

Meeting date: 22nd February 2023

Report to: Climate Change, Planning and Housing

Subject/report title: **REVENUE AND CAPITAL MONITORING 2022/23 AS AT 31st December 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

1. Executive Summary

- 1.1 This report is to update the Cabinet Member on how the Portfolio is 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 are emerging for the revised MTFS for 2023/24 – 2025/26.
- 1.2 To inform the Cabinet Member of the Portfolio's latest forecast financial position as at the 31st December 2022 against Revenue and Capital budgets as summarised below and detailed in Appendix A.
- 1.3 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.

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 31st December 2022.
- 2.2 Consider the Portfolio's progress against the latest 3 year savings targets in the Medium Term Financial Strategy (MTFS) as at 31st December 2022.

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December 2022**

3. Matters for Consideration

- 3.1 Full Council agreed a balanced budget in February 2022 for the three years from 2022/23 to 2024/25. Officers have been working on the new MTFs for 2023/24 to 2025/26. We have followed the established process of taking updates through the Member led Budget Strategy Group followed by an all-Members' Seminar between October and December 2022. There has also been an additional Budget Strategy Group meeting on 16 January 2023.
- 3.2 The budget proposals were then presented to Scrutiny Boards in January and the updated MTFs was presented on 9th February. Following this, the MTFs will be presented to Full Council in early 2023 alongside Cabinet's budget and council tax recommendations for 2023/24. The report elsewhere on this agenda covers the updated MTFs along with the assumptions made, decisions recommended and the overall position for 2023/24 to 2025/26.

Revenue Budget 2022/23

- 3.3 The latest approved revenue budget for the portfolio is £1.498million. The forecast outturn expenditure for this year is £1.632million giving an overall adverse variance of £134,000. Explanations can be found in Appendix A.
- 3.4 The forecast variance for this portfolio should be considered in the context of the overall position for the Economy and Infrastructure Directorate.
- 3.5 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.
- 3.6 The Economy and Infrastructure directorate is currently forecasting a balanced position after the use of £1.667million Covid Emergency Grant and £265,000 from the Economy and Infrastructure General Contingency reserve. This would leave a remaining balance of £1.281million in the reserve to mitigate risks in future years.

Capital Budget 2022/23

- 3.7 The latest approved capital programme for this portfolio is £1.420 million. The forecast outturn expenditure for the year results in a favourable variance of £21,000 in respect of the Green Homes Local Authority Delivery Scheme 2 (LADS2) grant.

Budget Strategy Savings 2022/23 to 2024/25

- 3.8 For 2022/23 the total savings target is £18,000, all of which is rated green.
- 3.9 For 2023/24 there are no savings for this portfolio.
- 3.10 For 2023/24 there are no savings for this portfolio.

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

4.1 N/A

5. Reasons for recommending preferred option

5.1 N/A

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"> 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. 	<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>
<p>Economy:</p> <ol style="list-style-type: none"> 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. 	<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> <ol style="list-style-type: none"> 8. Enhance our natural environment, improve air quality and reduce net carbon emissions. 	<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>
<ol style="list-style-type: none"> 9. Promote employee wellbeing 	<p>No new contribution to this priority.</p>

6.2 Consultation and Scrutiny:

None

6.3 Financial implications:

6.3.1 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. ARTOP (Aligning Resources To Our Priorities Board) meet quarterly to oversee the delivery of the MTFS.

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 has recently been reduced to a net level 8 following the fourth Budget Strategy Group meeting where a balanced budget was proposed for the new MTFS period, subject to approval by Full Cabinet on 9th February and Full Council on 23rd February

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), the Local Enterprise Partnership or the Birmingham & Solihull Integrated Care System (ICS):

None

7. List of appendices referred to

Appendix A – Q3 22-23 Rev & Cap Monitoring Report

8. Background papers used to compile this report

N/A

9. List of Other Relevant Documents

N/A