



REPORT TO CABINET

19 September 2018

Subject:	2018/19 Budget Monitoring – Quarter 1
Presenting Cabinet Member:	Leader of the Council
Director:	Executive Director – Resources – Darren Carter
Contribution towards Vision 2030: 	
Key Decision:	Yes
Forward Plan (28 day notice) Reference:	SMBC07/09/2018
Cabinet Member Approval and Date:	Leader
Director Approval:	24 August 2018
Reason for Urgency:	Urgency provisions do not apply
Exempt Information Ref:	There is no exempt information contained within the report
Ward Councillor (s) Consulted (if applicable):	This report is not specific to individual wards
Scrutiny Consultation Considered?	The Budget and Corporate Scrutiny Board will consider the report on 10 October 2018
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 30 June 2018 (quarter 1 2018/19) and refer to the Budget and Corporate Services Scrutiny Management Board for consideration and comment.
2. Approve the following adjustments that have been processed against target budgets: -

	£000
Resources	
Transfer of Small Plant budget to Homes and Communities	(10)
Total Resources	-10
Adults	
Transfer of Safeguarding Systems Team and IMPRESS System from Children's Services	386
Total Adults	386
Regeneration & Growth	
Transfer for Christmas Lights	21
Transfer of Economic Development to Children's Services	(237)
Transfer of Tipton Education Fund to Children's Services	(13)
Transfer to Homes & Communities for purchase of winter gritter vehicles	(193)
Total Regeneration & Growth	-422
Housing & Communities	
Transfer from Resources for small plant purchases by Fleet	10
Transfer from Highways to fund borrowing costs of winter gritter vehicles	193
Adjustment for 2017/18 prudential borrowing costs	(14)
Total Housing & Communities	189
Children's Services	
Children's Trust Adjustment	5,014
Transfer of Economic Development from Regeneration to Children's Services	237
Transfer of Safeguarding Systems Team and IMPRESS System to Adults	(386)
Transfer of Tipton Education Fund from Regeneration	13
Allocation of budget to fund Tipton Education Fund prior years costs	37
Total Children's Services	4,915

3. Approve the following budget virements above £0.200m within service areas: -
Regeneration & Growth

In-Year Budget Virements		
	Debit £000	Credit £000
Property Services & Economic Development	1,154	
Corporate Landlord		8,380
Strategic Assets & Land Service	6,059	
Growth & Spatial Planning	588	
Management	579	
Total	8,380	8,380

4. Approve the following requested budget virements above £0.200m between directorates: -

	DR £000	CR £000
Resources		
Transfer to Children's Services for Children's Trust Support Services		1,987
Allocation to Sandwell Children's Trust for strategic capacity		812
Regeneration & Growth		
Transfer to Children's Services for increase in the 2018/19 Sandwell Children's Trust contract payment for office accommodation and postal services		641
Children's Services		
Transfer from Resources for Children's Trust Support Services	1,987	
Transfer from Regeneration & Growth for increase in the 2018/19 Sandwell Children's Trust contract payment for office accommodation and postal services	641	
Allocation to Sandwell Children's Trust for strategic capacity	812	
	3,440	3,440

5. Approve adjustments to budgets for the following additional grants that have been received since the original 2018/19 budget was set: -

Directorate	Grant Details	Amount (£000)
Regeneration & Economy	Planning & Delivery Fund grant to support investment and delivery of new homes	250
	New Burdens grant towards Planning & Development	28
	Flood Defence grant	15
		293
Housing & Communities	Universal Credit personal budgeting assistance	64
	New Homelessness Reduction Act statutory requirements	358

	Community Safety confirmed grant from Police and Crime Commissioner	229
	Controlled migration fund from Home Office	100
	Opportunities for Everyone funding within libraries	11
		762

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

Resources	£000
Carry Forward to 2019/20 to fund 6 Higher Level Apprentices	134
Carry Forward to 2020/21 to fund 6 Higher Level Apprentices	134
Total	268
Housing & Communities	£000
Museums- a back-dated credit for business rates to be transferred to capital (RCCO) for repairs and building improvements at Oak House museum	100
Total	100
HRA	£000
Transfer to HRA balances to fund ongoing capital investment	858
Total	858

7. Authorise the Chief Executive and the S151 officer to reply to Walsall MBC to advise that this Council is prepared to underwrite the grant and indemnify Walsall MBC against any clawback on monies by Central Government in respect of £660k of Local Growth Fund (LGF) funding for the Chance's Glass Works regeneration project.

8. Authorise the Executive Director – Resources to set up a suitable account to accommodate up to £660,000 of Black Country Local Enterprise Partnership (BCLEP) monies and upon confirmation by the Executive Director - Neighbourhoods that she is satisfied that Chance Glass Works Heritage Trust (CGWHT) has acquired and subsequently completed acquisition of any interest and/or subsisting interest in the site on suitable terms and conditions to reimburse the Trust with the purchase price and associated fees only.

1 PURPOSE OF THE REPORT

1.1 This report summarises the financial position of Sandwell MBC as at the end of June 2018 (quarter 1 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 **£4.710m** which is broken down in the table below: -

Directorate	Projected (Surplus) / Deficit
	£000
Corporate Management	0
Resources	(354)
Adult Social Care	(3,926)
Children's Services	450
Regeneration & Economy	0
Housing & Communities	210
Total Net Service Expenditure	(3,620)
Central Items	(1,090)
Total Net Service Expenditure (including Central Items)	(4,710)

- 4.2 In addition, there is a projected year-end surplus against Public Health of **£0.887m**. This is a ring-fenced grant and is therefore required to be carried forward into 2019/20.
- 4.3 Explanations for these variances are contained within the individual appendices for each directorate.
- 4.4 The forecast outturn for individual directorates assume that a total of **£5.512m** of corporate resources will be used to support expenditure. This means that the projected year-end deficit for the council as a whole will be **£0.802m**.

REVENUE VIREMENTS

- 4.5 The following revenue virements above £0.200m have been processed between service areas since the 2018/19 budget was set: -

	DR £000	CR £000
Adults		
Transfer of Safeguarding Systems Team and IMPRESS System from Children's Services	386	
Regeneration & Growth		
Transfer of Economic Development to Children's Services		237
Children's Services		
Transfer of Safeguarding Systems Team and IMPRESS System to Adults		386
Transfer of Economic Development to Children's Services	237	
	623	623

- 4.6 In addition, approval for the following revenue virements above £0.200m between service areas has been requested: -

	DR £000	CR £000
Resources		
Transfer to Children's Services for Children's Trust Support Services		1,987
Allocation to Sandwell Children's Trust for strategic capacity		812
Regeneration & Growth		
Transfer to Children's Services for increase in the 2018/19 Sandwell Children's Trust contact payment for office accommodation and postal services		641
Children's Services		
Transfer from Resources for Children's Trust Support Services	1,987	
Transfer from Regeneration & Growth for increase in the 2018/19 Sandwell Children's Trust contact payment for office accommodation and postal services	641	
Allocation to Sandwell Children's Trust for strategic capacity	812	
	3,440	3,440

- 4.7 The following virements above £0.200m within service areas have been reported as part of this budget monitoring and require Cabinet approval: -

Regeneration and Growth

- 4.8 These virements reflect a restructure and the rationalisation of service areas from five to four: -

In-Year Budget Virements		
	Debit £000	Credit £000
Property Services & Economic Development	1,154	
Corporate Landlord		8,380
Strategic Assets & Land Service	6,059	
Growth & Spatial Planning	588	
Management	579	
Total	8,380	8,380

CENTRAL ITEMS

- 4.9 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.
- 4.10 The forecast outturn against these budgets is a surplus of **£1.090m**. The reasons for this surplus can be found in the individual appendices for directorates.

USE OF RESERVES

- 4.11 At the end of 2016/17, a total of **£24.303m** was held in earmarked reserves. It is forecast that **£1.108m** of these reserves will be used during 2018/19 leaving a remaining balance of **£23.171m** at the end of the financial year.
- 4.12 A breakdown of these earmarked reserves can be found in Appendix C.

SPECIFIC GRANTS & CONTRIBUTIONS

- 4.13 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.
- 4.14 The following specific grants and contributions have been received since the council budget was approved for 2018/19: -

Directorate	Grant Details	Amount (£000)
Regeneration & Economy	Planning & Delivery Fund grant to support investment and delivery of new homes	250
	New Burdens grant towards Planning & Development	28
	Flood Defence grant	15

Directorate	Grant Details	Amount (£000)
	One Public Estate - allocated to West Midlands Combined Authority therefore awaiting confirmation that it should be transferred over	882
		1,175
Housing & Communities	Universal Credit personal budgeting assistance	64
	New Homelessness Reduction Act statutory requirements	358
	Community Safety confirmed grant from Police and Crime Commissioner	229
	Controlled migration fund from Home Office	100
	Opportunities for Everyone funding within libraries	11
		762

Chance Glassworks – Local Growth Fund

- 4.15 The Chance Glass Works Heritage Trust (CGWHT) was established in 2015, and is promoting the comprehensive regeneration of the former Chance Glass Works site.
- 4.16 In October 2015, the CGWHT applied to the BCLEP for LGF funding of £660,000 to acquire the existing leases on the site of the former Chance Glass Works.
- 4.17 Sandwell MBC agreed to be the accountable body for an allocation of Local Growth Fund (LGF) grant to support the Chance Glassworks project.
- 4.18 Sandwell MBC agreed to be the accountable body for the grant funding, which was confirmed in a letter sent from the Chief Executive of Sandwell MBC to the CGWHT dated 17th February 2017.
- 4.19 The money was not drawn down during the 2017/18 financial year. Sandwell MBC, as applicant, submitted a change request to the LEP to extend the timeframe for spending the grant funding to the end of the 2018/19 financial year. This was approved at Black Country Executive Joint Committee on 27th June 2018. A future change request would be required to extend the grant money beyond the 2018/19 financial year.
- 4.20 In respect of this funding, Cabinet are requested to: -
- Authorise the Chief Executive and the S151 officer to reply to Walsall MBC to advise that this Council is prepared to underwrite the grant and indemnify Walsall MBC against any clawback on monies by Central Government in respect of £660k of Local Growth

Fund (LGF) funding for the Chance's Glass Works regeneration project.

- Authorise the Executive Director – Resources to set up a suitable account to accommodate up to £660,000 of Black Country Local Enterprise Partnership (BCLEP) monies and upon confirmation by the Executive Director - Neighbourhoods that she is satisfied that Chance Glass Works Heritage Trust (CGWHT) has acquired and subsequently completed acquisition of any interest and/or subsisting interest in the site on suitable terms and conditions to reimburse the Trust with the purchase price and associated fees only.

HOUSING REVENUE ACCOUNT

- 4.21 Appendix M shows the budget monitoring for the council's Housing Revenue Account (HRA) for the first quarter of 2018/19. The HRA is forecasting a year-end surplus of **£0.858m**.

SOURCES OF FINANCE

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

CAPITAL MONITORING

- 4.23 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.
- 4.24 There have been no capital virements to date.

SECTION 106 MONIES

- 4.25 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

- 4.26 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