

Meeting date: 5th December 2022

Report to: Cabinet Member for Resources

Subject/report title: REVENUE AND CAPITAL MONITORING 2022/23 as at 30th 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

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:

1. Executive Summary

- 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.

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 30th 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 30th September 2022.

7. Background papers used to compile this report

7.1 None

8. List of other relevant documents

8.1 None