

CABINET - 9 February 2023

MINUTES

Present: Councillors: I Courts, K Grinsell, T Diccico, M Gough, K Hawkins, D Howell, A Mackiewicz, R Sleigh OBE, M McLoughlin and K Thomas

Officers: Paul Johnson, Deborah Merry, Andrew Kinsey, Joanne Robinson, Sam Gilbert, Jenny Wood (Virtual), Ruth Tennant, Pete Campbell, Martin Clayton and Jane Game

1. APOLOGIES

Apologies were received from Cllr L McCarthy, Cllr Thomas substituted for her.

2. DECLARATION OF INTEREST

Cllr Mackiewicz declared a pecuniary interest in item 6 and left the meeting when this item was considered.

3. QUESTIONS AND DEPUTATIONS

None received.

4. MINUTES

The minutes of the meeting held on 12 January 2023 were presented for information.

RESOLVED:

That the minutes of the meeting held on 12 January be received for information.

5. COUNCIL TAX SUPPORT FUND 2023/24

The Cabinet was provided with details of the Council Tax Support Fund for 2023/24 and invited to approve the policy.

Members were advised that the Council Tax Support Fund was a new fund announced by the Government and applied to 2023/24. The fund provided support to vulnerable households in England including those households receiving council tax support. Councils had the flexibility to determine a local approach to be confirmed in a published policy.

Three options were presented for Cabinet to consider. It was recommended that option one was implemented. Automatically awarding up to £25 to all existing LCTS claimants was in line with the government guidance. Automatically awarding up to £25 to any new LCTS claimant who became eligible during 2023/24 ensured this was a fair and

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equitable scheme with LCTS claimants receiving the same level of support regardless of when they became entitled. This would not be the case with options 2 or 3.

On receiving the report Members sought clarification on a number of points, which Officers provided. Officers confirmed that the Council Tax Support Fund was available for 2023/24 only, and any monies not allocated could not be rolled forward. Officers advised that further support was available via the Council's discretionary support scheme and explained how residents could access the support, as well as how the scheme was publicised.

RESOLVED:

- (i) That the Council's Council Tax Support Fund Policy for 2023/24 attached at appendix A, be approved; and
- (ii) That delegated approval be granted to make any changes necessary to ensure that all the funding is allocated within the specified timeframe to the Cabinet Member for Resources in conjunction with the Acting Chief Executive.

6. COUNCIL TAX PREMIUMS FOR EMPTY PROPERTIES AND SECOND HOMES

The Cabinet was provided with details of the council tax premiums for empty properties and second homes with effect from 1 April 2024 onwards.

Members were informed that the Levelling Up and Regeneration Bill proposed to allow billing authorities to charge a 100% long term empty premium on empty and unfurnished properties after the property had been empty for 12 months rather than the current period of 24 months.

The Levelling Up and Regeneration Bill also proposed to allow billing authorities the power to apply a 100% council tax premium for empty and furnished properties known as second homes. Second homes included homes which were occupied but the occupier's main home was somewhere else. The policy objective of these measures was to improve the supply of housing or for owners of second homes to make a greater contribution to council tax receipts.

Implementing the 100% council tax premium for long term empty properties would help support the Council's objective to increase housing supply and encourage owners of empty properties to bring them back in to use.

Officers advised that it was too early to ascertain the impact of introducing a second home premium. Hence the recommendation that this was not implemented from 1 April 2024 and instead the option was kept under review with a view to implementing at a later date (possibly 1 April 2025).

Members were advised that for those owners who were actively trying to bring their property back into use or who could suffer financial hardship as a result of the proposed changes they would be able to make an application to have their premium reduced or waived. The applications would be considered as part of the Council's Discretionary Reduction Policy.

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On receiving the report Members sought clarification on a number of points, which Officers provided. Officers explained that although some authorities were implementing the second home premium from 2024, it was mainly areas such as coastal locations where second homes were more prevalent, and it was easier to implement. Implementing the premium in Solihull would be more complex hence the need for clear guidance. Officers reiterated that legislation pertaining to second homes had yet to receive Royal ascent.

RESOLVED

- (i) That Cabinet **recommended** that Full Council approve the changes to the long-term empty premium so that with effect from 1 April 2024 the council tax premium is applied after the property has been empty and unfurnished for 12 months rather than 24 months; and
- (ii) That it be agreed that the 100% council tax premium for furnished empty properties (known as second homes) is not implemented at this stage and is instead deferred to a later date once more information is known.

7. BUSINESS RATES RELIEF 2023/24

The Cabinet was provided with details of two new national non-domestic rates relief schemes for 2023/24 and invited to approve the policies.

Members were advised that Non-domestic rates, or business rates, were the way that those who occupied non-domestic property contributed towards the cost of local services. Local authorities were responsible for the billing and collection of business rates.

There was a revaluation in 2017 with the latest revaluation coming into effect from 1 April 2023. How much a ratepayer had to pay was determined by multiplying the rateable value by the appropriate non-domestic multiplier. Depending on individual circumstances, a ratepayer could be eligible for a reduction in their business rates bill known as a rate relief.

On receiving the report Members sought clarification on a number of points, which Officers provided. Some concerns were raised regarding some of the inclusions set out in the policy in particular casinos. Officers advised that the Council's policy was based on government guidance and therefore the Council had no discretion on this matter.

RESOLVED:

- (i) That the Council's Retail, Hospitality and Leisure Relief Scheme for 2023/24 attached at appendix A, be approved; and
- (ii) That the Council's Supporting Small Business Relief Scheme for 2023/24 attached at appendix B, be approved.

8. HOUSING REVENUE ACCOUNT ESTIMATES AND RENT INCREASES 2023/24

The Cabinet was asked to consider: -

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- The Housing Revenue Account (HRA) budget estimates for 2023/24,
- The Management Fee payable to Solihull Community Housing (SCH); and
- The proposed changes in dwelling and garage rents and leaseholder management fees for 2023/24.

Members were advised that The Autumn Statement announced a reduction to the maximum rent increase temporarily to 7% following a Department of Levelling Up, Housing and Communities (DLUHC) consultation undertaken in 2022. The HRA budget presented in the report was based on a 5% rent increase and an indication of the cost implications for a 7% rent increase were shown. Cabinet was asked to consider and approve a rent increase for 2023/24.

The HRA and SCH budget plans for the next 3 years had been presented to Budget Strategy Group on 21 November 2022 and 16 January 2023 and to the Members Budget Seminar on 1 December 2022. The SCH Board were informed of the proposals on 8 November 2022.

The report included Appendices detailing the 10-year HRA Business Plan at Appendix A, the SCH 3-year planned savings at Appendix B, a statement of HRA and SCH reserves at Appendix C and details of Fees and Charges at Appendix D.

Cabinet was requested to approve the charges for HRA wholly owned and shared ownership properties, garages, Leaseholder Management Fees and note those within SCH's ownership which were approved by the SCH Board on 8 November 2022.

It was proposed that the SCH 5-year rolling Management Agreement was approved at a cost of £22.146million, an increase of £2.414million or 12.23% when compared to 2022/23.

On receiving the report Members considered the impact of a 5% or 7% increase would have on residents, as well as the impact this would have on reserves, future funding and investment as well as fairness in the current climate. Officers advised that if 5% was agreed it would not have any negative effect on the safety or servicing of properties. Officers also provided clarification over the issues with the pension fund.

RESOLVED:

- (i) That rent increase for all tenures be approved at 5%;
- (ii) That increases in garage rents as recommended by the SCH Board and set out in Appendix D, from 1 April 2023 be approved;
- (iii) That the increase in Leaseholder Management Fees from £141 to £145 per annum be approved;
- (iv) That the Housing Revenue Account budget for 2023/24 including the SCH Management Fee as set out in the HRA Business Plan Financial Forecast at Appendix A be approved;
- (v) That the SCH Management Agreement for 2023/24 – 2027/28 be approved;

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- (vi) That the removal of a £1.000million contribution to the HRA Future Capital Expenditure Reserve in 2022/23 be approved; and
- (vii) That the fees and charges approved by the SCH Board on 8 November 2022 set out in Appendix D be noted.

9. MEDIUM TERM FINANCIAL STRATEGY PERIOD 9 UPDATE REPORT (TO 31 DECEMBER 2022)

The report was provided to update Cabinet on how the Council was performing against the approved 2022/23 – 2024/25 Medium Term Financial Strategy (MTFS) in the current financial year alongside setting out any new challenges that were emerging for the revised MTFS for 2023/24 – 2025/26.

The report provided Members with detail on:

- The Medium-Term Financial Strategy (MTFS) latest financial position as at 31 December 2022 (Period 9). This was the same position being reported to individual Cabinet portfolio holders during February;
- The latest Red, Amber and Green (RAG) ratings for the delivery of the (MTFS) savings 2022/23 to 2024/25, as detailed in Appendix A to the report;
- Details of the budget movements which have taken place up to Period 9 of this financial year, as required by Financial Regulations, and the revised budget following those movements, as detailed in Appendix B, to the report which Members were asked to approve.

On receiving the report Members sought clarification on a number of points, which Officers provided

RESOLVED:

- (i) That the current financial position and actions being taken to address budget variances be noted;
- (ii) That the latest Red, Amber and Green (RAG) ratings for the delivery of the (MTFS) savings 2022/23 to 2024/25, as detailed in Appendix A, be noted;
- (iii) That the budget adjustments up to Period 9 of 2022/23 as summarised in Appendix B, be approved;
- (iv) That the use of the Budget Strategy Reserve to fund the additional cost of £2.888 million for the 2022/23 Pay Award as detailed in paragraph 3.11 of the report be approved;
- (v) That the use of the Budget Strategy Reserve to fund an increase of £1.015 million in the Impairment Allowance for doubtful debts as detailed in paragraph 3.12 of the report be approved;

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- (vi) That the use of the Budget Strategy Reserve to balance the budget shortfall of £5.781 million in the Children and Education portfolio as detailed in paragraph 3.20 of the report be approved;
- (vii) That the use of £27,240 from the Commonwealth Games volunteers reserve in the Communities and Leisure Portfolio be approved to fund current Voluntary and Community Sector priorities as detailed in paragraph 3.25. of the report;
- (viii) That a contribution of £400,000 to the existing Family Hubs reserve to support development and roll out of the Family Hubs service in future years as set out in paragraph 3.27. of the report, be approved;
- (ix) That a contribution to the existing Leisure reserves of the year end surplus in relation to Commonwealth Games activities, currently forecast at £75,000, as set out in paragraph 3.28. of the report, be approved;
- (x) That a contribution of the year end surplus in relation to the Employment and Skills service, currently forecast at £87,000, to the existing Employment Learn and Engage reserve as set out in paragraph 3.29. of the report be approved; and
- (xi) That the creation of a new reserve for the Learning Disability Employment Support service be approved and that a contribution of the year end surplus for 2022/23 for the service, currently forecast at £64,000, and any surpluses for future years, to that reserve, as set out in paragraph 3.29. of the report, be approved.

10. BUDGET AND MEDIUM TERM FINANCIAL STRATEGY 2023/24 TO 2025/26

The Cabinet was provided with an update on the budget position for 2023/24 and subsequent years and invited to make recommendations on the budget to Full Council on 23 February.

The report also included an updated Medium Term Financial Strategy and Capital Strategy, which Members were asked to consider and recommend to Full Council for approval.

The report summarised the outcome of the Budget Strategy Group (BSG) process and highlighted the changes to the budget proposals made since the Members' Seminar in December 2022. The changes amounted to a significant improvement in the forecasted financial position over the three years to 2025/26, largely as a result of announcements in the Autumn Statement and provisional finance settlement.

In summary, the budget proposals:

- Provided a balanced budget in 2023/24, with proposals to balance in 2024/25 and 2025/26;

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- Investment of over £25 million of additional funding in children's social care over the next three years and nearly £15 million of additional funding in adult social care budgets;
- Included over £9 million of savings from the Resources portfolio over the period to 2025/26;
- Maintained a minimum balance of £7.5 million on the budget strategy reserve (BSR) over the three-year MTFS period; and
- Were based on a council tax assumption in each of the three years of 2.0% for social care and 2.99% for the core council.

Tabled at the meeting was a report from the Leader setting out the recommendations he was proposing and the rationale for those decisions being put forward.

In presenting his supplementary report the Leader acknowledged that the budget process had been very challenging with the cost of living increases and pressure in services which had been exceptional. The proposals being put forward still required some saving targets in future years, but it was felt these were achievable.

The Acting Chief Executive referenced the Structural and Strategic saving targets and pointed out that these were supported by a strategy detailed in the report, and as the Council's Section 151 Officer, he was satisfied with the robustness of the revenue estimates and the adequacy of the proposed financial reserves.

On receiving the report Members sought clarification on a number of points, which Officers provided. It was noted that there were still a number of risks which would need careful management within the proposals. Concern was expressed about the long term security of family hubs. The point was made that savings did not necessarily equate to cuts in services, but better asset management for example.

Members wanted to place on record their thanks to all Members who had supported the Budget Strategy Group and Officers for all their hard work.

RESOLVED:

- (i) That the Medium Term Financial Strategy 2023/24 – 2025/26, as updated in the Leaders report, and the Capital Strategy (incorporating the Council's strategy on the flexible use of capital receipts and the annual Minimum Revenue Provision (MRP) Statement) be **recommended** for approval by Full Council;
- (ii) That the prudential borrowing requirements for the period of the MTFS, as set out at paragraph 3.32 of the report of the Acting Chief Executive be approved;
- (iii) That the fees and charges proposed within each portfolio (Appendix F of the report of the Acting Chief Executive) be **recommended** for approval by Full Council;

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- (iv) That the Council's carbon budget, as outlined at paragraph 3.36 and detailed in Appendix G of the report of the Acting Chief Executive, be **recommended** for approval by Full Council;
- (v) That an increase of 2.99% in the level of general council tax in 2023/24 (to £1,388.02 at Band D), be **recommended** to Full Council for approval;
- (vi) That an increase of 2.00% in the level of the social care precept in 2023/24 (to £204.72 at Band D), be **recommended** to Full Council for approval;
- (vii) That a budget for 2023/24 of £199.250 million funded by total Band D council tax of £1,592.74, be **recommended** to Full Council for approval; and
- (viii) That the requirement for a recorded vote on the budget and the level of council tax at the Full Council meeting on 23 February, be noted.

11. EXCLUSION OF THE PUBLIC AND PRESS

RESOLVED:

That, pursuant to Section 100A (4) of the Local Government Act 1972, the press and public be now excluded from the meeting for the remainder of the business to be transacted, on the grounds that there would be disclosure to them of exempt information in terms of paragraph 3 of Part 1 of Schedule 12A to the said Act.

12. PRIVATE MINUTES

13. ARDEN CROSS MULTI STOREY CAR PARK BUSINESS CASE AND LAND TRANSACTIONS

8.05 pm