

RESOURCES AND DELIVERING VALUE SCRUTINY BOARD

5TH SEPTEMBER 2022

MINUTES

Present Councillors: R Holt (Chairman), J Tildesley, D Gibbin, Y Clements, M Allen, N Moses, A Adeyemo, A Hodgson, A MacKenzie,

Officers Paul Johnson: Director of Resources and Deputy Chief Executive
Sam Gilbert: Assistant Director, Finance & Property Services
Paul Langham: Assistant Director, Business Systems
Julie Cooper: Head of Financial Operations
Lauren Beach: Economy & Infrastructure Finance Manager (virtual)
Andrea Santer: Public Health Finance Manager (virtual)
Guy Stanton: Senior Accountant (Adult Care and Support) (virtual)
Sarah Cheale: Children's Services Finance Manager (virtual)
Priya Spolia: Senior Accountant (Resources) (virtual)
Paul Rogers: Democratic Services

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor M Parker, for whom Councillor A MacKenzie was substituting.

2. DECLARATIONS OF PECUNIARY OR CONFLICTS OF INTEREST

No declarations of interest were received.

3. QUESTIONS AND DEPUTATIONS

No questions or deputations were received.

4. PUBLIC MINUTES

The Resources and Delivering Value Scrutiny Board:

RESOLVED:

- (i) To agree the Minutes arising from the Resources and Delivering Value Scrutiny Board meeting held on 11th July 2022 as an accurate record.

5. INCOME GENERATION FROM COUNCIL SERVICES AND ASSETS

The report before Members of the Scrutiny Board was provided to inform Members of current Council income generation and trading activities, including income generated from Council assets. Furthermore, the report identified any areas where further income might potentially be able to be generated as a contribution to the Council's overall Medium Term Financial Strategy (MTFS).

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The Head of Financial Operations introduced the report and informed Members that any newly identified income generation initiatives would need to be agreed through the scrutiny process and via the Budget Strategy Group, Cabinet, and the meeting of Council in February 2023. Member's attention was drawn to respective sections of the report which detailed the schedule of Council fees and charges and supporting policy, budget breakdown by Cabinet Portfolio area, statutory and regulatory requirements, inflation forecasting and detail showing where fees and charges have been reviewed.

Members were further informed that the scope for income generation across health and social care services was largely prescribed by legislation. Opportunities within the Public Health Portfolio area was similarly prescriptive in terms of income generation, as the over-riding ethos remained that services were provided free at the point of delivery. Consequently, no fees or charges income was generated for Public Health during 2021/22.

With the Children's and Education Portfolio area, Members were advised that a charge was in place for the Music Service, which generated income of just under £0.525M for 2021/22.

The Portfolio areas for Climate Change, Planning and Housing and the Registrars Service presented limited scope for additional income generation beyond that already achieved, as fees in these areas were largely prescribed. The Communities and Leisure Portfolio area generated £3.307M from fees and charges in 2021/22.

Environment and Infrastructure was reported to have generated £4.659M in 2021/22, largely from fees and charges arising from Parking Services (£2.659M in 2021/22). The Council's Environment Services has the opportunity to make charges for bulky waste collection and providing new or replacement waste containers. Members were further advised that the updated Environment Bill was in the process of being ratified through Parliament, which was expected to result in changes for waste collection services. Potential changes to the charging system for waste collection will be dependent on the content of the new legislation.

The Resources Directorate was reported as generating its commercial income and raising its most significant fees and charges from the Catering Service, Property Services, Strategic Investment Properties and the Building Design Studio through providing its in-house services to external customers. Recently added to the Resources Directorate in the 2022/23 municipal year were Regulatory Services and Bereavement Services.

Other support services provided by the Council to other organisations and bodies include ICT, Human Resources/Payroll, Audit Services, schools finance and insurance services. Council clients for these services include schools, Solihull Community Housing, the Urban Growth Company and Mell Square Limited.

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Members attention was drawn to paragraphs 3.79 – 3.82 of the report, which provided detail for income from Council held assets and which noted that a very small proportion of the total value of the assets on the Council's Balance Sheet had been acquired for strategic purposes and that in recent years such assets had been acquired within the objectives detailed in the Council's Property Investment Strategy.

Members were advised that the Strategic Land Division was responsible for most of the Council's none service- related assets, including those where rental income was generated. Income of £5.330M was generated in 2021/22.

Having received the introduction to the report from the Head of Financial Operations, Members of the Scrutiny Board raised several questions related to it, which in summary included the following matters:

Councillor Tildesley sought further information concerning:

- The financial model supporting the Everyone Active contract and the associated Deed of Variation enacted from July 2020.
- How much income arising from Parking Services could be counted as profit after operational costs.
- What income was generated for the Council for the siting of 4G/5G masts within the borough.

The Finance Manager clarified that when the new leisure contract commenced in June 2018, the Council was receiving a concession fee from the provider, which if it were being received to date would equate to £571,000 per annum. The contract arrangement at commencement entailed the risk and reward element being transferred to Everyone Active, who set the fees and charges and in turn paid the Council a concession fee. However, with the advent of the Covid pandemic from 2020 a clause was triggered under the contract arrangement which involved the passing back of risks and rewards to the Council. In effect the Council lost the concession fee through the Covid pandemic. The Council had to meet its contractual obligations to Everyone Active which entails a monthly payment of around £22,000. This figure is partly attributable to the rise in energy costs, the price risk being retained by the Council under the existing contract and the impact of the timing of the Covid pandemic on the contract. The Council was currently in talks with Everyone Active about the future arrangements for the contract.

The Economy & Infrastructure Finance Manager informed the meeting that current legislation does not allow Parking Services to make a profit, but rather any net income has to be re-invested into parking operations and associated services.

In respect of income derived from 4G/5G masts located in the borough, the Head of Financial Operations advised that £12,500 had been identified in 2021/22. The Assistant Director (Business Systems) further advised Members

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that with regard to 5G masts the Government's Electronic Code of Connection sought to implement internet infrastructure more broadly across the borough and the Council could not charge operators what it wished for new 5G masts.

Councillor Adeyemo clarified that the question around income deriving from masts located in the borough related to ground rent for any such masts, rather than just associated planning fees.

The Director of Resources and Deputy Chief Executive confirmed with the Scrutiny Board that he would arrange for a full schedule of masts within the borough for which income had been received, to be supplied to Members for their reference post-meeting.

Councillor Clements questioned:

- Whether consideration had been given to providing web casting services for weddings and charging for such services.
- What was the cost for the Coventry and Solihull Waste Disposal Company.

The Economy & Infrastructure Finance Manager advised Members that she was not aware of any proposal to web cast weddings and would take the proposal back to the Registrars Service. Regarding operational costs for the Coventry and Solihull Waste Disposal Company, Members were informed that figures would be provided to Members of the Scrutiny Board post-meeting.

Councillor MacKenzie noted that the library service and beach at The Core impacted positively on residents and family's well-being, through providing opportunities for social interaction and enjoying Solihull's facilities, and that this benefit should be acknowledged.

Councillor Clements noted that regarding The Core Theatre and Café, only a small amount of income was generated from these services, which may be attributable to those visitors to the borough being largely unaware of the businesses very existence and location. Consequently, Councillor Clements suggested that the Council explore digital marketing opportunities in Mell Square and Solihull train station to market The Core as an attraction and destination.

The Director of Resources and Deputy Chief Executive confirmed that he would refer Councillor Clements suggestions to the Solihull Business Improvement District (BID).

Regarding Environmental Services monitoring of discharges into the borough's water courses, Councillor Adeyemo questioned whether the Council charged for its monitoring services. The Economy & Infrastructure Finance Manager advised that she believed such monitoring responsibility lay with the Environment Agency but would provide a detailed response for Members post meeting.

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Councillor Adeyemo referenced Appendix A ('Risk Management') to the report and noted that against the Risk of '*Charges impact on different people unfairly*', the Mitigating Action stated, '*Managers should consider the potential for impact of charging on different groups (seeking advice from the Equalities Team) and undertake a Fair Treatment Assessment if required*'. Councillor Adeyemo proposed that a Fair Treatment Assessment should be undertaken as a matter of course.

The Head of Financial Operations advised Members that the policy would be reviewed as part of this year's Budget Setting (Fees and Charges) report.

Councillor Gibbin queried whether in respect of Leisure Services, increased operational costs in providing services, such as rising energy prices, had been reflected in the Corporate Risk Register and would the Corporate Risk Register be reviewed. Councillor Gibbin also noted that in respect of Parks operations there were opportunities to generate income from the private sector.

The Director of Resources and Deputy Chief Executive confirmed that regarding the Corporate Risk Register, energy prices had been referenced within it and of the impact consequently on Leisure Services operational costs (as well as in the Public Health Risk Register).

Having received the report, the Resources and Delivering Value Scrutiny Board:

RESOLVED:

- (i) To note the contents of the report; and,
- (ii) To submit for the attention of the Budget Strategy Group the following matter as part of the formal 2023/24 budget process:
 - a. Professional organisations and private sector businesses using the Council's parks should pay commercial fees and rates; and,
 - b. That the Council will ensure that its income arising from the location of any 4G and 5G masts in the borough is maximised as is legally permissible.

6. EXCLUSION OF THE PRESS AND PUBLIC

The meeting was not open to the public during discussion of the following item because the report contained exempt information as defined in Schedule 12A to the Local Government Act 1972.

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7. ORACLE CLOUD PROGRAMME UPDATE REPORT

The Resources and Delivering Value Scrutiny Board meeting
Closed at 7:47 p.m.