

Meeting date: 15th December 2020
Report to: Cabinet Member for Leisure, Tourism and Sport



Subject/report title: **REVENUE AND CAPITAL MONITORING 2020/21 AS AT 30th SEPTEMBER 2020**
Report from: Director of Public Health 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

Public/private report: Public

Exempt by virtue of paragraph: N/A

1. Purpose of Report

- 1.1 To inform the Cabinet Member of the Portfolio's latest forecast financial position as at 30th September 2020 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.

2. Decision(s) recommended

The Cabinet Member is asked to:

- 2.1 Consider and endorse the 2020/21 revenue and capital financial monitoring forecast as at 30th September 2020.
- 2.2 Consider the Portfolio's progress against the latest 3 year savings targets in the Medium Term Financial Strategy (MTFS) as at 30th September 2020.

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 The cash limited discipline at Solihull means that Directorates need to balance their budget forecast position first and the Portfolio's position flows from that. As a result, this Cabinet is specifically taken into account across the Public Health Directorate and Economy and Infrastructure Directorate.
- 3.3 The revenue and capital financial position, the savings position for 2020/21 to 2022/23, the key risks and opportunities and required approvals are outlined in Appendix A.
- 3.4 The overall Council position is reported to Full Cabinet together with any planned actions; any variances are then considered in line with Council priorities and Financial Regulations.

Revenue Budget 2020/21

- 3.5 The latest approved revenue budget for the portfolio is £501,000. The forecast outturn expenditure for this year is £1,029million giving an adverse variance of £528,000. This includes an adverse variance of £839,000 due to Covid-19 after funding from the Government's income recovery scheme has been applied. Further explanations can be found in Appendix A.
- 3.6 As Members will be aware a report went to Full Cabinet on the 18th June outlining the initial financial impact of Covid-19 for the 2020/21 financial year. A further update on that financial position was then reported to Full Cabinet on the 10th September including the forecast impact on the latest Medium Term Financial Strategy 2020/21 to 2022/23 and this has now been further updated with the Period 6 position being reported to Full Cabinet on the 5th November.
- 3.7 For Period 6 the individual portfolios' Covid-19 financial position should therefore be reviewed within the context of the overall Council Covid-19 financial position which is the subject of the above mentioned Full Cabinet report to the 5th November session. The Council's overall financial position continues to evolve alongside the impact of the pandemic itself and the local situation for Solihull. Government guidance continues to change, further clarity on pressures emerges and new funding announcements are made. It should be noted therefore that the estimates of the financial impact of Covid-19 included within this report are indicative, based on latest assumptions, and are still subject to change over the course of the coming months.
- 3.8 The general Covid-19 emergency funding that we have received to date from the government is still being shown corporately, and at this point in the financial year it would be premature to allocate any of this funding to portfolios (beyond the decisions already made) until we have a clearer picture of what each individual portfolio's financial position is likely to be as we get nearer to the end of the financial year, and what funding is available to offset it.
- 3.9 The forecast variance arising from Covid-19 for this portfolio should be considered in the context of the position for the Economy and Infrastructure Directorate and the Leisure Division of Public Health Directorate relating to Covid-19.
- 3.10 The Leisure division of Public Health Directorate is shown in Appendix B. The division is forecasting a £481,000 adverse variance. This includes the estimated impact of the Government's income recovery scheme where local authorities can reclaim 75% of lost income attributable to Covid-19 where this is in excess of 5% of total planned income for the year.

- 3.11 Excluding the impact of Covid-19 the Leisure division is forecasting a favourable variance due to delayed essential maintenance of (£450,000) that will be contributed to the Leisure reserve in order to fund the works next year, and a favourable variance of (£24,000) on the Solihull Active programme Eat Well, Move More which is to be contributed to the Leisure reserve to meet salary costs in future years.
- 3.12 The Economy and Infrastructure Directorate is forecasting an adverse variance of £1.728million relating to Covid-19. This includes the estimated impact of the Government's income recovery scheme where local authorities can reclaim 75% of lost income attributable to Covid-19 where this is in excess of 5% of total planned income for the year.
- 3.13 Excluding the impact of Covid-19 the directorate is currently forecasting a £1.224 million adverse variance for the year which will be offset through use of reserves to give a nil variance. The main reasons for this variance sit within the Environment and Highways portfolio where it has become clear that a number of budgets are now unrealistic and will need to be realigned as part of the MTFS process. Significant additional investment has been made in adults' and children's services in previous years but this has not been the case for the Economy and Infrastructure Directorate.
- 3.14 In previous years the directorate has used reserves to balance its forecast position. The majority of the remaining reserves are earmarked for specific purposes. The forecast assumes that some of these reserves will be applied to offset the in-year position, although they would subsequently need to be replenished as part of the budget process.

Capital Budget 2020/21

- 3.15 There is no approved capital programme for this portfolio in 2020/21.

Budget Strategy Savings 2020/21 to 2022/23

- 3.16 For 2020/21 the total savings target is £2,000 which is rated green.
- 3.17 For 2021/22 the total savings target is £300,000 which is rated red.
- 3.18 For 2022/23 the total savings target is £14,000 which is rated red.

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:
Economy: 1. Revitalising our towns and local centres. 2. UK Central (UKC) and maximising the opportunities of HS2. 3. Increase the supply of housing, especially affordable and social housing.	No new contribution to this priority.
Environment: 4. Enhance Solihull's natural environment. 5. Improve Solihull's air quality. 6. Reduce Solihull's net carbon emissions.	No new contribution to this priority.
People and Communities: 7. Take action to improve life chances in our most disadvantaged communities. 8. Enable communities to thrive. 9. Sustainable, quality, affordable provision for adults & children with complex needs.	People and Communities are central to the work of this portfolio. There are no implications from this report.

6.2 Consultation and Scrutiny:

6.2.1 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 Board (Aligning Resources To Our Priorities) meet monthly to oversee the financial impact from Covid-19

6.4 Legal implications:

None

6.5 Risk implications:

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 2020/21.

6.6 Equality implications:

None

7. List of appendices referred to

Appendix A – Quarter 2 Financial Position.

Appendix B - Quarter 2 Covid-19 Financial Position for Leisure Division of Public Health Directorate

Appendix C - Quarter 2 Covid-19 Financial Position for Economy and Infrastructure Directorate

8. Background papers used to compile this report

8.1 None

9. List of other relevant documents

9.1 None