

Meeting date: 8th November 2018

Report to: Full Cabinet



Subject/report title: Revenue and Capital Financial Monitoring Report for the period up to 30th September 2018 (Period 6)

Report from: 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:

1. Purpose of Report

- 1.1 To inform Full Cabinet of the financial position as at 30th September 2018 (Period 6) against Revenue and Capital budgets and the latest Red, Amber, Green (RAG) ratings for the delivery of the current Medium Term Financial Strategy (MTFS) savings 2018/19 to 2020/21. See Appendix A for more detail.
- 1.2 To inform Full Cabinet with a summary of the individual Cabinet portfolio holder pressures and mitigations for the period of the current MTFS 2018/19 to 2020/21 with headlines for any key emerging pressures and proposed mitigations. See Appendix C for more details.
- 1.3 This report to Full Cabinet summarises the reports to the individual Cabinet portfolio meetings during November 2018.
- 1.4 This report also provides details of the inter-cabinet budget virements which have taken place up to Period 6 of this financial year, as required by Financial Regulations and the revised budget resulting from those virements, which Members are asked to approve. See Appendix B for more detail.
- 1.5 To seek approval to delegate responsibility to the Cabinet Member for Adult Social Care and Health in conjunction with the Director for Adult Care and Support to determine the allocation of the £0.870 million one-off grant funding within the portfolio for 2018/19 as outlined in paragraphs 3.8-3.9.

2. Decision(s) recommended

- 2.1 Note the current financial position and determine whether any further actions are required to address budget variances.
- 2.2 Approve the budget virements made up to Period 6 of 2018/19 summarised in Appendix B.
- 2.3 Approve delegation of responsibility to the Cabinet Member for Adult Social Care and Health in conjunction with the Director for Adult Care and Support to determine the allocation of the £0.870 million one-off grant funding within the portfolio for 2018/19 as outlined in paragraphs 3.8-3.9.

3. What is the issue?

In Year Financial Monitoring for 2018/19

- 3.1 Financial monitoring is carried out throughout the year by individual budget holders. Key income and expenditure risk areas are monitored monthly by Financial Operations. Identified financial risks are discussed with Heads of Service and significant risks are reported monthly to Directorate Leadership Teams (DLTs) and the Corporate Leadership Team (CLT) to ensure that net expenditure is managed within approved budgets.
- 3.2 Appendix A which is attached to this report shows the overall Revenue and Capital financial position in more detail in a mixture of graphs and tables which highlight each portfolio's forecast variance and provides some narrative commentary on the key variances within each portfolio (Tables 1 - 3).
- 3.3 For the current MTFs savings, Table 4 summarises the RAG status and value of the savings across all three years with the narrative relating to the Red rated savings.
- 3.4 Table 5 shows the total reserves and contingency funding by portfolio including the balance at the start of the financial year, forecast use over the 3 year period of the current MTFs and beyond and the resulting forecast remaining balance.

Revenue Budget – forecast out-turn position

- 3.5 There is a forecast adverse variance for Core Council of £0.127 million, and an adverse variance of £1.464 million for the Dedicated Schools Grant (DSG), to arrive at an overall adverse variance of £1.591 million. This is summarised by Cabinet Portfolio in Appendix A (Table 2) and highlights the key variances.
- 3.6 The Core Council revenue budget forecast includes an adverse variance of £0.316 million for the Children, Education and Skills portfolio, which is offset by a favourable variance of (£0.189 million) for the Resources and Delivering Value portfolio. The Adult Social Care and Health portfolio overall shows a net nil variance and for the portfolios which are linked to the Managed Growth and Communities Directorate, their combined variances forecast a net nil position through the use of reserve funding. This is further detailed in Appendix A.
- 3.7 Given that the current Core Council variance is adverse, consideration of mitigations

and funding options will need to be identified between now and the year end should this be the final out-turn position. These will be included within the next quarterly report to Members in February for consideration.

- 3.8 The government has just announced that the Council will receive additional one-off funding of £870,000 for the Adult Social Care and Health portfolio to meet winter pressure costs for the current financial year (2018/19). The full terms and conditions for this funding have not yet been received, however the information currently available indicates that the expectation is that this will be used to deliver additional care capacity in reablement, homecare and / or residential care in order to support timely hospital discharges.
- 3.9 Officers are currently looking at opportunities to maximise the use of this one-off funding without creating recurrent pressures. This report seeks approval to delegate responsibility to the Cabinet Member for Adult Social Care and Health in conjunction with the Director for Adult Care and Support to determine the allocation of the grant funding within the portfolio.

Capital budget – Forecast out-turn position

- 3.10 The total Capital Programme budget is currently £49.285 million for 2018/19 (excluding the HRA capital programme). Actual expenditure to the end of September was £9.701 million. There is a forecast favourable variance of (£6.7 million) which is summarised by Cabinet Portfolio in Appendix A (Table 3).
- 3.11 There are no red risks to report at this stage and your officers liaise with project managers throughout the financial year to identify any possible re-phasing requirements on schemes. The Corporate Capital Programme 2018/19 report will be included within your agenda for your meeting in December and will include any rephasing requests.

Medium Term Financial Strategy (MTFS) RAG status of savings 2018/19 to 2020/21

- 3.12 For the 2018/19 MTFS, progress at the end of September 2018 reported to the Aligning Resources to our Priorities Board (ARTOP) in October was as follows:
- 3.13 The 2018/19 (Year 1) budget includes savings of £6.703m (after repayments is £2.606 million) in line with the current Medium Term Financial Strategy (MTFS). The latest position shows that 76.1% are RAG rated as Green with 23.9% RAG rated as either Red or Amber, compared with the Year 1 position this time last year of 90.3% and 9.7% respectively.
- 3.14 For 2019/20 (Year 2) the total savings target, as per the MTFS, is £12.324 million (after repayments is £11.749 million). The latest position shows that 58.2% are rated as Green; 19.2% are rated as Amber and 22.6% are rated as Red, compared with the Year 2 position this time last year of 39.3%, 43.7% and 17.0% respectively.
- 3.15 For 2020/21 (Year 3) the total savings target, as per the MTFS, is £7.125 million (after repayments is £3.600 million). The latest position shows that 46.9% are rated as Green, 34.7% are rated as Amber and 18.4% are rated as Red, compared with the

Year 3 position this time last year of 29.2%, 50.9% and 19.9% respectively.

- 3.16 The overall RAG delivery status compared to this point last year is less positive for Year 1 but better overall for Years 2 and 3.
- 3.17 ARTOP and the Corporate Leadership Team (CLT) continue to monitor and report on the delivery of all savings plans throughout the year. Individual portfolio financial reports will also provide further detail where appropriate.

Cabinet Portfolio three year financial position against the latest Medium Term Financial Strategy (MTFS) 2018/19 to 2020/21

- 3.18 As for Period 4 earlier this year, 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.
- 3.19 These schedules have now informed the starting point of the budget discussions for the new MTFS 2019/20 to 2021/22 for the Budget Strategy Group. A summary of the portfolio schedules and the headlines for any key emerging pressures and proposed mitigations is contained within Appendix C.

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

- 4.1 Not applicable.

5. Reasons for recommending preferred option

- 5.1 Not applicable.

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?

- Deliver Value - Maintain the Medium Term Financial Strategy (MTFS).

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

- 6.2.1 Not applicable.

- 6.3 Consultation and Scrutiny:

- 6.3.1 This report does not go to scrutiny meeting.

6.4 Financial implications:

6.4.1 For Period 6 there is a forecast Revenue adverse variance for Core Council of £0.127 million) and a forecast adverse variance £1.464 million for the DSG, and for Capital a favourable variance of (£6.7 million). The key variances and risks are detailed in Appendix A, Tables 2 and 3.

6.5 Legal implications:

6.5.1 None.

6.6 Risk implications:

6.6.1 The budget monitoring report takes account of known forecast variances. In addition, there may be pressures which are currently being monitored and managed by Budget Managers but which could affect the final out-turn position for 2018/19.

6.7 Statutory Equality Duty:

6.7.1 None.

7. List of appendices referred to

7.1 Appendix A – Revenue and Capital monitoring position for Period 6 (September) 2018.

7.2 Appendix B – Detailed virements up to Period 6 (September) 2018.

7.3 Appendix C – Summary of individual portfolio pressures and savings

8. Background papers used to compile this report

8.1 None.

9. List of other relevant documents

9.1 None.