

Budget Management Update

Cabinet

Date: 20th March 2019

Author: Cabinet Member for Finance

Director of Finance

Wards: All

Parishes Affected: All

1. Purpose and Reasons

- 1.1 This report updates the position in relation to the 2018/19 forecast outturn.
- 1.2 The effective management of financial resources through robust financial management processes underpins the Council's ability to achieve its plans and priorities.
- 1.3 Responsible budget management helps ensure that the Council consistently makes the best use of all available resources as well as providing focus for the Council's transformation programmes.

2. Recommendations

Cabinet is recommended:

- 2.1 To note the in-year forecast outturn for 2018/19;
- 2.2 To note the response to the "Protect Toothill Farmhouse" petition;
- 2.3 To note the update on the application of the Public Services (Social Value) Act 2012

3. Detail

Forecast Outturn for 2018/19

- 3.1 The forecast as at the end of January 2019 is that the outturn will be delivered within budget for 2018/19 which is an improvement of £1.3m since the last report.
- 3.2 The most significant change relates to the settlement of a claim for a backdated VAT refund resulting in one off income of £3m. This has mitigated the in-year position and reduced the planned use of the cashflowing reserve required to support the 2018/19 budget.
- 3.3 Other changes are:-
 - 3.3.1 Further savings of £0.5m in Adult Social Care due to early delivery of the 2019/20 savings plan and the management of demand in both Older People and Learning Disabilities;

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3.3.2 A further increase in the costs to support Children with disabilities to remain at home of £0.4m.

- 3.4 The budget and projected outturn by Department is set out in Table 1 below and a more detailed analysis is set out in Appendix 1.

Table 1 – Projected Outturn 2018/19

| Department | Budget 2018/19 £'000 | Full-Year Projected Outturn £'000 | Projected Variance £'000 | Movement since last report £'000 |
|---------------------------|----------------------------|--|--------------------------------|---|
| Adult Services | 84,357 | 81,549 | (2,808) | (605) |
| Children Services | 34,230 | 42,040 | 7,810 | 482 |
| Communities and Housing | 26,145 | 25,603 | (542) | (15) |
| Economy | (2,277) | (2,384) | (107) | (25) |
| Resources | 20,395 | 18,993 | (1,402) | (133) |
| Corporate | (22,626) | (25,577) | (2,951) | (1,002) |
| Total General Fund | 140,224 | 140,224 | 0 | (1,298) |

4. Toothill Farmhouse

- 4.1 At the meeting of the Council on 8th November 2018 (Council minute 55 refers), the Cabinet Member for Finance was requested to bring a report to Cabinet addressing issues raised in the petition entitled “Protect the Toothill Farmhouse”. The specific issues requested to be covered are set out below.
- 4.2 Giving the Toothill Junior Youth Club some certainty of tenure by agreeing with them a long term fixed lease on the Farmhouse.
- 4.2.1 Lease renewal terms have now been agreed with the Toothill Junior Youth Club for a fixed term for the Toothill Farmhouse and the proposed new lease is currently being drafted.
- 4.3 Setting out the steps needed to make the Toothill Farmhouse an Asset of Community Value.
- 4.3.1 The process for nominating assets of community value is set out in Appendix 2 - Assets of Community Value – Community Right to Bid nomination form. This form is published on the Council’s website.
- 4.4 Agreeing that the Toothill Farmhouse will not be further leased or disposed of and commit the site to its existing use.

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4.4.1 The Toothill Farmhouse Annex and the Toothill Farm Barn are also located on the same land parcel. It is proposed that the Toothill Farmhouse Annex is leased to a third party and discussions are currently being conducted with an early years' education provider in relation to this. In addition the Toothill Farm Barn is and will continue to be leased to the First Toothill Scout Group. The uses of both the Toothill Farmhouse Annex and the Toothill Farm Barn are in accordance with the existing planning uses as agreed by the Motion.

5. Social Value and Procurement

- 5.1 At the meeting of the Council on 20th September 2018 (Council Minute 42 refers) the Cabinet Member for Finance was requested to provide an update to the October 2013 Cabinet Report in respect of how procurement may continue to benefit local suppliers through the The Public Services Social Value Act (2012) and bring a report to Cabinet in respect of how procurement may grow and provide increased benefit to local suppliers within The Public Services Social Value Act.
- 5.2 The Public Services (Social Value) Act 2012 came into force on 31st January 2013. It places a requirement on public bodies to consider how services over the EU procurement threshold, which they commission and procure can also secure wider social, economic and environmental benefits in the area in which they operate. The Act applies to public service contracts and framework agreements to which the Public Contracts Regulations 2015 apply.
- 5.3 The potential application of social value criteria is linked to the commodity or service being commissioned and therefore should be identified during the development of the commissioning strategy which then informs subsequent procurement routes.
- 5.4 To be considered lawful social value questions must be proportionate and linked to the subject matter of the procurement noting that some commodities and services do not always lend themselves well to this (e.g. software infrastructure such as Microsoft). In addition, collaboration with other public bodies can sometimes limit the potential for social value for a specific area.
- 5.5 The following social value related commissioning activities have been undertaken since 2013:
- 5.5.1 A revised guidance note has been published within the Commissioning Toolkit to assist Council Officers to evaluate social value and has been updated to reflect the Councils current priorities and outcomes sought, which includes reference to "Supporting a thriving local economy such as utilising local suppliers, and employing local people".

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- 5.5.2 The potential application of social value criteria has been considered for all relevant procurements to seek opportunities to benefit Swindon and will continue to be.
- 5.5.3 Commissioners now consider the application of social value criteria beyond the statutory requirements where appropriate.
- 5.5.4 The standard procurement documentation, including gateway and quotation documents, includes prompts and commissioners guidance on the potential to maximise the benefit of the application of social value criteria in a proportionate and meaningful way.
- 5.5.5 The Commissioning Toolkit includes examples of standard social value evaluation questions that can be adapted by commissioners for specific tender exercises.

6. Alternative Options

- 6.1 This report does not include any proposals requiring a decision and therefore there are no alternative options to be considered.

7. Implications, Diversity Impact Assessment and Risk Management

Financial and Procurement Implications

- 7.1 The receipt of £3m as a result of a backdated VAT claim has enabled a balanced budget position and a reduction in the planned use of the cashflowing reserve required to support the 2018/19 budget.
- 7.2 The income from the VAT claim is one off and therefore is not a replacement for the continuation of the work required to manage costs in-year and to deliver savings in 2019/20. Any additional savings identified in 2018/19 will further reduce the planned use of the cashflowing reserve.

Legal and Human Rights Implications

- 7.3 All legal and human rights considerations have been taken fully into account in compiling this report. It is considered that the recommendations of this report are compatible with Convention rights.

All Other Implications (including Staff, Sustainability, Health, Rural, Crime and Disorder)

- 7.4 Where there are such implications these have been reflected in the body of the report.

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Diversity Impact Assessment

- 7.5 A Diversity Impact Assessment (DIA) has not been done as this report is reporting financial performance and does not make any recommendations to reprioritise the future funding of services.

Risk Management

- 7.6 Where there are such implications these have been reflected in the body of the report.

8. Consultees

- 8.1 The Director of Finance (Section 151 Officer) and Interim Director of Law (Monitoring Officer) are consulted in respect of all reports.

9. Background Papers

- 9.1 None

10. Appendices

- 10.1 Appendix 1: Forecast Outturn by Directorate 2018/19.
- 10.2 Appendix 2: Assets of Community Value – Community Right to Bid nomination form

11. Key Decision/Decision in Cabinet Work Programme

- 11.1 This is a Key Decision and is included in the Cabinet Work Programme for March 2019.