

**Meeting date:** 4<sup>th</sup> March 2021  
**Report to:** Cabinet Member Growth and Infrastructure Delivery



**Subject/report title:** **REVENUE AND CAPITAL MONITORING 2020/21 AS AT 31<sup>st</sup> DECEMBER 2020**  
**Report from:** Director of Economy and Infrastructure 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

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**1. Purpose of Report**

- 1.1 To inform the Cabinet Member of the Portfolio's latest forecast financial position as at the 31<sup>st</sup> 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 31<sup>st</sup> 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 31<sup>st</sup> December 2020.
- 2.3 To approve in conjunction with the Cabinet Member for Resources, a new reserve for Small Habitats Grants Programme uncommitted funding in order to mitigate against potential delivery and contractual risks resulting from the overall Wildlife Ways

programme for up to 5 years post-delivery.

### **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 and the savings position for 2020/21 to 2022/23 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 £1.024million. The forecast outturn expenditure for this year is giving an overall favourable variance of (£266,000) which includes an adverse variance in respect of Covid-19 of £42,000 after funding from the Government's income recovery scheme has been applied. The position excluding the Covid-19 impact is a (£308,000) favourable variance. 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 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 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.
- 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 £26.329 million. The forecast outturn expenditure for the year is giving an overall adverse variance of £293,000 – explanations can be found in Appendix A.

### **Budget Strategy Savings 2020/21 to 2022/23**

- 3.13 For 2020/21 the total savings target is £2,000 which is all rated green.
- 3.14 For 2021/22 there are no savings within this portfolio.
- 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**

- 5.1 The current Small Grants programme is a £2.200m GBSLEP (Greater Birmingham and Solihull Local Enterprise partnership) Habitats Grants Programme grants available to projects across the GBSLEP area to improve the habitat value of land and water for people and wildlife. The funding for the Small Habitat's Grant programme built in a 10% element that was budgeted to be used towards the overall costs of the Green Corridors element of the Wildlife Ways programme. As the costs of the delivery of the Green Corridors elements are lower than originally anticipated, this element (projected to be £220,000 over the lifetime of the current programme) is no longer required for its original purpose.
- 5.2 However, there are inherent risks for the remaining lifetime of the Small Habitats Grants programme in relation to delivery (e.g. risks relating to maintenance of the green areas particularly around any risks there may be of flooding or other adverse weather conditions) and funding claw back/penalties as the programme will be subject to external audit.

- 5.3 In addition the Council is contracted to MHCLG, the Department of Transport and the West Midlands Combined Authority to maintain the overall Wildlife Ways programme for 5 years post-delivery so it would be prudent to ring fence any uncommitted funding from the Small Habitats Grant programme to mitigate against any associated future risks there may be to the remainder of the overall Wildlife Ways programme with the creation of a time limited reserve.
- 5.4 Approval is therefore sought for the setting up of a new reserve for uncommitted Small Habitats Grants Programme funding in order to mitigate against potential delivery and contractual risks to cover the overall Wildlife Ways programme for up to 5 years post-delivery.

## 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"> <li>1. Revitalising our towns and local centres.</li> <li>2. UK Central (UKC) and maximising the opportunities of HS2.</li> <li>3. Increase the supply of housing, especially affordable and social housing.</li> </ol>	<p>The economy is a key area of consideration for the services within this portfolio with the revitalisation of our towns and local centres, UK Central and maximising the opportunities of HS2 being central to everything they do. There are no new implications from this report.</p>
<p>Environment:</p> <ol style="list-style-type: none"> <li>4. Enhance Solihull's natural environment.</li> <li>5. Improve Solihull's air quality.</li> <li>6. Reduce Solihull's net carbon emissions.</li> </ol>	<p>The environment is a key area of consideration for the services within this portfolio. The projects being delivered within this portfolio will contribute to the enhancement of the natural environment, improvement to air quality and reduction to carbon emissions. There are no new implications from this report.</p>
<p>People and Communities:</p> <ol style="list-style-type: none"> <li>7. Take action to improve life chances in our most disadvantaged communities.</li> <li>8. Enable communities to thrive.</li> <li>9. Sustainable, quality, affordable provision for adults &amp; children with complex needs.</li> </ol>	<p>People and communities are an important area of consideration for the services within this portfolio, with all possible efforts being made to ensure that services are delivered and policies are determined in a manner that is equitable to all, allowing communities to thrive and enhancing the life chances of disadvantaged communities. There are no new implications from this report.</p>

6.2 Consultation and Scrutiny:

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 2020/21 Financial Position

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

8.1 N/A

## 9. **List of other relevant documents**

9.1 N/A