

Meeting date: 19th September 2018
Report to: Cabinet Member for Environment and Housing



Subject/report title: **REVENUE AND CAPITAL MONITORING 2018/19 AS AT 31ST JULY 2018**

Report from: Director of Managed Growth and Communities and Director of Resources and Deputy Chief Executive

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Wards affected:

All Wards | Bickenhill | Blythe | Castle Bromwich | Chelmsley Wood |
 Dorridge/Hockley Heath | Elmdon | Kingshurst/Fordbridge | Knowle |
 Lyndon | Meriden | Olton | Shirley East | Shirley South |
 Shirley West | Silhill | Smith's Wood | St Alphege

Public/private report: Public

Exempt by virtue of paragraph: N/A

1. Purpose of Report

- 1.1 To inform the Cabinet Member of the Portfolio's latest forecast financial position as at the 31st July 2018 against Revenue and Capital budgets as summarised below and detailed in the attached Appendix A.
- 1.2 To inform the Cabinet Member of the Portfolio's progress against the latest 3 year savings targets in the Medium Term Financial Strategy (MTFS) summarised below and detailed in Appendix A.
- 1.3 To inform the Cabinet Member of the Portfolio's future pressures and mitigations detailed in Appendix B.

2. Decision(s) recommended

The Cabinet Member is asked to:

- 2.1 Consider and endorse the 2018/19 revenue and capital financial monitoring forecast as at 31st July 2018;
- 2.2 Consider the Portfolio's progress against the latest 3 year savings targets in the Medium Term Financial Strategy (MTFS) as at 31st July 2018;
- 2.3 Approve the use of £92,000 across two years from HRA Welfare Reform reserve for

an additional Money Advice Team Leader within SCH

- 2.4 Approve the use of £76,000 across two years from the HRA Welfare Reform reserve for the on-going costs of the Housing Contracts project, subject to EMT approving the continuation of this project following the pilot period
- 2.5 Approve the transfer of £200,000 from the HRA Capital Programme to HRA revenue expenditure for Communal Decorations

3. What is the issue?

- 3.1 Throughout the financial year, information will be provided on a quarterly basis to the Cabinet Portfolio Holder and Full Cabinet.
- 3.2 The cash limited discipline at Solihull means that Directorates need to balance their budget forecast position first and the Portfolio's position flows from that. As a result, this cabinet is specifically taken into account across the Managed Growth and Communities Directorate.
- 3.3 The revenue and capital financial position, the savings position for 2018/19 to 2020/21, the key risks and opportunities and required approvals are outlined in Appendix A.
- 3.4 The overall Council position is reported to Full Cabinet together with any planned actions; any variances are then considered inline with Council priorities and Financial Regulations.

Revenue Budget 2018/19

- 3.5 The latest approved revenue budget for the portfolio is £13.599m. The forecast outturn expenditure for this year is giving an adverse variance of £305,000.

Capital Budget 2018/19

- 3.6 The latest approved capital programme for this portfolio is £2.116m. The forecast outturn for the year is currently to budget.

Budget Strategy Savings 2018/19 to 2020/21

- 3.7 For 2018/19 the total savings target is £264,000, all of which is rated as green
- 3.8 For 2019/20 the total savings target is £373,000, of which £220,000 are RAG rated as Amber (59%) and £153,000 as green (41%)
- 3.9 For 2020/21 the total savings target is £300,000, all which is rated as green

Future Pressures and Mitigations

- 3.10 The latest three year budget position was approved as part of the overall MTFs by Full Council on the 1st March 2018. In addition, on the 21st June 2018 as part of the 2017/18 Final Accounts report, Full Cabinet approved a number of one-off

funding allocations to a number of portfolio budgets over the MTFS period with the agreement that the on-going funding implications beyond this period would be established through the normal MTFS process for 2021/22 and beyond.

- 3.11 In order to keep a 'live' picture of the Cabinet portfolio's financial position each Cabinet portfolio holder will, as part of their individual financial monitoring reports receive a schedule of any emerging portfolio pressures and proposed mitigations against the latest MTFS period 2018/19 to 2020/21. These schedules were first presented as part of the 2018/19 budget process to the Budget Strategy Group and went on to form part of the budget papers for Full Cabinet.
- 3.12 These schedules will then inform the starting point of the budget discussions for the new MTFS 2019/20 to 2021/22 for the Budget Strategy Group. This portfolio's pressures and mitigations schedule and the associated narrative detail is contained within Appendix B

Money Advice Team Leader

- 3.13 SCH currently have a Money Advice team who offer support and advice to people in financial hardship. Following the introduction of Welfare Reform and the transfer to "Universal Credit Full Service" in July 2017 the workload of this team has increased. The team have seen their caseload double in the last twelve months with the current team now dealing with between 50 to 60 cases each with the current waiting period increasing from two to four and a half weeks. This delay can be seen as a barrier to helping service users at an early point and therefore can mean a further period of debt accumulating before the team can help.
- 3.14 The team continued their good work throughout 2017/18 with £1.668m of welfare benefits secured an increase from 2016/17's £1.440m and each member of staff has a target to reduce rent arrears by over £30,000 per year.
- 3.15 SCH's Executive Management Team have supported the proposal for the creation of an additional Team Leader's post to help provide additional capacity to meet this significant additional demand on this service arising from the introduction of Universal Credit and anticipated demand associated with the Homelessness Reduction Act. The Council created a reserve within the HRA a few years ago to deal with issues arising from the introduction of Welfare Reform. Permission is therefore sought to use a total of £92,000 of the current £1.891m HRA Welfare Reform reserve to fund this position for the initial two years.

Housing Contacts

- 3.16 SCH's Income Collection Team have recently run a pilot scheme to assess the added value of "Housing Contacts" specialist voice calling technology in automating the early stages of the arrears process to free up officer resources to enable them to engage with more complex cases. This system has inbound and outbound capabilities for voice, text and email messaging incorporating interactive requests for payment with the option to connect directly with an income team member.
- 3.17 The data extracted at the year-end showed a 13% improvement of cases showing a reduction in rent arrears when compared to those cases not involved with the pilot. This system resulted in a much higher level of engagement with 1,109 cases contacted via this system over the five week pilot of which 794 calls were made and

resulted in 562 telephone conversations with members of the Arrears Team, which is far higher than would normally be expected during the same period.

3.18 The cost of the system is made up of a £19,000 capital cost, which will be funded by the HRA Capital ICT budget and on-going costs of £38,000 per annum.

3.19 Approval is therefore sought to use £76,000 of the current £1.891m HRA Welfare Reform Reserve to fund this system for an initial two year period.

Communal Decorations

3.20 The approved 2018/19 HRA Capital Programme includes £200,000 for decorations to communal areas across the HRA stock. As these works are not enhancing the capital value of the HRA assets these cost should be treated as revenue in nature and not capital.

3.21 Approval is therefore sought to reduce the 2018/19 HRA Capital Programme by £200,000 and increase the management fee to SCH by £200,000 to allow these works to be accurately reflected as revenue.

4. What options have been considered and what is the evidence telling us about them?

4.1 N/A

5. Reasons for recommending preferred option

5.1 N/A

6. Implications and Considerations

6.1 Delivery of key themes in the Council Plan:

How will the options/proposals in this report contribute to the delivery of the key themes in the Council Plan?

Improve Health and Wellbeing -

Managed Growth -

Build Stronger Communities -

Deliver Value –

- Make use of our resources by aligning them to our Purpose, Ambition and Priorities, and
- Deliver maximum value to the customer through the Solihull Way

6.2 Implications for children and young people, vulnerable groups and particular communities:

6.2.1 None

6.3 Consultation and Scrutiny:

6.3.1 None

6.4 Financial implications:

Financial monitoring is undertaken throughout the year by individual budget managers. Key income and expenditure risk areas are also monitored monthly by the Finance Team. Any significant risks identified are reported to both DLT (Directorate Leadership Team) and CLT (Corporate Leadership Team) to ensure that net expenditure is managed within approved budgets

6.5 Legal implications:

None

6.6 Risk implications:

The budget monitoring report takes account of forecast variances. In addition there may be pressures which are currently being monitored and managed by budget managers which could affect the final outturn position for 2018/19.

6.7 Statutory Equality Duty:

None

7. List of appendices referred to

Appendix A – Quarter 1 Financial Position

Appendix B – Future Pressures and Mitigations

8. Background papers used to compile this report

8.1 N/A

9. List of other relevant documents

9.1 N/A