

**Meeting date:** 28<sup>th</sup> November 2022

**Report to:** Cabinet Member Economy and Infrastructure

**Report title:** **REVENUE AND CAPITAL MONITORING 2022/23 AS AT 30<sup>TH</sup> SEPTEMBER 2022**

**Report from:** Director of Economy and Infrastructure and 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
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**Public/private report:** Public

**Exempt by virtue of paragraph:** N/A

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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 summarised below and detailed in the attached Appendix A.
- 1.2 To inform the Cabinet Member of the Portfolio's progress against the latest 3 year savings targets in the Medium Term Financial Strategy (MTFS) summarised below and detailed in Appendix A.
- 1.3 To seek approval from the Cabinet Member, in compliance with the Council's Financial Regulations, to accept the Active Travel Fund Tranche 3 'Solihull Walking Improvements Project' allocated amount of £985,500 and to delegate authority of this, including the approval of the funding agreement, to authorised officers in line with the conditions of the funding.

- 1.4 To inform the Cabinet Member of the allocation of £30,000 from Transport for West Midlands (TfWM) to progress phase 4 of the School Streets programme and to seek approval of the intention to reallocate the existing £30,000 from this year's CRSTS (City Region Sustainable Transport Settlement) allocation for phase 4 of the School Streets programme into measuring and aiding compliance of the existing school street sites across the borough.

## **2. Decision(s) Recommended**

The cabinet member is asked to:

- 2.1 Consider and endorse the 2022/23 revenue and capital financial monitoring forecast as at 30<sup>th</sup> September 2022.
- 2.2 Consider the Portfolio's progress against the latest 3 year savings targets in the Medium Term Financial Strategy (MTFS) as at 30<sup>th</sup> September 2022.
- 2.3 Accept the Active Travel Fund Tranche 3 'Solihull Walking Improvements Project' allocated amount of £985,500 and to delegate authority of this, including the approval of the funding agreement, to authorised officers in line with the conditions of the funding. (paragraphs 5.1-5.7)
- 2.4 To note the allocation of £30,000 from TfWM to progress phase 4 of the School Streets programme and to approve the reallocation of the existing £30,000 from this year's City Region Sustainable Transport Settlement allocation from phase 4 of the School Streets programme into measuring and aiding compliance of the existing school street sites across the Borough (paragraphs 5.8-5.9).

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

- 3.1 Throughout the financial year, information will be provided on a quarterly basis to the Cabinet Portfolio Holder and Full Cabinet.
- 3.2 Full Council agreed a balanced budget in February 2022 for the three years from 2022/23 to 2024/25. Officers have now begun working on the new MTFs for 2023/24 to 2025/26. The established process of taking updates through the Member led Budget Strategy Group and an all-Members' Seminar, before presenting budget proposals to Scrutiny Boards, Cabinet and finally Full Council has now commenced.
- 3.3 As reported to Full Cabinet in June 2022, the overall position at the end of 2021/22 was that, with the exception of Children's services for which further funding has now been agreed, all portfolios are in an equivalent or better financial position as at 31 March 2022 than that assumed in the budget approved by Full Council in February 2022.
- 3.4 However, the outlook for local government finance remains difficult with a combination of existing and emerging challenges:
- The lasting effects of Covid-19, including the gradual recovery to pre-pandemic activity levels for some services and the transition to a "new normal", with potentially permanent changes to activity levels, for others
  - the ongoing delay to local government finance reform and associated uncertainty over future funding
  - Cost of living impacts on pay awards, energy and other contractual costs
  - Children's services – further pressures forecast in the current year
  - The reform of Adult Social Care
- 3.5 It is clear from the above that the budget process for 2023/24 will be very challenging as the impact of inflationary pressures and demand for adults and children's social care feed through into the budget process. The Council may also need to accept more risk in the budget assumptions.

### **Revenue Budget 2022/23**

- 3.6 The latest approved revenue budget for the portfolio is £22.173million. The forecast outturn expenditure for this year is £23.280million which gives an overall adverse forecast variance of £1.107million. This includes an adverse variance in respect of Covid-19 of £1.834million which is being met from the remaining Covid-19 Emergency Grant and from the Economy and Infrastructure General Contingency reserve. Explanations for the variances within this portfolio can be found in Appendix A.
- 3.7 In February 2022 as part of the MTFs update report at Period 9, Cabinet approved the creation of a general Economy and Infrastructure Directorate General Contingency reserve to manage future year adverse variances where specific reserves are not held. This was in recognition of the risks and pressures which can arise within these portfolios due to factors outside the Council's control.

- 3.8 The forecast variance for this portfolio should be considered in the context of the overall position for the Economy and Infrastructure Directorate. The directorate is currently forecasting a balanced position after the use of £1.667million Covid Emergency Grant and £762,000 from the Economy and Infrastructure General Contingency reserve. This would leave a remaining balance of £785,000 in the reserve to mitigate risks in future years.
- 3.9 The adverse forecast position for the Environment and Infrastructure portfolio is offset by the position in the other portfolios within the Economy and Infrastructure Directorate to give a balanced revenue forecast position overall.

### **Capital Budget 2022/23**

- 3.10 The latest approved capital programme for this portfolio is £44.082million. The forecast outturn expenditure for the year is £39.226million which gives a favourable forecast variance of £4.856million. Explanations for the variances that inform this are set out in Appendix A.

### **Budget Strategy Savings 2022/23 to 2024/25**

- 3.11 For 2022/23 the total savings target is £0.018million which is rated as green.

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

### **Phase 4 of School Streets Programme**

- 4.1 Solihull's successful School Streets programme is entering its 4<sup>th</sup> year. Consistently throughout the project there have been requests for increased levels of enforcement, which the Police are not able to provide consistently due to other priorities. However, through improvements in technology it is now possible to use interaction speed activate signs to warn motorists when entering a restricted street without an approved permit. It is considered that by using this option it will help improve compliance, build confidence and aid in the process when seeking to introduce powers for the Council to take on board Moving Traffic Contraventions. One of the requirements of this will be to take proportionate measures to advise motorists of such restrictions.
- 4.2 In addition, it is suggested that the Council's Civil Parking Enforcement Officers are deployed in an "Advisory Capacity" to help share information with motorists about the current School Street restricted streets. These officers will be rotated around all 9 sites as an additional resource and will not detract from their existing School Gate parking enforcement duties.
- 4.3 Currently, there are no other schools looking to provide the support necessary to take up the School Streets access restrictions with a pupil catchment area that supports these objectives.

## 5. Reasons for recommending preferred option

### Active Travel Fund Tranche 3 ‘Solihull Walking Improvements Project’

- 5.1 An overall funding package of £17.25m million for Tranche 3 of the Active Travel Fund programme was awarded to the West Midlands Combined Authority (WMCA) from the Department of Transport (DfT) in March 2022. Through the allocations process that has since taken place to West Midlands local authorities it has recently been confirmed that Solihull has been allocated an amount of £985,500, subject to the signing of a funding agreement.
- 5.2 The Active Travel Fund (ATF) Tranche 3 is about the delivery of schemes that relate to the wider Cycling & Walking Programme which is committed to delivering an integrated transport network that helps keep vulnerable road users safer by encouraging and promoting walking and cycling journeys to schools and key local destinations.
- 5.3 The ATF Tranche 3 allocation to Solihull of £985,500 will be to deliver the following schemes, further summary details are provided in Appendix B:

<b>ATF Tranche 3 Solihull Walking Improvements Project Reference</b>	<b>Name</b>
SCA 1	Lyndon Schools Pedestrian Accessibility
SCA 2	Widney Lane / Tilehouse Green Lane
SCA 3	Chester Road - Pedestrian Improvements at Old Croft Lane/Clayton Drive
SCA 4	Yorkminster Drive by Pike Drive -Parallel Crossing and cycleway connectivity
SCA 6	Ralph Road - Zebra Crossing near Streetsbrook School
SCA 7	Whitefields Road School
SCA 8	Lodge Road, Knowle - Provision of Parallel Crossing

- 5.4 Of the above there are two schemes that are currently within the 2022-23 Community Liveability Programme funded from CRSTS funding, previously known as Local Transport Plan funding, these being.
- SCA 1 – Lyndon Schools Pedestrian Accessibility
  - SCA 2 - Widney Lane / Tilehouse Green Lane

- 5.5 These 2 schemes will continue to be delivered with the only change being that they will be funded from the ATF Tranche 3 allocation rather than CRSTS funding. The resulting CRSTS funding released as a result of this is to be rephased to 2023-24 and be included in funding allocations within the proposed Highways Services programme of works and expenditure for 2023-24 as part of the Asset Management and Service Priorities work that is scheduled for the 30 January 2023 Cabinet Member meeting for consideration.
- 5.6 The new schemes within the above allocation will be set out in further detail within a separate report scheduled for to come to the 30 January 2023 Cabinet Member meeting to request delegated authority to deliver these.
- 5.7 As the ATF Tranche 3 allocation is in excess of £250,000 Cabinet Member approval is sought to accept the ATF Tranche 3 funding allocation of £985,500 from the WMCA, including the signing of the funding agreement and to delegate authority to authorised officers to spend this funding in line with the grant conditions.

**Phase 4 of School Streets Programme**

- 5.8 Solihull have been granted £30,000 through TfWM as part of their ATF Tranche 3 allocation to progress phase 4 of our school streets programme. There is an existing £30,000 allocation for School Streets Phase 4 within the current financial years Community Liveability Programme (CLP) that was approved at the 14 February 2022 Cabinet Member meeting.
- 5.9 Therefore, taking this into account it is proposed that the opportunity is taken to relocate the existing CLP allocation into measuring and aiding compliance and reassurance of the existing school street sites across the borough. There are several benefits of doing this which include improving compliance, customer satisfaction and assisting with the process of implementing Moving Traffic Enforcement powers.

**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>	<p>People and communities are an important area of consideration for the services within this portfolio, with all possible efforts being made to ensure that services are delivered and policies are determined in a manner that is equitable to all, allowing communities to thrive and enhancing the life chances of disadvantaged communities. There are no new implications from this report</p>

Priority:	Contribution:
<p>Economy:</p> <p>5. Develop and promote the borough's economy, with a focus on revitalising our town and local centres.</p> <p>6. Maximising the opportunities of UK Central and HS2.</p> <p>7. Increase the supply of affordable and social housing that is environmentally sustainable.</p>	<p>The economy is a key area of consideration for the services within this portfolio with increasing the supply of housing especially affordable and social housing being one of the key objectives. There are no new implications from this report.</p>
<p>Environment:</p> <p>8. Enhance our natural environment, improve air quality and reduce net carbon emissions.</p>	<p>The environment is a key area of consideration for the services within this portfolio with enhancing the natural environment, improving air quality and reducing carbon emissions all being key objectives. There are no new implications from this report.</p>
<p>9. Promote employee wellbeing</p>	<p>No new contribution to this priority.</p>

## 6.2 Consultation and Scrutiny:

- None

## 6.3 Financial implications:

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. ARTOP (Aligning Resources To Our Priorities Board) meet quarterly to oversee and review delivery against budget savings.

## 6.4 Legal implications:

- None

## 6.5 Risk implications, including Risk Appetite:

- 6.5.1 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 that could affect the final outturn position for 2022/23.
- 6.5.2 As mentioned in Section 3 of this report there are a number of substantial financial risks that the authority is facing as a result of external economic conditions which will be included in the Council's Budget Setting Process.

- 6.5.3 The Corporate risk relating to the delivery of the MTFS is now at a net level 9. The new MTFS that will be presented to Full Council in February 2023 will need to reduce this risk to at least a net level 8.
- 6.5.4 Covid-19 Funding has now all been committed and any further pressures will need to be managed within individual Portfolios.
- 6.6 Equality implications:
- None
- 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 This portfolio includes the UK Central programme which is funded almost entirely from external sources predominantly the West Midlands Combined Authority for which quarterly returns detailing expenditure are submitted and reimbursement is received. A number of the schemes on the Capital Programme for this portfolio are funded from the WMCA.

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

- 7.1 Appendix A – Quarter 2 22-23 E&I Cabinet Portfolio financial position
- Appendix B – ATF Tranche 3 ‘Solihull Walking Improvements Project’ Schemes summary

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

- 8.1 N/A

## **9. List of Other Relevant Documents**

- 9.1 N/A