

Meeting date: 23rd February 2021
Report to: Cabinet Member for Stronger and Safer Communities



Subject/report title: **REVENUE AND CAPITAL MONITORING 2020/21 AS AT 31st DECEMBER 2020**
Report from: Director of Economy and Infrastructure & 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 the 31st December 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 31st December 2020.
- 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 2020.
- 2.3 In accordance with Financial Regulations approve a budget virement of £103,500 from the Climate Change, Planning and Housing portfolio to the Stronger and Safer Communities portfolio in respect of the Housing Policy team (paragraphs 5.1 – 5.2).

- 2.4 In accordance with Financial Regulations to approve in conjunction with the Cabinet Member for Resources a contribution of £40,000 in 2020/21 to a new reserve for Library stock (paragraphs 5.3 – 5.5).
- 2.5 In accordance with Financial Regulations to approve in conjunction with the Cabinet Member for Resources a contribution of £180,000 in 2020/21 to a new reserve for community and regulatory impacts of Brexit (paragraphs 5.6 – 5.9).

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 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 £5.676million. The forecast outturn expenditure for this year is giving a favourable variance of £616,000. This includes an adverse variance of £50,000 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. The Period 3 and Period 6 positions have subsequently been reported to Full Cabinet on the 10th September and 5th November respectively. The position is continually moving and evolving and the latest Covid-19 forecast across the Council, as at 31st December (Period 9), for the 2020/21 financial year is net nil – meaning that there is no adverse impact on our finances expected this financial year.
- 3.7 For Period 9 the individual portfolios' Covid-19 financial position should therefore be reviewed within the context of the overall Council Covid-19 financial position. It should be noted 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 remainder of the financial year.
- 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 relating to Covid-19. The Economy and Infrastructure Directorate is forecasting an adverse variance of £1.713million 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.
- 3.10 Excluding the impact of Covid-19 the directorate is currently forecasting a £919,000 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.
- 3.11 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

- 3.12 The latest approved capital programme for this portfolio is £355,000. The forecast outturn expenditure for the year is a favourable variance of (£86,000).

Budget Strategy Savings 2020/20 to 2022/23

- 3.13 For 2020/21 the total savings target is £25,000 which is all rated green.
- 3.14 For 2021/22 the total savings target is £100,000 which is all rated green.
- 3.15 For 2022/23 the total savings target is £14,000 which is all 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

Housing Policy Team Virement

- 5.1 Following the reshaping of the Communities function at the beginning of 2020/21 one of the key areas of focus for the newly formed Stronger Communities service is to develop, oversee and deliver a new Solihull Housing Strategy. To support this a new Housing Policy and Strategy Team is to be created with two new roles of Housing Strategy Manager and Housing Strategy Officer. The new roles within the team will also support and manage new monitoring oversight and arrangements concerning the

SCH client function, support and manage relevant housing partnerships and governance, as well as the deliver statutory and other essential housing functions.

- 5.2 Two posts within Planning, Design and Engagement Service have been focused on Housing Strategy throughout the development of the Local Plan and have been identified to transfer to the new Housing Policy and Strategy team once their roles in the Local Plan have come to a conclusion. To reflect this, approval is sought for a budget virement of £103,500 from the Climate Change, Planning and Housing portfolio to the Stronger and Safer Communities portfolio in respect of Housing Policy staff.

Library Stock Reserve

- 5.3 Due to the Covid-19 pandemic library buildings have been closed for much of 2020/21. A click and collect service has been in operation when government guidance has permitted and the service has also invested in an enhanced digital offer. A number of publishers have been shut at various points during the year, and publication dates have often changed. The result of this is that purchases of physical stock have been much lower than in previous years. Expenditure on digital stock has been higher than in previous years to ensure that customers can still access a high quality service without leaving their homes.
- 5.4 Taking into account the change in profile of the stock budget for 2020/21 there is a potential in year favourable variance of around £80,000. This can be declared as a saving in relation to Covid and go towards mitigating the other financial impacts of the pandemic, however an element of this is a timing difference as opposed to a true saving. When the service fully reopens more stock will need to be purchased than in a usual year to reflect the pause in purchasing during 2020/21. For example, for books which form part of a series, it will be necessary to purchase new releases plus any books which were unavailable in 2020/21 to ensure that the Library carries the full series. The Library service would also aim to continue to provide a strong digital offering for customers, some of whom may have accessed this for the first time during the pandemic.
- 5.5 In order to ensure that the Library service can continue to offer a good selection of both physical and digital stock when libraries fully re-open, it is recommended that £40,000 of the Library stock budget for 2020/21 is contributed to a new Library stock reserve.

Brexit Community Impact Reserve

- 5.6 In recent years the Council has received a number of government grants in relation to preparing for Brexit. A total balance of £319,000 was carried forward to 2020/21 from a grants for Brexit preparation, EU Regional Hubs and Regional Economic Intelligence. In November 2020 the Council received details of a further funding allocation of £800,000. This included £500,000 specifically for the Inland Border Facility and £300,000 to support the work of the Local Resilience Forum. The grant allocations are not ring-fenced but are expected to be utilised for the intended purposes.
- 5.7 Developing robust partnership responses to support communities and tackle crimes of

intolerance is a key role of the Council and there is a risk of increased community tensions as a result of leaving the EU. The recommendation is to put in place an additional band E post for a two year fixed term to provide additional capacity around community safety, anti-social behaviour and environmental compliance issues across the Borough's public realm, business and retail areas.

- 5.8 Whilst it is not yet known whether the Inland Border Facility will create extra demand for the Council's trading standards service, it is widely accepted that new demands will be placed on local authority regulatory services over the coming months and years as a result of new checks on goods and the support needed to business, particularly as new trade deals and cross border arrangements start to take shape. In order to ensure there is sufficient capacity to fulfil our duties around consumer protection, it is recommended that an additional band E post for a two year fixed term is established. This will cover any additional demand from the Inland Border Facility and, potentially, any which might arise if the Airport's application to be a designated Border Control Post from July 2021 is successful.
- 5.9 Approval is therefore sought to create a new reserve of £180,000 funded from Brexit preparation funds carried forward from previous years to fund the costs of these two additional posts over a two year period.

6. Implications and Considerations

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

Priority:	Contribution:
<p>Economy:</p> <ol style="list-style-type: none"> 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.
<p>Environment:</p> <ol style="list-style-type: none"> 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.
<p>People and Communities:</p> <ol style="list-style-type: none"> 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 is a fundamental part of the services within this portfolio. There are no new 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 (Aligning Resources To Our Priorities Board) 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 3 Financial Position.

8. Background papers used to compile this report

8.1 N/A

9. List of other relevant documents

9.1 N/A