

CABINET - 11 February 2021

MINUTES (EXTRACT)

Present: Councillors: I Courts, K Grinsell, K Hawkins, A Mackiewicz, K Meeson, T Richards OBE, A Rolf, R Sleigh OBE, J Tildesley, A Adeyemo, and S Caudwell

Officers: Nick Page, Paul Johnson, Deborah Merry, Andrew Kinsey, Alan Brown Peter Carroll, Sam Gilbert, Ann-Marie Attfield, Tim Browne, Sangeeta Leahy, Liz Grove, Julie Cooper, Jenny Wood, Martin Clayton and Jane Game

7. BUDGET AND MEDIUM TERM FINANCIAL STRATEGY 2021/22 – 2023/24

The Cabinet was:-

- Provided with an update on the budget position for 2021/22 and subsequent years and invited to make recommendations on the budget to Full Council; and
- Updated on the Medium Term Financial Strategy and the Capital Strategy, and invited to recommend any amendments for approval by Full Council.

In introducing the item the Leader referenced his report and thanked all those Members and Officers who had contributed in the preparation of the budget. He also thanked Solihull Chamber of Commerce and the Federation of Small Business for their representations.

The Leader advised that the maximum increase the Council could implement was 4.99% (1.99% for general council tax and 3.00% for the adult social care precept). In recommending an increase in the core element of the council tax by 1.99%, with an adult social care precept increase of 1.50%, resulting in a total increase of 3.49%, the Leader was mindful of the balance which needed to be struck between the impact of a higher increase on council tax payers and of a lower increase on the services to be delivered to residents. The Leader referenced the fact that the 1.50% recommended for the Adult Social Care precept was 0.5% more than the figure in the Director's report.

Despite the very challenging conditions caused by Covid-19 and the uncertainty over future funding, the recommendations detailed in the Leader's report delivered a balanced budget over the period to 2023/24, 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.

The Director of Resources and Deputy Chief Executive's report detailed:

- Recommendations to Cabinet from the Budget Strategy Group (section 3.1);
- The Funding Gap (section 3.4)
- Budget Strategy Reserves (section 3.10)
- Business rates windfall (section 3.15)
- Budget 2021/22 (section 3.19)

CABINET - 11 February 2021

- MTFS (section 3.21)
- Prudential Borrowing (section 3.25)
- Fees and Charges (section 3.27)
- Carbon Budget (section 3.30)

Members were advised that budget proposals provided a balanced budget across all years of the MTFS as detailed in section 3.31 of the Director's report.

At the meeting the Director updated Members of some minor changes to the Environment Agency Levy of £3000, which resulted in a favourable variance of £247,000 rather than £244,000 reported at the final year of the MTFS. The Director advised that the Resources and Delivering Value Scrutiny Board at their meeting on 8 February 2021 had received the budget report, and had asked a number of questions. One minor change was suggested to the detailed MTFS document with the replacement of client to children looked after.

The Cabinet Member for Adult Social Care briefed Members on the background to the Adult Social Care precept and the rationale for the precept being set at 1.50%. The Cabinet Member recognised the impact Covid-19 had had and the need to invest in services. Specific investment had been identified in the areas of mental health services and support to carers, and the Cabinet Member provided examples of the support required and the cost of that support.

In considering the report Members asked a number of questions and made a number of comments which in summary included:

- The Leader confirmed that the Council had lobbied government for additional funding;
- In response to a number of questions Officers confirmed that written responses/clarification would be provided in relation to:
 - the difference in the figures reported in the Leaders report relating to the Revenue Account and those presented to the Health and Adult Social Care Scrutiny Board in January regarding the uplifts in Adult Social Care net pressures;
 - In relation to the Carbon budget and street lighting being down to zero admissions how was this achieved;
 - Fees and Charges one off and ongoing charges for self-build what was the on-going charge for.
- Members were of the view that the proposed budget was balanced and reasonable. It was recognised that by not setting the Council tax levy at the maximum anticipated by the government, there may be consequences in relation to future government funding. This had been balanced against the use of the Budget Strategy Reserve and the Business Rate Windfall which were in place to help mitigate shortfalls in the future.

RESOLVED:

- (i) That Council on 25 February 2021 be **Recommend** to approve a budget for 2021/22 of £151.372 million, including the forecast balances on the budget strategy reserve set out in paragraph 3.6 of the Leader's report;

CABINET - 11 February 2021

- (ii) That Council on 25 February 2021 be **Recommend** to approve the Medium Term Financial Strategy 2021/22 – 2023/24, as updated by the Leader's report, and the Corporate Capital Strategy, incorporating the Council's strategy on the flexible use of capital receipts;
- (iii) That the creation of three new reserves and contributions (Environment Services, Covid-19 grant and business rates volatility), as outlined at paragraphs 3.11 to 3.16 of the report of the Director of Resources and Deputy Chief Executive be approved;
- (iv) That the requests for £2.250 million of funding from the business rates windfall income anticipated in 2020/21, as outlined at paragraph 3.15 of the report of the Director of Resources and Deputy Chief Executive, and the recommendation to earmark the balance of the 2020/21 business rates windfall in a business rates volatility reserve, as outlined at paragraph 3.16 of the Director's report be noted;
- (v) That the contribution of the balance of the 2019/20 business rates windfall income (£5.289 million) to the budget strategy reserve, as outlined at paragraph 3.17 of the report of the Director of Resources and Deputy Chief Executive be approved;
- (vi) That the prudential borrowing requirements for the period of the MTFs, as set out at paragraph 3.25 of the report of the Director of Resources and Deputy Chief Executive be approved;
- (vii) That a further £1.000 million of prudential borrowing for the Material Recycling Facility project (taking the total from £8.000 million to £9.000 million) as outlined at paragraph 3.26 of the report of the Director of Resources and Deputy Chief Executive be approved;
- (viii) That Council on 25 February 2021 be **Recommend** to approve the fees and charges proposed within each portfolio (Appendix D of the report of the Director of Resources and Deputy Chief Executive);
- (ix) That the Council on 25 February 2021 be **Recommend** to approve the proposed carbon budget, as outlined at paragraph 3.30 and detailed in the report to the Budget Strategy Group attached at Appendix E of the report of the Director of Resources and Deputy Chief Executive;
- (x) That Council on 25 February 2021 be **Recommend** to approve an increase in the level of the general council tax in 2021/22 of 1.99%;
- (xi) That Council on 25 February 2021 be **Recommend** to approve an increase in the adult social care precept in 2021/22 of 1.50%;
- (xii) That Council on 25 February 2021 be **Recommend** to approve a budget for the Council of £151.372 million for 2021/22, funded by Band D council tax of £1,460.24 (£1,313.60 for general council tax and £146.64 for adult social care); and
- (xiii) That it be noted that there is a requirement for a recorded vote to be taken on the budget and the level of council tax at the Full Council meeting on 25 February.

CABINET - 11 February 2021

The meeting ended at 8.10pm