

## The Cabinet

**20<sup>th</sup> February 2019 at 3.30pm**  
**at the Sandwell Council House, Oldbury**

- Present:** Councillor Khatun (Deputy Leader of the Council - Chair);  
Councillors Carmichael, Costigan, Gavan, Hackett, D Hosell, Khatun, Moore and Shackleton.
- Apologies:** Councillors E M Giles and Trow.
- In attendance:** Councillors Ahmed, P Hughes, Rollins and Underhill.

16/19 **Minutes**

**Resolved** that the minutes of the meetings held on 30<sup>th</sup> January and 6<sup>th</sup> February 2019 be confirmed as a correct record.

### Strategic Items

17/19 **West Smethwick Park - Heritage Lottery Funded Restoration Project Capital Works (Key Decision Ref. No. SMBC09/01/2019)**

The Cabinet Member for Leisure and Commonwealth Games sought approval to procure, award and enter into separate contracts with contractors to deliver phases 1 and 2 of the restoration of West Smethwick Park on behalf of the Council.

On 22<sup>nd</sup> February 2017, the Cabinet had approved the application to the Heritage Lottery Fund for a grant of £4.493m towards the total project value of £5.172m for the restoration of West Smethwick Park (see Minute No. 42/17).

The Council had received notification from the Heritage Lottery Fund that its application for funding had been approved, with an award of £4.493m towards the total project value of £5.172m.

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The West Smethwick Park Project Board and Heritage Lottery Fund had agreed to undertake the construction work in two phases to align with their programme. Phase 1 comprised the works to the historic features within the park and was programmed to start on site in July 2019. Phase 2 comprised the works to the new pavilion and restoration of the remainder of the park and was programmed to start on site in January 2020.

### **Resolved:-**

- (1) that the Director - Regeneration and Growth, in consultation with the Executive Director – Resources, prepare tendering documentation and procure separate contractors, in accordance with The Public Contracts Regulations 2015 and the Council’s Procurement and Contract Procedure Rules, working on behalf of the Council, to deliver phases 1 and 2 of the restoration of West Smethwick Park;
- (2) that in connection with Resolution (1) above, the Director - Regeneration and Growth award separate contracts for phases 1 and 2 of the restoration of West Smethwick Park, to the successful contractors;
- (3) that in connection with Resolution (2) above, the Director of Law and Governance and Monitoring Officer enter into or execute under seal any documentation in relation to the award of phases 1 and 2 of the restoration of West Smethwick Park.

18/19

### **Supported Lodgings for Homeless Young People (Key Decision Ref. No. SMBC10/02/2018)**

The Cabinet Member for Social Care sought approval to re-procure a contract for supported lodgings as an accommodation based homeless prevention service for young people aged 16-18. The current contract was due to on 31<sup>st</sup> July 2019 and it was proposed that the new contract be awarded for an initial period of two years, with the option to extend by two further periods of one year.

The current contract was for 15 units of accommodation based with hosts within their own homes for Sandwell young people 16-18 who were currently homeless, or at risk of becoming homeless.

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Services included a room with a trained and vetted host, offering the young person a safe and supportive environment to stay whilst they prepared for independent living. Clients could reside with the Service up until the age of 18, or until they could successfully move on to independent living.

Areas of support included:-

- improving access to health services and encouraging healthy lifestyles;
- improvement in independent living skills through; practical skills, financial literacy and financial management skills and social skills;
- improvements in people's physical, emotional wellbeing and mental health;
- improvement in people's relationships with family and friends;
- improvement in people's social behaviour by reducing anti-social or offending behaviour;
- reducing social exclusion by improving access to employment, education or training;
- providing stable accommodation for care leavers;
- reducing criminal activity and anti-social behaviour; and
- reducing substance misuse and improving access to services.

The contract was activity based, therefore, the Council only paid for the units when they were occupied with approved Sandwell referrals.

### **Resolved:-**

- (1) that the Supported Lodgings contract as an accommodation based homeless prevention service for young people aged 16-18 be re-procured;
- (2) that the Director – Law and Governance and Monitoring Officer enter into contracts for supported lodgings with successful tenderers for a period of two years with the option to extend these contracts further for two periods of one year on terms to be agreed by the Executive Director – Adult Social Care, Health and Wellbeing;

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- (3) that any necessary exemption be made to the Council's Procurement and Contract Procedure Rules 2018-2019 to enable the award of the supported lodgings contract.

19/19

### **Procurement of Housing Related Support Services for Pregnant Teenagers/Teenage Parents (Key Decision Ref. No. SMBC09/02/2019)**

The Cabinet Member for Social Care sought approval to procure housing related support services for pregnant teenagers/teenage parents aged 16 to 19 in Sandwell.

Services were currently provided under 2 "Lots" through contract(s) with Sandwell Homeless and Resettlement Project Ltd (SHARP) - Lot 1 and Churches Housing Association of Dudley and District (CHADD) - Lot 2. The current contract was due to expire on 31<sup>st</sup> July 2019 and it was proposed to re-procure the service for a period for two years, with the option to extend by two further periods of one year.

The continuation of the service would enable vulnerable pregnant teenagers/teenage parents aged 16 to 19 to sustain and improve their ability to live independently within the community. In addition, the Council had a statutory duty to provide accommodation to persons under 18 who had been assessed as requiring accommodation under the Children Act 1989, or because they were owed a duty under the Children (Leaving Care) Act 2000 and duties towards homeless young people under the Housing Act 1996 (as amended) and the Homeless (Priority Need) Order 2002). These proposals directly support the Council in complying with these provisions.

#### **Resolved:-**

- (1) that the re-procurement of housing related support services for pregnant teenagers/teenage parents aged 16-19 who are homeless or at risk of homelessness in Sandwell be approved;
- (2) that the Director of Law and Governance and Monitoring Officer enter into contract(s) for the provision of housing related support services for a period of two years, with the option to extend this by two further periods of one

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year each on terms to be agreed with the Executive Director - Adult Social Care, Health and Wellbeing and that;

- (3) that any necessary exemptions be made to the Council's Procurement and Contract Procedure Rules 2018-19 to enable the contract for housing related support services for pregnant teenagers/teenage parents aged 16-19 who are homeless or at risk of homelessness in Sandwell to be awarded;
- (4) that the Director of Law and Governance and Monitoring Officer offer a lease to the successful tenderer for the offices at Selby House, Wallace Close, Oldbury on terms to be agreed by the Director - Regeneration and Growth;
- (5) that the Executive Director - Neighbourhoods enter into a Management Agreement with the successful tenderer for the accommodation at Selby House, Wallace Close, Oldbury.

20/19

### **Indoor Market West Bromwich Temporary Reduction of Stall Fees – Extension of Period (Key Decision Ref. No. SMBC08/02/2019)**

The Cabinet Member for Highways and Environment sought approval to continue with a 25% reduction in market stall rents at West Bromwich indoor market until 30<sup>th</sup> April 2019.

The Council had commissioned expert reviews and opinions on the options for redeveloping the indoor market space. The first review had identified that there were options available for redevelopment and renewal of the indoor market. This had led to the need for a further piece of work to explore a business case and potential investment models and partners that could deliver a reinvigorated and commercially sustainable market. This further piece of work had reported on 31<sup>st</sup> January 2019 and was being reviewed. A further report on the findings would be considered by the Cabinet in April.

Whilst these investigatory studies and reviews had been undertaken, market traders had petitioned the Council for financial assistance to help them continue to trade in the indoor market until

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the Council had decided on its future strategy for the market. The Council had applied a 25% temporary reduction in market rent fees to provide this assistance. This fee reduction had arrested the decline in the number of traders occupying stalls in the market and had stabilised the current market occupancy rate. It was proposed to continue with the reduction until 30<sup>th</sup> April 2019, followed by a phased return to standard stall rents by 31<sup>st</sup> October 2019.

The Chair of the Economy, Skills, Transport and Environment Scrutiny Board welcomed the proposal whilst investment and redevelopment options were being explored.

**Resolved** that approval be given to the continuation of a 25% reduction in market stall rents at West Bromwich indoor market until 30<sup>th</sup> April 2019, followed by a phased return to standard stall rents by reducing the discount to 10% for a further six months until 31<sup>st</sup> October 2019.

21/19

### **Emergency Accommodation Tender Exercise (Key Decision Ref. No. SMBC05/09/2019)**

The Cabinet Member for Housing sought approval to adopt the financial framework for the provision of emergency Bed and Breakfast accommodation for homeless households for a three year period.

The Council had a duty to provide emergency accommodation where there was reason to believe an applicant may be homeless, eligible and have priority need. Emergency accommodation would continue to be provided if the household was awarded homeless priority until the duty was discharged most likely through an offer of alternative accommodation. This function was provided by the Housing Solutions Service and a range of B&B establishments were currently used.

In addition, the Children's Trust also utilised B&B accommodation on a regular basis and therefore, it was proposed that this framework document would also be available for use by the Trust for sourcing emergency accommodation.

The introduction of a financial framework would ensure that the most competitive rates were achieved for the provision of B&B accommodation for both Neighbourhoods and the Children's Trust.

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A tender exercise had resulted in a saving for the Children's Trust as it would access the same B&B rates as Neighbourhoods and remove the current inconsistency in the higher rates charged to the Children's Trust than charged to Neighbourhoods.

Under the proposed financial framework, the following four B&B establishments would be approached in the following order for vacancies:

- 1<sup>st</sup> Bearwood Court Hotel
- 2<sup>nd</sup> The Royal Hotel
- 3<sup>rd</sup> The Dormy Hotel
- 4<sup>th</sup> The Prince Hotel

The Chair of the Budget and Corporate Scrutiny Management Board reported that scrutiny had looked at emergency accommodation for the homeless in October 2018. The Chair of the Budget and Corporate Scrutiny Management Board suggested that consideration should be given to using modular housing to rehouse homeless people in areas where they had local connections and support, which could reduce their reliance upon other Council services for support. In response, the Cabinet Member for Housing reported that the Council was looking at a variety of different delivery models.

### **Resolved:-**

- (1) that the adoption of the financial framework for the provision of emergency bed and breakfast accommodation for homeless households be approved;
- (2) that the Director – Housing and Communities enter into the framework agreement for the provision of emergency bed and breakfast accommodation for homeless households for a three year period with an annual spend of approximately £650,000 per annum;
- (3) that the Director – Housing and Communities liaise with the Sandwell Children's Trust in connection with Resolution (2) above.

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22/19

### **Direct Award of Microsoft Server Cloud Enrolment (SCE) License renewal using KCS framework agreement (Key Decision Ref. No. SMBC05/09/2019)**

The Deputy Leader sought approval to a direct contract award for the renewal of the existing Microsoft SCE license agreement, using the Kent County Suppliers (KCS) framework, to Phoenix Software Limited to cover period 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2022.

Microsoft products made up a large part of the existing ICT Infrastructure of the Council and these were being expanded through the implementation of the ICT and Digital Strategy to deliver better service outcomes. The renewal of the Microsoft SCE license agreement was required for the continued use of the technology products being delivered through the agreement and for continued usage, vendor support and software license compliancy.

Having reviewed all the available procurement options and taking into consideration the recommendations and advantages for using the current incumbent supplier for this Microsoft Server Cloud Enrolment License renewal, it was proposed that a direct award to Phoenix Software Limited using the KCS framework would be the most suitable approach for the Council. The total cost of the three year renewal was based on current usage and would be paid annually as follows:-

- Year 1 cost: £175,609.12p
- Year 2 cost: £175,609.12p
- Year 3 cost: £175,609.12p

The cost could flex up or down on an annual basis dependent on decreases or increases in usage of the products within the Microsoft SCE license agreement.

#### **Resolved:-**

- (1) that the direct contract award using the Kent County Suppliers (KCS) framework to Phoenix Software Limited be approved for the renewal of the existing Microsoft SCE license agreement for continued support and licensing arrangements for a three (3) year period from 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2022 at a total cost of £526,827.36p;

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- (2) that the Executive Director - Resources execute any documents necessary to give effect to Resolution (1) above;
- (3) that the Head of ICT and Revenue and Benefits and ICT Service Manager to sign any contract documentation in relation to the renewal of the Microsoft SCE license agreement for subsequent contract award as set out in Resolution (1) above.

23/19

### **Revised Anti-Money Laundering Policy (Key Decision Ref. No. SMBC06/02/2019)**

The Deputy Leader sought approval to the Council's revised Anti-Money Laundering Policy.

The risk of money laundering affected many Council service areas. This policy assisted the Council to accomplish its vision by bringing a systematic approach to reducing the risk of money laundering, compliance with existing legislation and safeguarding the Council's assets and reputation.

Whilst Councils were required to have an anti-money laundering policy, Sandwell's approach to tackling the issue of money laundering, especially in the area of right to buy sales in recent years, had seen the Council's reputation increase and recently a number of other councils and organisations had contacted Sandwell for information and advice in this area.

The revised policy allowed the Council to move forward in actively deterring potential money laundering activity and have more robust procedures in place to report suspected money laundering than most councils currently had.

The revised policy was now in line with the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017.

Other amendments to the policy included:

- the introduction of a reduced cash limit from £8,000 to £2,000,
- identifying nominated officers to assist the Money Laundering Reporting Officer with their duties, and

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- increasing staff awareness on the importance of carrying out due diligence enquiries and reporting concerns of money laundering.

In line with the existing policy, due diligence and reporting methods were already in place, the new policy introduced a strengthened approach to build upon the current systems in order to ensure that a robust and effective approach was taken. A number of initial training sessions had already been delivered, with further training programme currently being developed.

The Audit and Risk Assurance Committee had considered the revised policy at its meeting on 10 January 2019. An Annual review of the policy would be undertaken by the Committee.

The Chair of the Budget and Corporate Scrutiny Management Board welcomed the revised policy and the Council's approach which was in the leading the way in tackling money laundering.

**Resolved** that approval be given to the revised Anti-Money Laundering Policy as now submitted.

24/19

### **School Funding Formula and De-Delegated Budget Proposals 2019/20 (Key Decision Ref. No. SMBC03/01/2019)**

The Cabinet Member for Children's Services presented a report on the outcome of Sandwell's consultation with schools, academies and other stakeholders on proposed changes to the school funding formula and de-delegated budget proposals for 2019-2020, as required by the Department for Education (DfE). The Education and Skills Funding Agency (ESFA) required local authorities to engage in an open and transparent consultation with all maintained schools and academies in their area, as well as with their Schools Forum about any proposed changes to the local pre-16 funding formula, including the method, principles and rules adopted. The local authority was ultimately responsible for making the final decision on the formula.

The consultation on the funding formula for schools had included proposals on the following:

- The funding formula to be used for allocating schools' budgets:-

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Option 1: LA formula with primary: secondary ratio of 1 to 1.23

Option 2: LA formula with an increase to primary: secondary ratio to 1 to 1.25.

Option 3: national funding formula values.

Option 4: LA formula with an increase to the primary: secondary ratio to 1.25 with a minimum funding guarantee of - 1.5%

- Pupil Number Growth Contingency Fund - a fund of £2.269m was proposed.
- De-delegation proposals - there were 7 de-delegated proposals to be considered by maintained schools.

The authority had submitted a new proposal for de-delegation; “Schools in financial difficulties” contingency.

The Dedicated Schools Grant and the Council were currently facing greater financial risk due to the increasing number of schools falling into financial difficulty. This was largely due to:

- schools unable to set a balanced budget and getting into financial difficulties; and
- sponsored academy conversions, when a school with a deficit became a sponsored academy, in which case the deficit remained with the local authority, to be funded from its core budget. For schools converting with a surplus however, the surplus would go to the new academy trust.

The authority had modelled four options for calculating the schools’ revenue budget for 2019/20. There were some general changes which applied to all options which were as follows:

- the Shireland High Technical Primary was scheduled to open in September 2019 with a Published Admission Number of 60 for Reception and this had been reflected in the “Schools funding model” as required by the DfE;

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- The West Bromwich Collegiate Academy was also scheduled to open in September 2019 with a Published Admission Number of 150 for each year group. The school had agreed to accept 175 Year 7 pupils for 2019/20 to meet the anticipated needs for the Smethwick area.

In reaching a decision on which funding option to apply, the consultation period had been extended to allow primary sector and secondary sector representatives time to present further information about the impact of the options presented on the quality of provision in schools and academies. As a result of the extended consultation, it had been recognised that there was a national move towards the National Funding Formula (NFF). To ensure full and proper consultation on this matter, the Schools Forum would be tasked to develop an options paper which demonstrated the impact of movement toward the NFF on children's educational journey. This process would be in consultation with all schools and academies.

The Schools Forum had met on 17<sup>th</sup> December 2018 to consider the outcome of the consultation with schools. The Schools Forum voted to recommend to Cabinet the adoption of option 1 funding formula; to continue with a primary secondary ratio of 1 to 1.23 and the approval of the de-delegation, education function and Central Schools Services Block budget decisions.

Consideration was now given to the responses received from schools and other stakeholders and proposals to be taken forward with effect from 1<sup>st</sup> April 2019.

In response to questions raised by the Chair of the Children's Services and Education Scrutiny Board, the Cabinet Member for children's Services confirmed that:-

- as of 22<sup>nd</sup> March 2018, there were changes to the Statutory Guidance Scheme for Financing Schools where a maintained school converted to an academy. The DfE now expected that an academy would only continue to repay a deficit agreed between the local authority and its predecessor maintained school in certain circumstances. If a school was in deficit and was forced to convert to an academy with a sponsor, the debt would stay with the local authority. The debt only stayed with the school if it opted for academy status without being forced;

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- the proposed would ensure that the debts could be covered in this event. We are always working to avoid this happening but with the decrease in real terms in schools' budgets, the local authority anticipated that it would see a number of schools struggle financially in the coming years. It was not possible to estimate how many of these schools could potentially be forced to become an Academy as this would be determined in their performance during a school inspection. However, we do need to be able to manage this risk effectively. With this provision in place, it reduced the risk to the local authority of having to fund school overspends prior to academy conversion.

### **Resolved:-**

- (1) that in respect of the 2019/2020 schools funding formula for Sandwell schools and having considered the outcome of the consultation proposals as recommended by the Schools Forum:
  - (a) the funding formula option 1 of: local authority formula with primary: secondary ratio of 1 to 1.23 be adopted;
  - (b) an options paper be developed by Primary and Secondary schools working together through Schools Forum to consider the impact on the educational journey of children of staged movement towards the National Funding Formula model;
  - (c) a minimum funding guarantee of -0.56% be set, and the continuation of a cap being set on the amount schools can gain in order to ensure that the minimum funding guarantee is cost neutral be approved;
  - (d) the pupil number growth fund be set at £2,269,000 as recommended by Schools Forum;
- (2) that in respect of the de-delegated budgets for Sandwell maintained schools, the outcome of the consultation proposals as agreed by the Schools Forum for 2019-2020, as now submitted, be received;

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- (3) that in respect of the Education Functions budgets for Sandwell maintained schools, the outcome of the consultation proposals as agreed by the Schools Forum for 2010-2020, as now submitted, be received;
- (4) that in respect of the central schools services block, the line by line expenditure as set out below be approved:-

<b>Central School Services Budget Proposals 2019/20</b>	
<b>Service</b>	<b>Total Budget £</b>
Statutory & Regulatory, Education Welfare and Asset Management	1,259,000
Schools Forum	3,000
Admission Service	452,600
Pensions Administration – Historic Commitment	264,400
<b>Total Central School Services</b>	<b>1,979,000</b>

- (5) that the 2019/2020 schools funding formula values as set out below be approved:-

The following table details the formula factors and unit values which will be used as the basis for 2019/20 Schools Funding Formula in line with school forum recommendation. The factor rates are the same as 2018/19, with the exception of the basic entitlement (Primary £3,055, Secondary £4,308) and the minimum funding guarantee (0.5%).

<b>Item</b>	<b>Primary</b>	<b>Secondary</b>
Primary: Secondary Ratio	1	1.23
Basic Entitlement	<b>£3,057</b>	<b>£4,301</b>
<b>IDACI Band E</b>	£71	£343
<b>IDACI Band D</b>	£460	£667
IDACI Band C	£506	£734
IDACI Band B	£557	£807
IDACI Band A	£612	£888
Prior Attainment	£1,225	£1,776
English as an Additional Language (EAL) (2 years)	£846	£1,227
Lump Sum	£129,057	£129,057
Split Site	£129,057	£129,057

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Item	Primary	Secondary
Rates	Actual	Actual
Private Finance Initiative (PFI)	Actual	Actual
Minimum Funding Guarantee (MFG)	-0.56%	0.56%
MFG Ceiling	<b>No Ceiling</b>	<b>No Ceiling</b>

- (6) that the Director of Children’s Services, in conjunction with the Section 151 Officer, approve the 2019/2020 schools funding formula following confirmation of the funding model from the Department for Education.

25/19      **2018/19 Budget Monitoring – Quarter 3 (Key Decision Ref. No. 02/02/2019)**

The Deputy Leader gave details of the financial monitoring position of individual directorates and the Housing Revenue Account (HRA) as at 31<sup>st</sup> December 2018.

At a directorate level, excluding Public Health and the Housing Revenue Account, the Council was forecasting a year-end surplus of £3.652m.

In addition, there was a projected year-end surplus against Public Health of £0.454m. This was a ring-fenced grant and was therefore required to be carried forward into 2019/20.

The forecast outturn for individual directorates assumed the use of some corporate resources. When this is taken into account, the projected year-end surplus for the Council as a whole was £2.832m.

The Council had several budgets that were held centrally and classified as Central Items. This was because the nature of these budgets was not within the control of a specific directorate. The forecast outturn against these budgets was a surplus of £0.592m.

At the end of 2017/18, a total of £24.481m was held in earmarked reserves. It was forecast that £1.267m of these reserves would be used during 2018/19 leaving a remaining balance of £23.190m at the end of the financial year.

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Approval was now sought to both the income and expenditure budgets for the relevant directorate to increase in comparison to the original approved budget and to capital charge budget adjustments.

The budget monitoring would be referred to the Budget and Corporate Scrutiny Management Board for detailed consideration.

### Resolved:-

- (1) that the financial monitoring position of individual directorates and the Housing Revenue Account (HRA) as at 31<sup>st</sup> December 2018 (quarter 3 2018/19) be received and referred to the Budget and Corporate Services Scrutiny Management Board for consideration and comment;
- (2) that the current financial position for the Council be noted as follows: -

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

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) that the following capital charge adjustments above £0.250m: be approved -

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

- (4) that the following budget adjustments between directorates be approved:-

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

- (5) that the following budget adjustments within directorates be approved: -

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	
<b>Total</b>	<b>12,176</b>	<b>12,176</b>
HRA	£000	£000
<u>Restructure: -</u>		
Communities & Partnerships		1,825
Housing Management	1,825	
<b>Total</b>	<b>1,825</b>	<b>1,825</b>

- (6) that the budget adjustments for the following specific grants be approved: -

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	<b>£000</b>
<b><u>Adult Social Care</u></b>	
Forecast surplus be carried forward to 2021/22 to assist in the management of projected budget pressures	1,640
<b><u>Resources</u></b>	
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
<b>Total</b>	<b>1,656</b>
<b><u>Public Health</u></b>	
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
<b><u>Children's Services</u></b>	
Directorate savings to be identified	138
<b><u>Housing &amp; Communities</u></b>	
Directorate savings to be identified	98

26/19

### **Council Finances 2019/20 to 2021/22 (Key Decision Ref. No. 04/02/2019)**

The Deputy Leader of the Council reported on the 2019/20 final Local Government Finance Settlement announced by the Secretary of State for Communities and Local Government on 29 January 2019 and proposed a range of documents, that together formed the 2019/20 budget, to be recommended to the Council for approval.

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The Medium Term Financial Strategy (MTFS) set out how the Council would structure and manage its finances now and in the future in response to the financial settlement. It also detailed the assumptions and calculations behind the Council's estimated budget position for 2019-20 onwards.

Work was now ongoing across the Council to identify ways of achieving savings, including the establishment of a Budget Challenge Group, including all Directors, that met monthly to discuss cross-cutting and strategic savings proposals.

Proposed Directorate and central items budgets were presented, which had been calculated as a result of the calculations contained within the MTFS.

The proposed council tax level required to meet the forecast expenditure was presented for consideration prior to submission to the Council. There was a proposed increase of £79.53 per year, Band D property which equated to 5.18%. The West Midlands and Fire Rescue Authority and West Midlands Police precepts were still provisional but not expected to change. Following confirmation of this precept, any significant variance would be reported to the full Council meeting in March 2019.

The estimated General Fund reserve balance as at 31<sup>st</sup> March 2019 was £47.5m.

After consideration of the Council's strategic risks, the forecast level of free balances at the end of 2018/19 was likely to be £10.9m, representing a reduction of £0.3m from the £11.219m of free balances held at the end of 2017/18. This represented 4.48% of net operating budget and was at a level which was deemed to be adequate in the medium term.

The Council had several specific reserves and provisions, in addition to general reserves, for meeting known or anticipated liabilities. The establishment of these specific reserves reflected the Council's ongoing risk assessment of potential liabilities and this in turn reduced the risk of unexpected calls on the Council's general balances. These had been reviewed during the budget process and found to be to meet existing known liabilities. They would continue to be thoroughly reviewed as part of the 2018/19 closedown of accounts process.

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The prudential regime introduced as part of the Local Government Act 2003 required the Council to establish its own borrowing limits regarding affordability and capital investment plans.

The Council was also required to approve the authority's Treasury Management and Investment Strategies and Minimum Revenue Provision (MRP) policy prior to the beginning of the financial year.

The current capital programme commitments and available resources between 2018 and 2021 were: -

<b>Capital Programme</b>			
	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
	<b>(£m)</b>	<b>(£m)</b>	<b>(£m)</b>
Approved Commitments	122.641	77.909	59.700
Resources	122.641	77.909	59.700

Available resources assumed the use of borrowing under the prudential regime. It was noted that a decision to reduce the level of borrowing (i.e. a reduction in the capital programme) would result in revenue savings of approximately £0.070m per £1.000m of borrowing.

The level of resources committed by the Council for capital investment was significant. In the period 2019/20 to 2022/23, total resources were expected to be around £318m. The effective use of these resources was vital in achieving the Vision 2030 ambitions.

The Council had a strategic approach to ensure funds were invested in capital projects that supported the longer-term objectives of the Council and its partners and provided value for money service provision.

The Housing Revenue Account (HRA) was a ringfenced account which operated fully within its own resource, meeting expenditure from income obtained from tenants' rents. The 2019/20 rent income requires a 1% reduction on the previous year's rent as imposed but the Welfare Reform and Work Act 2016. This reduction had been approved by Cabinet on 14<sup>th</sup> November 2018.

Previously, the HRA was required to stay within a 'borrowing cap' which limited the ability of the account to invest in its current stock and increase the supply of its own stock to replace that lost through

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the Right-To-Buy programme. This borrowing cap was removed in October 2018, giving greater freedoms to invest using the resources generated by the HRA.

A 30-year plan was maintained to ensure that any future planned investment remained affordable. The current 10-year investment plan was approved by Cabinet on 18<sup>th</sup> October 2017, with planned investment of £485m over the 10-year period. Following the removal of the borrowing cap, this programme of investment was being reviewed to ensure that it still met the needs of the HRA and its tenants.

The Chair of the Budget and Corporate Scrutiny Management Board commended the Council for its prudent management of the budget which had placed Sandwell in a strong financial position and helped to uphold vital frontline services in comparison to neighbouring authorities.

### **Resolved to recommend to Council:-**

- (1) that the Medium-Term Financial Strategy, as now submitted, be approved;
- (2) that the expenditure level for 2019/20 and the resultant Council Tax be approved;
- (3) that the provisional budgets for 2019/20 to 2021/22 be approved;
- (4) that the revised financial position and the forecast reserves position for the end of 2018/19 be received;
- (5) that the supporting information on the robustness of the budget process and adequacy of the Council's reserves be noted;
- (6) that the Treasury Management Strategy Statement and Investment Strategy, as now submitted, be approved;
- (7) that the Capital Programme 2019/20 to 2021/22 and the Capital Strategy be approved.

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### 27/19 **Business Plans 2019/20 to 2021/22 (Key Decision Ref. No. 03/02/2019)**

The Chair of the Budget and Corporate Scrutiny Management Board presented the findings of the Board in relation to each directorate's business plans for 2019/20 to 2021/22.

The Board had reviewed evidence of value for money and contribution towards achieving Sandwell's Vision 2030 ambitions and was satisfied that the proposed budget was robust and balanced.

Members congratulated officers on their performance, despite the reduced resources available to the Council.

**Resolved** that the Directorate Business Plans 2019/20 to 2021/22 be approved.

### 27/19 **Minutes of the Cabinet Petitions Committee 31<sup>st</sup> January 2019**

The minutes of the meeting of the Cabinet Petitions Committee held on 31<sup>st</sup> January 2019 were received.

(Meeting ended at 3.57 pm)

This meeting was webcast live and is available to view on the Council's website (<http://sandwell.public-i.tv/core/portal/home>).

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