

**Meeting date:** 7 February 2019

**Report to:** Full Cabinet



**Subject/report title:** Budget and council tax recommendation 2019/20

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

**Report author/lead contact officer:** Councillor Bob Sleight, 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

**Public/private report:** Public

**Exempt by virtue of paragraph:**

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**1. Purpose of Report**

- 1.1 This report should be read alongside the report of the Director of Resources and Deputy Chief Executive on the Budget Framework and Medium Term Financial Strategy for 2019/20 – 2021/22 under agenda item 9. The report makes a budget recommendation, as per paragraph 2.10 of agenda item 9 (page 62) and supports the recommendation that the updated Medium Term Financial Strategy and Corporate Capital Strategy be approved, as set out in paragraph 2.6 of agenda item 9 (page 62).
- 1.2 All the recommendations in the report of the Director of Resources and Deputy 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 a budget for 2019/20 of £147.620 million, including the forecast balances on the Budget Strategy Reserve set out in paragraph 3.8, for approval by Full Council on 28 February.
- 2.2 Recommend the Medium Term Financial Strategy and Efficiency Plan 2019/20 – 2021/22, as updated by this report, and the Corporate Capital Strategy, incorporating the Council's strategy on the flexible use of capital receipts, for approval by Full Council on 28 February.

- 2.3 Recommend an increase in the level of the general council tax in 2019/20 of 1.90%, for approval by Full Council on 28 February.
- 2.4 Recommend an increase in council tax for adult social care in 2019/20 of 1.00%, for approval by Full Council on 28 February.
- 2.5 Recommend that Solihull's element of the council tax in 2019/20 is £1,358.04 (£1,259.73 for general council tax and £98.31 for adult social care).
- 2.6 Approve the contribution of £315,000 from the LAA Reward Grant reserve to a Troubled Families reserve, as outlined at paragraph 3.8 of the report of the Director of Resources and Deputy Chief Executive elsewhere on your agenda.
- 2.7 Approve the creation in 2018/19 of a new Children's Services reserve of £1.566 million, made up of £927,000 from the LAA Reward Grant reserve and £639,000 of business rates windfall income, as outlined at paragraphs 3.8 and 3.22 of the report of the Director of Resources and Deputy Chief Executive.
- 2.8 Approve a contribution of £350,000 from the Budget Strategy Reserve in 2018/19 to fund pressures on unaccompanied asylum seeking children (£250,000) and youth remand (£100,000) services, as outlined at paragraph 3.9 of the report of the Director of Resources and Deputy Chief Executive.
- 2.9 Approve the equal apportionment of the £1.487 million one-off social care grant receivable in 2019/20 between adult social care and children's services, with £743,430 to be allocated to the Adult Social Care and Health portfolio and £743,430 to the Children's Services, Education and Skills portfolio, and delegate the authority for determining how each portfolio's allocation should be spent to the cabinet members for those portfolios and the Director for Adult Care and Support and the Director of Children's Services and Skills.
- 2.10 Approve the allocation of the Brexit preparation funding to the Cabinet Member for Resources and Delivering Value, as outlined in paragraph 3.27 of the report of the Director of Resources and Deputy Chief Executive.
- 2.11 Note the government capital allocations for 2019/20, detailed in the table in paragraph 3.1 of the Corporate Capital Strategy, passported to individual cabinet portfolios for project allocation.
- 2.12 Recommend the fees and charges proposed within each portfolio for approval by Full Council on 28 February.
- 2.13 Approve the prudential borrowing requirements for the period of the MTFs, as set out at paragraph 3.32 of the report of the Director of Resources and Deputy Chief Executive.
- 2.14 Note the requirement for a recorded vote on the level of council tax at the Full Council meeting on 28 February, as set out in paragraph 3.12.

### **3. What is the issue?**

- 3.1 Elsewhere on the agenda there is a report from the Director of Resources and Deputy

Chief Executive which summarises the budget process for 2019/20 and seeks a recommendation to go forward to Full Council. That report also recommends the Medium Term Financial Strategy and Efficiency Plan 2019/20 – 2021/22 (MTFS) and accompanying Corporate Capital Strategy to go forward to Full Council for approval.

- 3.2 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. This budget and our medium term financial strategy provide for significant additional investment in our people and our place in proposals which have been supported by members through the course of the budget process.
- 3.3 However, I have heard the concerns of the Stronger Communities and Neighbourhood Services scrutiny board about the proposals to increase car parking charges in Shirley town centre, which were shared with the Resources and Delivering Value Scrutiny Board last night. Having considered the feedback from the scrutiny boards, I am now recommending the following:
- Car parking in Shirley will remain free for the first hour and will be brought into line with Knowle thereafter;
  - The parking charges in Knowle will be amended to also include a free first hour.
- 3.4 Financial modelling undertaken by officers suggests that the revised saving will be £81,000, a reduction of £69,000 compared to the original savings proposal of £150,000. The cost of revising the charges in Knowle is expected to be £15,000, meaning that the total ongoing impact of this amendment is a cost of £84,000. The changes in Shirley were originally planned to be brought in in September 2019 and therefore would have delivered savings early towards the bottom line of the Managed Growth and Communities Directorate. This means that there is a part year cost of £42,000 in 2019/20 and £84,000 from 2020/21 onwards. I am not expecting the car parking budget to find additional resources to mitigate this loss in income and so I am recommending that the cost of this proposed amendment be funded from the Budget Strategy Reserve.
- 3.5 As outlined in the budget report of the Director of Resources and Deputy Chief Executive, the MTFS assumes that the core council tax charge will be increased each year by 1.99%, with the adult social care precept increasing by 1.0% in 2019/20. I have carefully considered the Council's financial position and in the light of the improved position since December I am recommending a lower increase in the core council tax of 1.90%, taking the overall increase to 2.90% in 2019/20.
- 3.6 The final local government finance settlement was published on 29 January 2019. There were no changes affecting the MTFS. The table overleaf summarises the impact of my recommendations and also shows the effect of the provisional Environment Agency levy.

	2019/20 £'000	2020/21 £'000	2021/22 £'000
	One-off	One-off	One-off
<b>Net additional (saving to) / use of Budget Strategy Reserve per cabinet report</b>	<b>(2,607)</b>	<b>(661)</b>	<b>(648)</b>
Amendment to car park charges	42	84	84
Reduction in core council tax	91	95	98
Net impact of levy adjustment	(1)	(3)	(3)
<b>Revised net additional (saving to) / use of Budget Strategy Reserve</b>	<b>(2,475)</b>	<b>(485)</b>	<b>(469)</b>

3.7 There is a favourable variance in 2021/22 which means that the budget assumptions are £469,000 ahead of the savings targets, which is included in the MTFs as a contribution to the Budget Strategy Reserve.

3.8 The forecast balances on the Budget Strategy Reserve, taking into account the movements shown in the table at paragraph 3.6, are shown in the table below.

	March 2020 £'000	March 2021 £'000	March 2022 £'000
<b>Revised forecast balance</b>	7,059	6,473	6,942

3.9 Appendix A provides an updated breakdown of the revenue budget that is given in Appendix A of the Medium Term Financial Strategy and Efficiency Plan. Appendix B updates the table in section 3.26 of the budget report from the Director of Resources and Deputy Chief Executive to reflect the impact of my recommendations.

3.10 Because of the Council's strategic three year budgeting approach, the majority of the savings proposals before members tonight will not need to be implemented until April 2021. This means that I am able once again to assure members that any savings that have significant service implications will not be implemented without further reports to the relevant scrutiny boards and decision sessions, and will be subject to detailed consultation if appropriate.

3.11 I am pleased that, despite the pressures we continue to face, the proposals before members tonight will deliver a balanced budget over the period to 2021/22, with sufficient reserves, in the view of the Director of Resources and Deputy Chief Executive, to manage the anticipated budget risks over the medium term.

3.12 I would also 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 Director of Resources and Deputy 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. The maximum increase the Council could implement in 2019/20 would be 3.99% (2.99% for general council tax and 1.00% for the adult social care precept).
- 5.2 On the basis of the current figures there will be a favourable variance of £469,000 in 2021/22. Furthermore, the potential windfall from the business rates pilot in 2018/19 and 2019/20 is currently estimated to be in the region of £14.9 million, of which £7.9 million is expected to be available after the commitments proposed in the budget.
- 5.3 I therefore have confidence that the lower increase of 2.90% that I am recommending is both prudent and sustainable.

## **6. Implications and Considerations**

### 6.1 Delivery of key themes in the Council Plan:

How will the options/proposals in this report contribute to the delivery of the key themes in the Council Plan? The budget addresses all of the Council's priorities.

- Improve Health and Wellbeing
- Managed Growth
- Build Stronger Communities
- Deliver Value – the budget proposals outlined in this report support the financial objectives of the Council's medium term financial strategy.

### 6.2 Implications for children and young people, vulnerable groups and particular communities:

6.2.1 As outlined in the report of the Director of Resources and Deputy Chief Executive.

#### 6.2.2 Consultation and Scrutiny:

6.2.3 As outlined in the report of the Director of Resources and Deputy 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 Director of Resources and Deputy Chief Executive.

#### 6.4.2 Risk implications:

6.4.3 As outlined in the report of the Director of Resources and Deputy Chief Executive.

6.5 Statutory Equality Duty:

6.5.1 As outlined in the report of the Director of Resources and Deputy Chief Executive.

**7. List of appendices referred to**

7.1 Appendix A: Updated appendix to Medium Term Financial Strategy and Efficiency Plan 2019/20 – 2021/22

7.2 Appendix B: Updated summary budget table to replace table at paragraph 3.26 of agenda item 9

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

8.1 None

**9. List of other relevant documents**

9.1 None