

REPORT TO CABINET

13 June 2018

Subject:	Financial Outturn 2017-2018
Presenting Cabinet 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:	SMBC05/05/2018
Cabinet Member Approval and Date:	Councillor Steve Eling
Director Approval:	Darren Carter
Reason for Urgency:	Urgency provisions do not apply
Exempt Information Ref:	Exemption provisions do not apply
Ward Councillor (s) Consulted (if applicable):	Ward councillors have not been consulted
Scrutiny Consultation Considered?	Scrutiny have not been consulted
Contact Officer(s):	Rebecca Griffiths – Head of Finance rebecca_griffiths@sandwell.gov.uk Clare Sandland – Strategic Finance Manager clare_sandland@sandwell.gov.uk

DECISION RECOMMENDATIONS

That Cabinet:

1. Refers the proposals arising from the 2017/18 directorate outturn reports for each 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. That the surpluses additional to those approved at period 9, and being requested to be carried forward be approved.

Service	Total £m	18-19 £m	19-20 £m	20-21 £m
Resources	0.950	0.950	0.000	0.000
Adult Social Care	2.150	0.000	0.000	2.150
Public Health	1.080	0.000	0.000	1.080
Children's Services	0.179	0.179	0.000	0.000
Regeneration & Growth	0.479	0.479	0.000	0.000
Housing & Communities	0.316	0.133	0.183	0.000
Total	5.154	1.741	0.183	3.230

1 PURPOSE OF THE REPORT

- 1.1 This report provides details of the council wide financial outturn for the 2017/18 financial year.

2 IMPLICATIONS FOR SANDWELL'S VISION

- 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

Revenue

- 3.1 Sandwell's net general fund balance increased by £4.061 million in 2017/18.
- 3.2 The majority of services across Sandwell have ended the year in surplus. Adult Services & Health, Neighbourhoods and Resources are carrying forward combined surpluses of £17.257 million to future years. This demonstrates the continued success of our multi-year budget planning process and is a key part of our overall strategy of protecting front-line services for the people of Sandwell.
- 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 deficit of £9.070 million. This deficit will be met 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 result they are excluded from budgets. These central items ended the year in a surplus of £8.056m which will be returned to balances.

Severance Payments

- 3.5 The council terminated the contracts of a number of employees in 2017/18 to meet the ongoing challenges of the difficult economic climate and budget reductions. In total 131 employees left the council's employment during the year incurring liabilities of £5.597m. This includes a provision created in 2016/17 of £4.105m for 32 employees approved as planned leavers as at 31 March 2017, £3.688m of this provision was utilised in 2017/18. Costs of £1.909m have been met from the council's available resources which includes £0.213m for the creation of a provision where costs remain outstanding but relating to employees leaving in 2017/18 and expect to be incurred in 2018/19.
- 3.6 There are also agreements in place for a further 35 employees to leave the council during 2018/19 at an estimated cost of £1.940m. A provision has therefore been made for future and outstanding termination benefit costs which are expected to be incurred in 2018/19.

Capital

- 3.7 Capital expenditure of £84 million was incurred during the year.
- 3.8 £46 million was spent in the Housing Revenue Account, including over £16 million on investment in new housing stock, including Brindley 2, Carisbrooke Road and the new extra care housing facility at Oxford Road.
- 3.9 £17.5 million was spent in Children's Services, including almost £12 million on delivering additional school places. We also invested £200k in our residential education centres.
- 3.10 Almost £16 million was spent in Neighbourhoods, including £7.6 million of investment in roads; £1.2 million refurbishing our office accommodation, including the new Sandwell Children's Trust headquarters; £450k was invested in our parks and historic buildings; and £3 million in the acquisition of new fleet vehicles.
- 3.11 £1.375 million was spent in Resources on ICT investment.

- 3.12 £3 million was spent in Adult Social Care, including £2.3 million on Disabled Facilities grants and £500k on the new social care system.

General Fund Balance

- 3.13 We end the year with a General Fund Balance of £75.2 million. This includes £24.9 million of surpluses that are being carried forward to invest in front-line service and £36.1 million that has been earmarked for specific purposes. Our level of free balances is £11.2 million, which equates to 4.78% of net general fund expenditure, and is in line with council policy of maintaining free balances of between 3.00-5.00% of net general fund expenditure.

Key Performance Indicators

- 3.14 The council continues to perform outstandingly in its Council Tax revenue collection. The in-year Council Tax collection rate for 2017/18 was 98.53%, an improvement on the already excellent rate of 98.3% achieved in 2016/17.
- 3.15 The Council's in year collection rate for Non-Domestic Rates was 98.89% which represents a significant increase when compared to 2016/17 collection rate of 96.4%.
- 3.16 The collection rate for general debtors was 73% for 2017/18 compared to 76% in the previous year – a reduction that is largely due to delays in payments by schools. The average number of days to receive payment from customers has remained stable at 80 days. The proportion of debt greater than 90 days old has also remained stable at 42%.
- 3.17 Housing rent income due was £119.74m in 2016/17 of which 96.52% had been collected by 31 March 2018, compared to 97.04% in 2016/17.

4 THE CURRENT POSITION

- 4.1 The summary statement included at Appendix A details the actual outturn of each directorate 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 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 The report and appendices provide details of the Council's revenue and capital expenditure at the end of March 2018. 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 2017/18 draft statement of accounts must be approved by the Section 151 officer by 31 May 2018. Following the external audit period, regulations require a formal resolution by the Audit Committee for it to approve the council's 2017/18 statement of accounts by 31 July 2018.

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 is 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 March 2017 and March 2018.

16.2 Budget monitoring reports to Cabinet 2017/18.

17 APPENDICES:

Appendix A General Fund Summary

Appendix B Central Items

Appendix C Earmarked Reserves

Appendix D Capital Outturn

Appendix E KPI's

Appendix F to L – Service Area Outturn

Appendix M HRA Outturn

Appendix N ISB Outturn

Appendix O Treasury Management Report

Darren Carter
Executive Director – Resources