

**Meeting date:** 9 February 2023

**Report to:** Full Cabinet

**Report title:** Budget and Medium Term Financial Strategy 2023/24 to 2025/26

**Report from:** The Leader of the Council

**Report author/lead contact officer:** Councillor Ian Courts, Leader of the Council

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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 This report should be read alongside the report of the Acting Chief Executive on the Budget Framework and Medium Term Financial Strategy for 2023/24 – 2025/26 under agenda item 10. This report makes a budget recommendation, as per paragraph 2.7 of agenda item 10 (page 98) and supports the recommendation that the updated Medium Term Financial Strategy (MTFS) and Capital Strategy be approved, as set out in paragraph 2.1 of agenda item 10 (page 98).
- 1.2 All the recommendations in the report of the Acting Chief Executive are included in section 2 below for completeness, so this report covers all the budget decisions that Cabinet is being asked to make.

**2. Decision(s) Recommended**

- 2.1 Recommend the Medium Term Financial Strategy 2023/24 – 2025/26, as updated by this report, and the Capital Strategy (incorporating the Council's strategy on the flexible use of capital receipts and the annual Minimum Revenue Provision (MRP Statement) for approval by Full Council.
- 2.2 Approve the prudential borrowing requirements for the period of the MTFS, as set out

at paragraph 3.32 of the report of the Acting Chief Executive.

- 2.3 Recommend the fees and charges proposed within each portfolio (Appendix F of the report of the Acting Chief Executive) for approval by Full Council.
- 2.4 Recommend the Council's carbon budget, as outlined at paragraph 3.36 and detailed in Appendix G of the report of the Acting Chief Executive, for approval by Full Council.
- 2.5 Recommend an increase of 2.99% in the level of general council tax in 2023/24 (to £1,388.02 at Band D), to go forward to Full Council for approval.
- 2.6 Recommend an increase of 2.00% in the level of the social care precept in 2023/24 (to £204.72 at Band D), to go forward to Full Council for approval.
- 2.7 Recommend a budget for 2023/24 of £199.250 million funded by total Band D council tax of £1,592.74, to go forward to Full Council for approval.
- 2.8 Note the requirement for a recorded vote on the budget and the level of council tax at the Full Council meeting on 23 February, as set out in paragraph 3.9 below.

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**3. Matters for Consideration**

- 3.1 Elsewhere on the agenda there is a report from the Acting Chief Executive which summarises the budget process for 2023/24 and seeks a recommendation to go forward to Full Council. That report also recommends the Medium Term Financial Strategy 2023/24 – 2025/26 (MTFS) and accompanying Capital Strategy to go forward to Full Council for approval.
- 3.2 In making my council tax recommendation for 2023/24, I am of course mindful of the cost-of-living pressures faced by many of our residents. However, I must also consider the need to maintain investment in our services in order that we can continue to effectively support our communities and protect those who are most vulnerable. In particular, the budget proposals include significant investment to support our improvement plans in children’s services.
- 3.3 Having carefully considered the Council’s financial position, the budget risks and the outlook for the MTFS, I am recommending a council tax increase for 2023/24 of 4.99%, consistent with the assumptions outlined in the budget report of the Acting Chief Executive. This comprises an increase of 2.99% in the core element of the council tax charge and an increase of 2.00% in the adult social care precept.
- 3.4 The final local government finance settlement, which was published on 6 February 2023, included a small increase to the services grant allocation but otherwise confirmed the announcements in the provisional settlement. The effect of this increase, the impact of the confirmed flood defence levy and other minor movements on the position outlined in the budget report of the Acting Chief Executive is shown in the table below.

|   | <b>2023/24<br/>£'000</b> | <b>2024/25<br/>£'000</b> | <b>2025/26<br/>£'000</b> |
|---|--------------------------|--------------------------|--------------------------|
| <b>Net position per Agenda Item 10</b>          | <b>0</b>                 | <b>1,654</b>             | <b>1,986</b>             |
| Final settlement                                | (49)                     | (49)                     | (49)                     |
| Levies and other minor movements                | (92)                     | (17)                     | (17)                     |
| Further contribution to/(from) BSR              | 141                      | (141)                    | 0                        |
| <b>Revised savings requirement</b>              | <b>0</b>                 | <b>1,447</b>             | <b>1,920</b>             |
| Revised structural and strategic savings target | 0                        | (1,447)                  | (1,920)                  |
| <b>Revised net position</b>                     | <b>0</b>                 | <b>0</b>                 | <b>0</b>                 |

- 3.5 As shown in the table above, my recommendation will result in a balanced position across all three years of the MTFS. The strategic and structural options outlined at Appendix C to the report of the Acting Chief Executive will enable us to deliver the savings requirements of £1.447 million in 2024/25 and £1.920 million in 2025/26 and these proposals maintain a balance on the budget strategy reserve of at least £7.5 million over the period of the MTFS to mitigate against budget risks.

- 3.6 A further, presentational change to the budget in 2023/24 is required in respect of the business rates surplus declared for the year. This is purely a timing difference as a result of Collection Fund accounting, but it requires both the budget requirement and funding section to be increased by the same amount. This change has been reflected in Appendix A, which provides an updated breakdown of the revenue budget that is given in Appendix A of the Medium-Term Financial Strategy.
- 3.7 Appendix B updates the table in section 3.26 of the budget report from the Acting Chief Executive to reflect the impact of my recommendations.
- 3.8 I am pleased that, despite the inflationary and demand pressures on the authority, the proposals before members tonight will enable the Council to deliver a balanced budget with sufficient reserves, in the view of the Acting Chief Executive, to manage the anticipated budget risks over the medium term. I wish to thank all those members who have contributed to the budget process through the Budget Strategy Group, the members' seminar and the scrutiny sessions held in January.
- 3.9 I would like to remind members that the Council has adopted the practice of recorded votes, in accordance with the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014. The Full Council minutes will therefore record how each member present voted on any decision relating to the budget or council tax.

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

4.1 As outlined in the report of the Acting Chief Executive.

**5. Reasons for recommending preferred option**

- 5.1 In arriving at a council tax recommendation, there is a balance to be struck between the potential impact of a higher increase on council tax payers and of a lower increase on the services delivered to residents.
- 5.2 The maximum increase the Council could implement in 2023/24 would be 4.99% (2.99% for general council tax and 2.00% for the adult social care precept), without holding a referendum. On the basis of the current figures the financial position over the medium term will be balanced.
- 5.3 I therefore have confidence that the total council tax increase of 4.99% that I am recommending is both prudent and sustainable.

**6. Implications and Considerations**

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

| Priority:   | Contribution:   |
|---|---|
| People and Communities:<br>1. Improving outcomes for children and young people in Solihull. | The MTFs provides the financial framework which supports the delivery of the Council Plan. The high-level implications of the proposed pressures, mitigations and |

| Priority:  | Contribution:  |
|--|--|
| <ul style="list-style-type: none"> <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> </ul>                                   | <p>savings for the Council's priorities are indicated in the tables in the appendices to the report of the Acting Chief Executive.</p>   |
| <p>Economy:</p> <ul 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> </ul> | <p>The MTFs provides the financial framework which supports the delivery of the Council Plan. The high-level implications of the proposed pressures, mitigations and savings for the Council's priorities are indicated in the tables in the appendices in the appendices to the report of the Acting Chief Executive.</p> |
| <p>Environment:</p> <ul style="list-style-type: none"> <li>8. Enhance our natural environment, improve air quality and reduce net carbon emissions.</li> </ul>   | <p>The MTFs provides the financial framework which supports the delivery of the Council Plan. The high-level implications of the proposed pressures, mitigations and savings for the Council's priorities are indicated in the tables in the appendices in the appendices to the report of the Acting Chief Executive.</p> |
| <ul style="list-style-type: none"> <li>9. Promote employee wellbeing</li> </ul>  | <p>The MTFs provides the financial framework which supports the delivery of the Council Plan. The high-level implications of the proposed pressures, mitigations and savings for the Council's priorities are indicated in the tables in the appendices in the appendices to the report of the Acting Chief Executive.</p> |

## 6.2 Consultation and Scrutiny:

6.2.1 As outlined in the report of the Acting Chief Executive.

## 6.3 Financial implications:

6.3.1 As outlined in the body of the report.

## 6.4 Legal implications:

6.4.1 As outlined in the report of the Acting Chief Executive.

6.5 Risk implications, including Risk Appetite:

6.5.1 As outlined in the report of the Acting Chief Executive.

6.6 Equality implications:

6.6.1 As outlined in the report of the Acting Chief Executive.

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 As outlined in the report of the Acting Chief Executive.

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

7.1 Appendix A: Updated Appendix A to Medium Term Financial Strategy 2023/24 – 2025/26.

7.2 Appendix B: Updated summary budget table to replace table at paragraph 3.26 of agenda item 10.

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

8.1 None

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

9.1 None