

Meeting date: 11 February 2021

Report to: Full Cabinet



Subject/report title: Budget and council tax recommendation 2021/22

Report from: The Leader of the Council

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

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:

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 2021/22 – 2023/24 under agenda item 7. This report makes a budget recommendation, as per paragraph 2.11 of agenda item 7 (page 42), and supports the recommendation that the updated Medium Term Financial Strategy and Corporate Capital Strategy be approved, as set out in paragraph 2.4 of agenda item 7 (page 41).
- 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 2021/22 of £151.372 million, including the forecast balances on the budget strategy reserve set out in paragraph 3.6 below, for approval by Full Council on 25 February.
- 2.2 Recommend the Medium Term Financial Strategy 2021/22 – 2023/24, 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 25 February.
- 2.3 Approve 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 elsewhere on your agenda.

- 2.4 Note 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 elsewhere on your agenda, 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 that report.
- 2.5 Approve 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 elsewhere on your agenda.
- 2.6 Approve 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.
- 2.7 Approve 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.
- 2.8 Recommend the fees and charges proposed within each portfolio (Appendix D of the report of the Director of Resources and Deputy Chief Executive), for approval by Full Council on 25 February.
- 2.9 Recommend that Full Council approves 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 elsewhere on your agenda.
- 2.10 Recommend an increase in the level of the general council tax in 2021/22 of 1.99%, for approval by Full Council on 25 February.
- 2.11 Recommend an increase in the adult social care precept in 2021/22 of 1.50%, for approval by Full Council on 25 February.
- 2.12 Recommend 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), for approval by Full Council on 25 February.
- 2.13 Note the requirement for a recorded vote on the budget and the level of council tax at the Full Council meeting on 25 February, as set out in paragraph 3.9 below.

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 2021/22 and seeks a recommendation to go forward to Full Council. That report also recommends the Medium Term Financial Strategy Plan 2021/22 – 2023/24 (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 will support the Council and our borough in the process of recovery and reset from the impact of Covid-19.
- 3.3 The maximum increase the Council could implement in 2021/22 would be 4.99% (1.99% for general council tax and 3.00% for the adult social care precept). Indications are that council tax increases for the majority of upper tier Councils will be at or around this level. In arriving at a council tax recommendation, there is a balance to be struck between the impact of a higher increase on council tax payers and of a lower increase on the services delivered to residents. I am therefore recommending that the core element of the council tax charge will be increased by 1.99% in 2021/22, with the adult social care precept increasing by 1.50%, resulting in a total increase of 3.49%. For Adult Social Care, this is 0.50% more than the figures included in the report of the Director of Resources and Deputy Chief Executive, which will provide additional funding to support our most vulnerable residents.
- 3.4 The final local government finance settlement, which was published on 4 February 2021, confirmed the announcements made in the provisional settlement with only a minor change in the lower tier services grant figure which does not affect the MTFS. The table below summarises the impact of my recommendations and also shows the effect of the provisional Environment Agency levy.

	2021/22 £'000	2022/23 £'000	2023/24 £'000	2023/24 £'000
	One-off	One-off	One-off	Ongoing
Net additional saving to / (use of) budget strategy reserve per cabinet report	3,293	1,321	(833)	244
Additional 0.5% increase on adult social care precept	544	570	0	596
Additional ASC precept applied to ASC pressures (as identified in report to January 2021 Health & Adult Social Care Scrutiny Board)	(544)	(570)	0	(596)
Environment Agency levy	3	3	0	3
Revised net additional saving to / (use of) budget strategy reserve	3,296	1,324	(833)	247

- 3.5 There is a favourable ongoing variance of £247,000 in 2023/24, which is included in the MTFS as a contribution to the budget strategy reserve.
- 3.6 The forecast balances on the budget strategy reserve, taking into account the movements shown in the table at paragraph 3.4, are shown in the table below.

	March 2021 £'000	March 2022 £'000	March 2023 £'000	March 2024 £'000
Revised forecast balance	9,655	10,259	13,435	12,849

- 3.7 Appendix A provides an updated breakdown of the revenue budget that is given in Appendix A of the Medium Term Financial Strategy. Appendix B updates the table in section 3.19 of the budget report from the Director of Resources and Deputy Chief Executive to reflect the impact of my recommendations.

3.8 I am pleased that, despite the very challenging conditions caused by the coronavirus pandemic and ongoing uncertainty over future funding, the proposals before members tonight will deliver 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.

3.9 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 On the basis of the current figures there will be a small favourable ongoing variance of £247,000 in 2023/24.

5.2 I therefore have confidence that the total council tax increase of 3.49% 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:
<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. 	<p>The budget and MTFS address all of the Council's priorities, with additional resources provided specifically in support of this priority through the permanent realignment of budgets.</p>
<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. 	<p>The budget and MTFS address all of the Council's priorities, with additional resources provided specifically in support of this priority through the permanent realignment of budgets.</p>
<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. 	<p>The budget and MTFS address all of the Council's priorities, with additional resources provided specifically in support of children's services through the permanent realignment of budgets, and the</p>

9. Sustainable, quality, affordable provision for adults & children with complex needs.	continuation of additional funding for adult social care.
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6.2 Consultation and Scrutiny:

6.2.1 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.

6.5 Risk implications:

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

6.6 Equality implications:

6.6.1 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 A to Medium Term Financial Strategy 2021/22 – 2023/24.

7.2 Appendix B: Updated summary budget table to replace table at paragraph 3.19 of agenda item 7.

8. Background papers used to compile this report

8.1 None

9. List of other relevant documents

9.1 None