require a formal resolution by the Audit Committee for it to approve the council's 2018/19 statement of accounts by 31 July 2019.

## **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 and the appendices.

## **13 HEALTH AND WELLBEING IMPLICATIONS (INCLUDING SOCIAL VALUE)**

13.1 This information is contained within the main body of this report and the appendices.

## **14 IMPACT ON ANY COUNCIL MANAGED PROPERTY OR LAND**

14.1 This information is contained within the main body of this report and the appendices.

## **15 CONCLUSIONS AND SUMMARY OF REASONS FOR THE RECOMMENDATIONS**

15.1 Sandwell MBC continues to manage its' finances effectively in the age of austerity. It is recommended that the contents of this report be referred to the Budget & Corporate Scrutiny Management Board for consideration and that the requested carry forwards be approved.

## **16 BACKGROUND PAPERS**

16.1 Council Budget Report 2018/19

16.2 Cabinet Budget Monitoring Reports 2018/19.

## **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 Outturn

Appendix G – Resources Financial Outturn

Appendix H – Adult Social Care Financial Outturn

Appendix I - Regeneration & Growth Financial Outturn

Appendix J – Housing & Communities Financial Outturn

Appendix K – Children's Services Financial Outturn

Appendix L – Public Health Financial Outturn

Appendix M – Housing Revenue Account Financial Outturn

Appendix N – Individual Schools Budgets Financial Outturn

Appendix O – Treasury Management Outturn

**Darren Carter**

**Executive Director – Resources**