

# Public Document Pack

SOLIHULL METROPOLITAN BOROUGH COUNCIL

## **CPH Resources**

Monday 5 December 2022 at 4.00 pm

Virtual Meeting

## Disclosing Pecuniary Interests - What Must You Do?

(a) You must complete a declaration of your disclosable pecuniary interests, including those of your spouse/civil partner (or someone with whom you are living as such) and send it to the Monitoring Officer within 28 days of your election or appointment to the Council.

(b) When you attend a meeting of the Council, Cabinet, Scrutiny Board, Committee, Sub-Committee or Joint Committee etc, and a matter arises in which you have a disclosable pecuniary interest, unless you have been granted a dispensation, **you must:**

- Declare the interest if you have not already registered it
- Not participate in any discussion or vote
- Leave the meeting room until the matter has been dealt with
- Give written notice of any unregistered interest to the Monitoring Officer within 28 days of the meeting

(c) If you are the Leader or a Cabinet Portfolio Holder you may not exercise any of your delegated powers as a single member in relation to a matter in which you have a disclosable pecuniary interest or take any other step except to give written notice of any unregistered interest to the Monitoring Officer within 28 days of your becoming aware of the interest, or arrange for another person or body to deal with the matter.

Disclosable Interest	Description
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain by you or your partner.
Sponsorship	Any payment or provision of any other financial benefit (other than from the Council) made or provided within 12 months of your declaration of interests in respect of any expenses incurred by you in carrying out duties as a member, or towards your election expenses.
Contracts	Any contract between you or your partner (or a firm or body corporate in which you or your partner is a partner or a director, or in the securities of which you or your partner has a beneficial interest) <b>and</b> the Council (a) under which goods or services are to be provided or works are to be executed; <b>and</b> (b) which has not been fully discharged.
Land	Any beneficial interest in land which is within the area of the Council and which gives you or your partner a right to occupy the land or receive income.
Licences	Any licence held by you or your partner (alone or jointly with others) to occupy land in the area of the Council for a month or longer.
Corporate tenancies	Any tenancy where (to your knowledge)— (a) the landlord is the Council; <b>and</b> (b) the tenant is a body in which you or your partner has a beneficial interest i.e. a firm or body corporate in which you or your partner is a partner or a director, or in the securities of which you or your partner has a beneficial interest.
Securities	Any beneficial interest held by you or your partner in securities of a body where—  (a) that body (to your knowledge) has a place of business or land in the area of the Council; <b>and</b> (b) either— (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; <b>or</b>  (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you or your partner has a beneficial interest exceeds one hundredth of the total issued share capital of that class.  “securities” means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

SOLIHULL METROPOLITAN  
BOROUGH COUNCIL

To:  
Councillors R Sleigh OBE, A Adeyemo and  
S Sheshabhatte

NICK PAGE  
CHIEF EXECUTIVE

Council House, Manor Square  
Solihull, West Midlands. B91 3QB  
Tel. 0121-704 6000

James Hughes  
Tel:  
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Date Thursday 24<sup>th</sup> November 2022

**CPH RESOURCES DECISION SESSION - Monday 5 December 2022**

**AGENDA**

**1. APOLOGIES**

To receive any apologies and substitutions.

**2. DECLARATIONS OF PECUNIARY OR CONFLICTING INTEREST FROM MEMBERS**

To receive declarations of interest from Members in accordance with the Code of Conduct (Members are directed to the guidance sheet attached)

**3. QUESTIONS AND DEPUTATIONS**

To receive deputations or answer questions, if any, asked by any resident of the Borough pursuant to Standing Orders.

**4. REVENUE AND CAPITAL MONITORING 2022/23 AS AT 30TH SEPTEMBER 2022. (Pages 5 - 16)**

1.1 To inform the Cabinet Member of the portfolio's latest forecast financial position as at the 30th September 2022 against Revenue and Capital budgets as detailed in Appendix A.

1.2 To inform the Cabinet Member of the portfolio's progress against the latest savings targets in the Medium Term Financial Strategy (MTFS) as detailed in Appendix A.

1.3 To inform the Cabinet Member of the latest prudential borrowing indicators and investment benchmarking for the Council.

5. **DEBT MONITORING REPORT - QUARTER 2 2022/23** (Pages 17 - 24)

To give the Cabinet Member for Resources a high-level view of debts owed to the Council and the action taken to recover these as at 30 September 2022. This includes the debts we have been unable to recover and need to be written off.

6. **EXCLUSION OF THE PUBLIC AND PRESS**

That the press and public be now excluded from the remainder of the business to be transacted, on the grounds that there would be disclosure to them of exempt information as defined in Schedule 12A to the Local Government Act 1972.

7. **DEBT MONITORING QUARTER 2 - PRIVATE APPENDICES** (Pages 25 - 28)

8. **APPLICATION TO PURCHASE A PROPERTY** (Pages 29 - 34)

For the Cabinet Member to consider a proposal to purchase a property in the Borough.

9. **DEVELOPMENT AT BILLS LANE, SHIRLEY** (Pages 35 - 42)

To review an application for the release of restrictive covenants and to dispose of adjacent Council land to allow a small residential development to go ahead.



**Meeting date:** 5th December 2022

**Report to:** Cabinet Member for Resources

**Subject/report title:** REVENUE AND CAPITAL MONITORING 2022/23 as at 30<sup>th</sup> September 2022.

**Report from:** Director of Resources and Deputy Chief Executive

**Report author/lead contact officer:** Priya Spolia, Senior Accountant  
priya.spolia@solihull.gov.uk 0121 704 6506

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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:**

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**1. Executive Summary**

- 1.1 To inform the Cabinet Member of the portfolio's latest forecast financial position as at the 30<sup>th</sup> September 2022 against Revenue and Capital budgets as detailed in Appendix A.
- 1.2 To inform the Cabinet Member of the portfolio's progress against the latest savings targets in the Medium Term Financial Strategy (MTFS) as detailed in Appendix A.
- 1.3 To inform the Cabinet Member of the latest prudential borrowing indicators and investment benchmarking for the Council.

**2. Decision(s) Recommended**

- 2.1 Consider the 2022/23 Revenue and Capital financial monitoring forecast.
- 2.2 Consider the portfolio's progress against the latest savings targets in the MTFS as at 30<sup>th</sup> September 2022.

2.3 Consider the Council's update to prudential borrowing indicators and investment benchmarking.

## Report Title: Revenue & Capital Monitoring 2022/23 as at 30 September 2022

### 3. Matters for Consideration

#### Revenue and capital monitoring forecast

- 3.1 Throughout the financial year, information will be provided on a quarterly basis to the Cabinet portfolio holder. The overall Council position will be reported quarterly to Full Cabinet where variances will be considered in line with Council priorities and Financial Regulations.
- 3.2 The latest approved revenue budget for the portfolio is £18.300 million and the forecast outturn for the financial year is £0.205 million adverse.
- 3.3 The latest approved capital programme for this portfolio is £10.069 million and £1.697 million favourable variance from the approved budgets are forecast.
- 3.4 Appendix A provides information on the revenue and capital position for this portfolio together with the savings position for 2022/23 and the key risks and opportunities for the portfolio.

#### Update on progress against MTFS Savings Targets

- 3.5 For 2022/23 the total savings target for this portfolio is £3.339 million.
- 3.6 For 2022/23 there are currently £3.229 million (96.7%) Green RAG rated savings targets and £0.110 million (3.3%) Amber RAG rated savings targets.

#### Treasury Management

##### Prudential Borrowing Indicators

- 3.7 Appendix B details the position as at 30th September 2022 against the Council's prudential borrowing indicators. There are no significant issues that need to be highlighted.

##### Investment Benchmarking

- 3.8 Counterparty risk arises when the Council places investments with banks and financial institutions. The risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria in accordance with Fitch, Moody's and Standard and Poor's Rating Services. The Annual Investment Strategy also imposes a maximum amount and time to be invested with a financial institution located within each category. Deposits are not made with banks unless they meet the minimum requirements of the investment criteria outlined in the Strategy.
- 3.9 The counterparty exposure analysis at Appendix C summarises the Council's exposure to external counterparties and the maturity structure of its investments. The analysis as at 30th September 2022 represents the deposits made, and reflects the market exposure to the investments which meet the requirements of the Investment Strategy. Overall, there is a 0.00474% chance of default against the entire portfolio and this is then adjusted for the maturity period remaining on the investment,

identifying a notional exposure to default of £5,393.

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

4.1 N/A

**5. Implications and Considerations**

5.1 State how the proposals in this report contribute to the priorities in the [Council Plan](#):

Priority:	Contribution:
People and Communities: 1. Improving outcomes for children and young people in Solihull. 2. Good quality, responsive, and dignified care and support for Adults in Solihull when they need it. 3. Take action to improve life chances and health outcomes in our most disadvantaged communities. 4. Enable communities to thrive	N/A
Economy: 5. Develop and promote the borough's economy, with a focus on revitalising our town and local centres. 6. Maximising the opportunities of UK Central and HS2. 7. Increase the supply of affordable and social housing that is environmentally sustainable.	N/A
Environment: 8. Enhance our natural environment, improve air quality and reduce net carbon emissions.	N/A
9. Promote employee wellbeing	N/A

5.2 Consultation and Scrutiny:

5.2.1 The contents of this report have not been subject to consultation and scrutiny.

5.3 Financial implications:

5.3.1 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.

5.4 Legal implications:

5.4.1 None

5.5 Risk implications, including Risk Appetite:

5.5.1 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 2022/23.

5.6 Equality implications:

5.6.1 Due regard to equality will be taken account of, where it applies, by the owners of the specific service areas covered in this report.

5.7 Linkages to our work with the West Midlands Combined Authority (WMCA), the Local Enterprise Partnership or the Birmingham & Solihull Integrated Care System (ICS):

5.7.1 None

## **6. List of appendices referred to**

Appendix A – Financial monitoring position Quarter 2 2022/23.

Appendix B – Estimated and Forecast Treasury Position and Prudential Indicators.

Appendix C – Counterparty Exposure Analysis as at 30<sup>th</sup> September 2022.

## **7. Background papers used to compile this report**

7.1 None

## **8. List of other relevant documents**

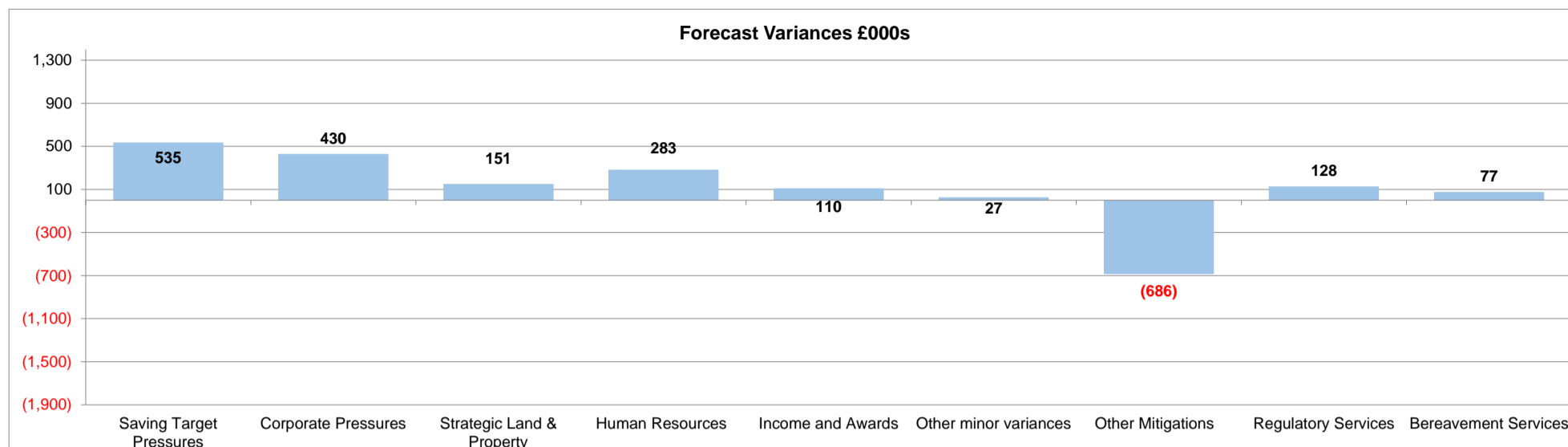
8.1 None

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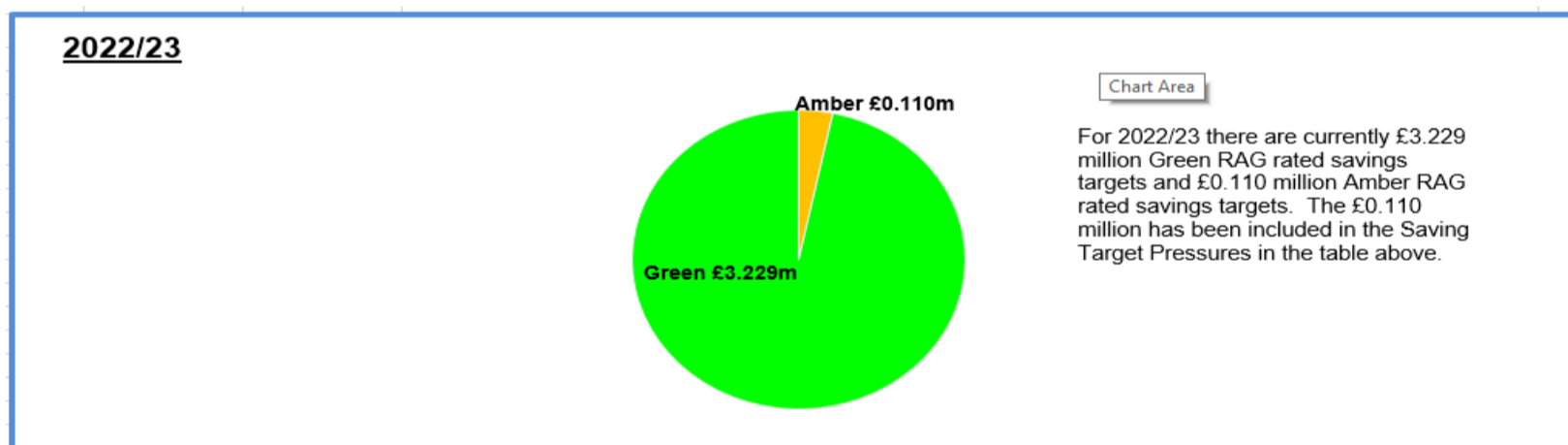
**Resources Cabinet Portfolio**  
**Financial Monitoring Position 30th September 2022 (P06)**

**2022/23 Revenue Position**

Current Forecast - £0.205 million adverse variance against a budget of £18.300m

**Explanations for Significant Revenue Variances**

Risk Area	Variance £000s	Comments
Saving Target Pressures	535	Saving target pressures to be met within the Resources directorate. <ul style="list-style-type: none"> <li>+£425,000 of these savings, including the Corporate Landlord +£200,000 and the new social care information system +£150,000, were met temporarily in 2021/22.</li> <li>2022/23 savings targets pressures include Workforce Planning +£75,000 and Income and Award savings +£35,000.</li> </ul>
Corporate Pressures	430	Pressures to be met within the Resources directorate.
Strategic Land & Property	151	Mainly due to the ongoing rental income pressure against Touchwood.
Human Resources	283	Staffing pressures and loss of income from traded services (e.g. schools buying payroll).
Income and Awards	110	Mainly due to staffing pressures and the extension of contract with Age UK for provision of benefit and debt advice.
Other minor variances	27	Total of other net minor variances.
<b>Resources Directorate Gross Forecast Overspend</b>	<b>1,536</b>	
Treasury Management	(850)	Savings from a review of financing arrangements across the Council's Debt portfolio.
Other Mitigations	(686)	The Directorate will look to identify remaining mitigations to offset the pressures identified within the Resources Directorate.
Regulatory Services	128	Pressure on income due to reduced activity on burials and utilities costs due to inflation above the budgeted level, partly offset by funding allowed for expansion at Woodlands which will not happen in the current year.
Bereavement Services	77	Adverse variance on Licensing income due to lasting impact of Covid and wider economic factors.
<b>Total</b>	<b>205</b>	

**2022/23 Savings****2022/23 Capital Position**

	Approved Budget £000s	Forecast Outturn £000s	Forecast Variance £000s	Comments
<b>Facilities and Asset Management</b>				
Property Services Programme	2,068	2,068	-	
Strategic Land & Property	1,971	457	(1,514)	Bosworth Drive demolition works complete favourable variance of (£0.073m). Mell Square favourable variance (£1.441m) will be rephased to 23/24.
<b>Corporate ICT</b>				
ICT Agile, Infrastructure & Projects	2,235	2,235	-	
ICT Social Care System	471	288	(183)	Due to contingency not required to fund the Social Care Information Project.
ICT Oracle Cloud	3,290	3,290	-	
<b>Other</b>				
Catering	34	34	-	
<b>Total</b>	<b>10,069</b>	<b>8,372</b>	<b>(1,697)</b>	

**Risks and Opportunities**

Area	Current Forecast Details
Treasury Management	A contribution of £2.000 million from the Treasury Management reserve is budgeted to meet 2022/23 MTFS savings. The current forecast for 2022/23 is a surplus of £1.906 million, giving a net contribution from reserves of £0.094 million.
Business Rates	The latest forecast for 2022/23 is a net in-year retained deficit of £0.388m plus a reduction in windfall income of £0.146m. This is mainly due to a number of prior year reductions in business rates payable. These figures will be kept under review in advance of the MTFS update for the 2023/24 budget process.
Council Tax	The latest forecast for 2022/23 is an in-year surplus of £1.714m, of which the Council's share is £1.451m. This is mainly due to the lower than originally forecast cost of local council tax support and a reduction in the anticipated allowance required for the impairment of doubtful debts. These figures will be kept under review in advance of the MTFS update for the 2023/24 budget process.

**Reserves**

	1st April 2022	Forecast (Contributions)/Use			Forecast Balance at 31st March 2025	Forecast (Contributions)/Use beyond 2024/25	Forecast Remaining Balance
	£'000s	2022/23 £'000s	2023/24 £'000s	2024/25 £'000s	£'000s	£'000s	£'000s
Service Reserves	(19,031)	2,767	5,626	132	(10,506)	1,030	(9,476)

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## Estimated and Forecast Treasury Position and Prudential Indicators

		2022/23 Original Indicator £m	2022/23 Latest Approved Indicator £m	2022/23 Current Forecast £m	Comments
1	<b>Capital Financing Requirement (CFR) Estimate at 31 March</b> CFR - Housing CFR – Non-Housing PFI/PPP (Other long-term liabilities) <b>Total CFR</b>	181.083 253.669 <u>47.196</u> <b>481.948</b>	179.866 262.997 <u>47.197</u> <b>490.060</b>	179.866 262.997 <u>47.197</u> <b>490.060</b>	The CFR provides a measure of the Council's level of long-term debt used to finance capital expenditure. It is increased each year by any new borrowing requirement and decreased by the statutory revenue charge for the repayment of debt (Minimum Revenue Provision) plus any additional voluntary repayment.
2	<b>Estimated Treasury Position at 31 March</b> Gross Borrowing PFI/PPP (Other long-term liabilities) <b>Total Debt</b>	336.973 <u>47.196</u> <b>384.169</b>	340.397 <u>47.197</u> <b>387.594</b>	340.397 <u>47.197</u> <b>387.594</b>	Over the medium-term, borrowing will only be for a capital purpose. Gross external borrowing should not, except for the short-term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2022/23 and the next two financial years. <i>The level of borrowing in the current year reflects the decision not to undertake borrowing up to the CFR. This is because the Council is utilising cash balances to temporarily reduce borrowing costs.</i>
3	<b>Authorised Limit (against maximum position) for External Debt</b> Maximum Allowable Borrowing PFI / PPP (Other long-term liabilities) <b>Total</b>	453.669 <u>47.196</u> <b>500.865</b>	462.997 <u>47.197</u> <b>510.194</b>	462.997 <u>47.197</u> <b>510.194</b>	The authorised limit represents the limit beyond which borrowing is prohibited.
4	<b>Operational Boundary for External Debt</b> Borrowing PFI / PPP (Other long-term liabilities) <b>Estimated Debt</b>  <b>Operational Boundary</b>	336.973 <u>47.196</u> <b>384.169</b>  <b>430.000</b>	340.397 <u>47.197</u> <b>387.594</b>  <b>430.000</b>	340.397 <u>47.197</u> <b>387.594</b>  <b>430.000</b>	The operational boundary is an indicator based on the probable level of external debt. It is not an overall limit, but an expectation of activity.

## Appendix B

<b>5</b>	<b>Ratio of financing costs to net revenue stream</b> General Fund HRA	11.90% 15.82%	10.52% 15.37%	10.52% 15.37%	The ratio of financing costs indicator shows the proportion of the Council's budget required to fund the interest and minimum revenue provision payments associated with the Council's debt.
<b>6</b>	<b>Incremental impact of capital investment decisions on the Band D council tax</b>	£35.10	£35.10	£25.61	This indicator identifies the notional impact on Council Tax payers of the non-housing prudential borrowing programme. This indicator is not reviewed as part of the mid-year review and therefore remains the same as the initial strategy. The reduction in this indicator relates to a number of capital schemes being rephased into future years.
<b>7</b>	<b>Incremental impact of capital investment decisions on the housing rent levels</b>	£49.63	£49.63	£49.63	This indicator identifies the notional impact on housing rents of the housing prudential borrowing programme. This indicator is not reviewed as part of the mid-year review and therefore remains the same as the initial strategy.
<b>8</b>	<b>Upper limits on fixed interest rates (against maximum position)</b>	100%	100%	100%	This indicator is to set a maximum limit for fixed interest rates.
<b>9</b>	<b>Upper limits on variable interest rates (against maximum position)</b>	30%	30%	30%	This indicator is to set a maximum limit for variable interest rates, based on the Council's risk appetite.
<b>10</b>	<b>Maturity structure of fixed rate borrowing (against maximum position)</b>	%	%	%	These gross limits are set to manage the Council's exposure to maturing fixed rate loans.
	Under 12 months	20.0	20.0	0.1	
	12 months to 2 years	20.0	20.0	0.1	
	2 years to 5 years	50.0	50.0	1.7	
	5 years to 10 years	50.0	50.0	2.0	
	10 years to 20 years	60.0	60.0	8.3	
	20 years to 30 years	60.0	60.0	14.8	
	30 years to 40 years	80.0	80.0	45.1	
	40 years to 50 years	80.0	80.0	27.9	
	50 years and above	80.0	80.0	0.0	
<b>11</b>	<b>Maximum principal funds invested longer than 365 days</b>	£15m	£15m	£0m	This limit is set to maintain sufficient liquidity for the Council's investments.

## Counterparty Exposure Analysis

As at 30 <sup>th</sup> September 2022		Month that Investment Matures							
Investment Counterparty	Current Long Term Rating (Fitch or Equivalent)	Oct 22 £m	Nov 22 £m	Dec 22 £m	Jan 23 £m	Feb 23 £m	Mar 23 £m	Apr 23 Onwards £m	Total Principal £m
Money Market Funds	AAAmmf	11.000							<b>11.000</b>
Barclays Bank Plc	A+	5.300							<b>5.300</b>
UK Debt Management Office (DMADF)	AA-	22.000	13.000						<b>35.000</b>
Local Authorities	n/a		7.000	10.000	15.000	5.500	15.000	10.000	<b>62.500</b>
<b>Total Principal</b>		<b>38.300</b>	<b>20.000</b>	<b>10.000</b>	<b>15.000</b>	<b>5.500</b>	<b>15.000</b>	<b>10.000</b>	<b>113.800</b>

AAA is the rating category with the lowest risk of default. A- is the minimum rating category used by the Council, which has a 0.05% historical default risk.

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**Meeting date:** 5 December 2022

**Report to:** Cabinet Member for Resources

**Report title:** Debt Monitoring Report - Quarter 2 2022/23

**Report from:** Director of Resources and Deputy Chief Executive

**Report author/lead contact officer:** Joanne Robinson Head of Income & Awards  
[joanne.robinson@solihull.gov.uk](mailto:joanne.robinson@solihull.gov.uk)

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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

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**1. Executive Summary**

- 1.1 To give the Cabinet Member for Resources a high-level view of debts owed to the Council and the action taken to recover these as at 30 September 2022. This includes the debts we have been unable to recover and need to be written off.

**2. Decision(s) Recommended**

2.1 The Cabinet Member for Resources is asked:

- (a) To note the outstanding levels of debt as at 30 September 2022.
- (b) To note the level and value of debts under £10,000 authorised for write off by the Director of Resources and Deputy Chief Executive between 1 July 2022 and 30 September 2022.
- (c) To approve the write off of sundry income and business rates debt over £10,000 totalling £90,822.61.

**Report Title:** Debt Monitoring Report - Quarter 2 2022/23

### **3. Matters for Consideration**

- 3.1 This report details the Council's income collection position at the end of quarter 2 (1 July 2022 and 30 September 2022).
- 3.2 **Council Tax Collection** – At the end of September 2022 the overall Council Tax collection was 57.40%, which is 0.33% behind compared to this time last year (£471,521 in cash terms).
- 3.3 The collection rate for those receiving council tax reduction (CTR) was 47.34% which is 0.52% ahead compared to this time last year (£12,996 in cash terms).
- 3.4 From April 2022, the team's resources focused on paying residents the newly announced £150 energy rebate payment. This meant council tax recovery was delayed until the majority of energy rebate payments were processed. Reminder notices for any instalments that were overdue in 2022/23 commenced in June 2022 which was later than the previous financial year and is one of the main reasons collection is behind in comparison.
- 3.5 The cost-of-living increase will also be a factor, we will continue to support customers to pay their council tax through flexible payment arrangements and signpost customers for additional financial support and monitor the impact as the year progresses.
- 3.6 **Business Rates Collection** – As at the end of September 2022 Business Rates collection was 59.36% which is 9.38% ahead compared to this time last year (£11,089,400 in cash terms).
- 3.7 **Sundry Income Collection** – As at the end of September 2022 the in-year Sundry Income collection was 67.49% which is 4.06% ahead of this time last year (£900,390.54 in cash terms).
- 3.8 The collection rate for the financial year 2021/22 as at 30 September 2022 was 95.05%, this is 2.95% short of our 98% collection target (£2,125,335.76 in cash terms). It is worth noting during Quarter 1 2022/23, there was a four-week period of system down time due to the move to Oracle Cloud. During this time no recovery notices were issued and our debt collection activities were limited.
- 3.9 **Housing Benefit Overpayment Collection** - Where customers do not report a change in their circumstances and we are later made aware of this, customers are expected to repay any Housing Benefit that has been overpaid.
- 3.10 At the end of September 2022 overpaid housing benefit debt collection was 86.77% which is behind by 20.87% compared to last year (£109,314.01 in cash terms). It is worth noting compared to the same time last year an additional £82,147 was raised in HBOP debt and this is still above our collection target of 60%.
- 3.11 The amount of overpaid Housing Benefit debt collected will include income received in quarter 2 and previous quarters as payments collected cannot be separated into the financial year the overpayment was raised.

- 3.12 **Rent Collection** – As at 30 September 2022 rent collection was 97.19% which is 0.08% behind this time last year (£18,502.58 in cash terms).
- 3.13 At the end of quarter 2, 3,846 tenants were claiming UC, this includes 215 new claims made for UC between July 2022 and September 2022. For those tenants who are claiming UC and either there is vulnerability, or their rent is more than 8 weeks in arrears Solihull Community Housing (SCH) can refer cases to the DWP via a dedicated landlord portal. The DWP will then pay the tenants housing costs directly to SCH - this is known as a third-party payment. The number of tenants for which SCH are receiving a third-party payment is currently 576 which compared to this time last year was 652 (76 fewer).
- 3.14 From October 2021 Notice of Seeking Possession claims are being served in line with pre-Covid operations. The Notice of Seeking Possession gives tenants 1 month's notice before proceeding to court. The number of notices issued are increasing but still has not reached pre-Covid levels.
- 3.15 In addition, there has been an increase in arrears as a result of cost-of-living pressures. Weekly arrears caseloads are now increasing with the number of cases reported at the end of Quarter 2 showing 4,338 arrears cases compared to 3,993 at the same time last year. One contributory factor is the level of direct debit recalls, which have during the first 6 months of the year increased by 66% (from £120,298 last year to £199,718 this year) and is now impacting on workloads for SCH'S Income Collection Team.
- 3.16 Full details of this year's collection figures can be found at Appendix A.
- 3.17 **Write Offs** - We take an energetic and proactive approach to the collection of monies owed to the Council. Where payment is not forthcoming, action to recover is taken through the courts and via tracing and collection agents. Where no further action can be taken to recover the outstanding balances, these are considered for write-off.
- 3.18 The Cabinet Member has delegated authority to write off uncollectable debt under £10,000 to the Director of Resources and Deputy Chief Executive. A summary of the authorised write offs during the quarter are detailed in the table below:

Council Tax	£ 50,923.41
Business Rates	£ 0.00
Sundry Income	£ 26,406.65
Housing Benefit Overpayments	£ 31,541.38
Rents and Leaseholders	£ 78,202.45

- 3.19 Debts over £10,000 have to be authorised by the Cabinet Member for Resources. The latest debts to be considered for write off that are over £10,000 can be found at Appendix B (in the private part of the agenda).
- 3.20 Debts covering multiple years could be outstanding for two reasons:

1) If there was a payment arrangement that was eventually defaulted on (payment arrangements could cover more than one year's debt).

2) If no payment is made at all recovery action would start with a reminder and continue to bailiff action. This would be the same process for each subsequent new year's debt.

3.21 Where companies are dissolved or have gone into administration and no payment is made or payment arrangements cease, writing off the debt is the only option we can take.

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

4.1 This report is in accordance with the Council's Debt Collection Policies.

**5. Reasons for recommending preferred option**

5.1 This report is in accordance with the Council's Debt Collection Policies.

**6. Implications and Considerations**

6.1 State how the proposals in this report contribute to the priorities in the [Council Plan](#):

Priority:	Contribution:
<p>People and Communities:</p> <ol style="list-style-type: none"> <li>1. Improving outcomes for children and young people in Solihull.</li> <li>2. Good quality, responsive, and dignified care and support for Adults in Solihull when they need it.</li> <li>3. Take action to improve life chances and health outcomes in our most disadvantaged communities.</li> <li>4. Enable communities to thrive.</li> </ol>	N/A
<p>Economy:</p> <ol style="list-style-type: none"> <li>5. Develop and promote the borough's economy, with a focus on revitalising our town and local centres.</li> <li>6. Maximising the opportunities of UK Central and HS2.</li> <li>7. Increase the supply of affordable and social housing that is environmentally sustainable.</li> </ol>	We raise income in excess of £346 million each year in Council Tax, Business Rates, Sundry Income, overpaid Housing Benefit and Rents which funds public services
<p>Environment:</p>	N/A

Priority:	Contribution:
8. Enhance our natural environment, improve air quality and reduce net carbon emissions.	
9. Promote employee wellbeing	N/A

## 6.2 Consultation and Scrutiny:

6.2.1. This report has not been passed to scrutiny.

## 6.3 Financial implications:

6.3.1. The Council is required to set aside impairment allowances in the annual accounts where there is likelihood that debt may not be recovered. There are separate impairment allowances for business rates, council tax, sundry income, overpaid housing benefit and HRA rents, each being calculated on an age debt basis apart from HRA rents which is calculated on the value of the debt. The total value of the debts approved for write off can be funded from the appropriate impairment allowance.

6.3.2. The cost of any write-offs for rent and leaseholders is met from funds set aside in the HRA impairment allowance.

6.3.3. Any reduction in collection rates will be kept under close review as part of the monthly reporting to the officer group called the Aligning Resources to Our Priorities (ARTOP) Board. These will also be reported as part of the financial update reports to the Resources and Delivering Value Scrutiny Board.

## 6.4 Legal implications:

6.4.1. None.

## 6.5 Risk implications, including Risk Appetite:

6.5.1. Assessment identified there are no net "red" risks that need to be reported

## 6.6 Equality implications:

6.6.1. There are no direct equality analysis implications for the write off procedure as it is based on the age of the debt

## 6.7 Linkages to our work with the West Midlands Combined Authority (WMCA), Local Enterprise Partnership or the Birmingham & Solihull Integrated Care System (ICS):

6.7.1. N/A.

## 7. List of appendices referred to

7.1 Appendix A – Debt and Collection Overview as at 30 September 2022

The following Appendices are not for Publication by virtue of paragraphs 3 and 7 of

Schedule 12A of the Local Government Act 1972

Appendix B – Sundry Income Write off over £10,000 to be approved

Appendix C – Business Rates Write off over £10,000 to be approved

**8. Background papers used to compile this report**

8.1 None

**9. List of Other Relevant Documents**

1.1 None

**APPENDIX A**

**Debt raised in 2022-2023 and collected between 01/04/22 to 30/09/2022**

	End of 2022/23 Target	Debt £	Collected £	Outstanding £	% Collected as at 30/9/2022	% Collected at this time last year	% Difference
Council Tax	98%	142,885,249.86	82,012,977.40	60,872,272.46	57.40	57.73	-0.33
Business Rates	98%	118,223,882.76	70,176,286.90	48,047,595.86	59.36	49.98	9.38
Sundry Income	98%	22,177,106.88	14,967,978.76	7,209,128.12	67.49	63.43	4.06
Housing Benefit Overpayments	60%	523,785.40	454,510.89	69,274.51	86.77	107.64	-20.87
Rent only	98.0%	23,128,224.24	22,479,028.25	649,195.99	97.19	97.27	-0.08

*\* The target for Housing Benefit overpayments is to collect 60% of debt outstanding for all financial years. The amount collected will include income received in Quarter 2 and previous quarters as payments collected can not be separated.*

*\*\*The debt figure for rents represents the amount raised up to Quarter 2, whereas the amount collected will be both in respect of current year and old year rent debts as they can not be separated.*

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