

CABINET - 11 February 2021

MINUTES

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

1. APOLOGIES

Cllr Nash submitted her apologies.

2. DECLARATION OF INTEREST

Cllr Richards reminded Members in relation to the reports on Birmingham Airport he was a Non-Executive Director of BIA, appointed by the Council. Cllr Sleigh reminded Members in relation to item 15 on the agenda he was Chairman of Combined Authority Investment Board.

3. QUESTIONS AND DEPUTATIONS

None received.

4. MINUTES

The minutes of the meeting held on 14 January 2021 were presented for information only.

RESOLVED:

That the minutes of the meeting held on 14 January 2021 be received for information.

5. MEDIUM TERM FINANCIAL STRATEGY UPDATE (INCORPORATING THE PERIOD 9 POSITION) AS AT 31ST DECEMBER 2020

The Cabinet was:

- Provided with an outline of the Medium Term Financial Strategy (MTFS) latest financial position as at 31 December 2020 (Period 9) including the latest Covid-19 financial impact as at the same date;
- Invited to approve the creation of an Early Years Reserve in the Dedicated Schools Grant portfolio, as detailed in paragraph 3.18 of the report;
- Provided with the latest Red, Amber and Green (RAG) ratings for the delivery of the (MTFS) savings 2020/21 to 2022/23, as detailed in Appendix A;

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- Updated on the forecasted Covid-19 financial position for this financial year compared to the position reported to Cabinet in November 2020;
- Provided with an outline of all the additional Covid-19 funding sources the Council had received notification of as at 31 December 2020, as detailed in Appendix B;
- Provided with details of the budget movements which had taken place up to Period 9 of this financial year, as required by Financial Regulations and the revised budget following those movements, as detailed in Appendix C which Members were asked to approve; and
- Provided with a summary of the reports to the individual Cabinet portfolio meetings made during February and March 2021.

Members were advised that in relation to the Core Council Revenue Budget, excluding the Covid-19 financial impact, there was a net nil variance on the Core Council and an adverse variance of £8.839m for the Dedicated Schools Grant (DSG). Members were reminded that Cabinet had previously approved a DSG Recovery Plan. The report detailed the positions for each Portfolio, excluding Covid-19.

With regard to the Core Council Revenue Covid-19 financial impact 2021/21- forecast outturn position paragraph 3.19 of the report detailed the position. The position continued to evolve, but as of 31 December (Period 9) there was no adverse impact on the Council's overall financial position in the current financial year. However, this position did not take account of the current lock down announced on 4 January 2021. The impact on individual Portfolio's was detailed in the report. The report from paragraph 3.32 detailed other Covid-19 related Government funding allocations and progress to date.

In relation to the Capital budget – forecast outturn position it was reported that there was a favourable variance of (£1.956m), which was summarised by Portfolio in the report. With regard to the MTFS RAG status of savings 2020/21 to 2022/23, to the end of December 2020 there was an overall positive position. Of the overall savings target of £14.174m, only £2.053m was now rated as red/amber, of which £0.262m was due to Covid-19 implications.

RESOLVED:

- (i) That the current financial position be noted and Members confirmed that no further action was required to address budget variances at this time;
- (ii) That the creation of an Early Years Reserve in the Dedicated Schools Grant detailed in paragraph 3.18 be approved;
- (iii) That the latest Red, Amber and Green (RAG) ratings for the delivery of the (MTFS) savings 2020/21 to 2022/23, as detailed in Appendix A be noted;
- (iv) That the Covid-19 financial position and funding sources summarised in the report and further outlined in Appendix B be noted; and
- (v) That the budget adjustments up to Period 9 of 2020/21 as summarised in Appendix C be approved.

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6. HOUSING REVENUE ACCOUNT ESTIMATES AND RENT INCREASES 2021/22

The Cabinet was invited to consider the Housing Revenue Account (HRA) budget estimates for 2021/22, the Management Fee payable to Solihull Community Housing (SCH) and the proposed changes in dwelling and garage rents and leaseholder management fees for 2021/22.

The Assistant Director of Finance and Property Services introduced the report and summarised the rationale and actions which were required as detailed in the report and covered the following areas:

- HRA Estimates and Rents
- Investment in Housing Stock/Housing Capital Programme
- SCH Management Fee
- HRA Reserves
- Garage Rents
- Other Miscellaneous Charges
- Leaseholder Management Fees

On receiving the report Officers clarified a number of points and advised investment in stock growth meant the acquiring of new properties. On the question of setting the rental increases at RPI Members were advised that increases had to be set at CPI. It was recognised that some 20% of SCH tenants were already in receipt of housing benefit and so received support with paying their bills. The point was also made that in not increasing the rents it would make it harder to secure grants/loans to build new Council houses.

RESOLVED:

- (i) That an average rent increase (excluding service charges) of 1.5% (£1.25 per week on a 50-week basis) to £85.87 from 1 April 2021 for HRA stock be approved;
- (ii) That an average rent increase of 1.5% (£1.66 per week on a 50-week basis) to £112.05 from 1 April 2021 for SMBC Affordable Homes be approved;
- (iii) That an average rent increase of 1.5% for Saxon Court (£1.52 per week on a 50-week basis) to £103.08 from 1 April 2021 be approved;
- (iv) That a rent increase of RPI (as at February 2021) + 0.5%, as per lease agreements, from 1 April 2021 for HRA shared ownership properties be approved;
- (v) That the different rent increases for SCH Part Ownership properties and SCH owned Affordable Homes be noted;
- (vi) That an increase in garage rents set out in Appendix D, from 1 April 2021 be approved;
- (vii) That the decrease in Leaseholder Management Fees from £157 to £133 per annum be approved;

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- (viii) That the Housing Revenue Account budget for 2021/22 including the SCH Management Fee as set out in the HRA Business Plan Financial Forecast at Appendix A be approved;
- (ix) That the SCH Management Agreement for 2021/22 – 2025/26 be approved;
- (x) That the three year budget savings set out in Appendix C be approved;
and
- (xi) That the fees and charges approved by the SCH Board on 30 November 2020 set out in Appendix D be noted.

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)
- MTFS (section 3.21)

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- 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;

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- (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.

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8. SOLIHULL'S NET ZERO ACTION PLAN GREEN PAPER

Cabinet approval was sought for the public consultation on the Solihull Net Zero Action Plan (NZAP) Green Paper. It included information on the content of the NZAP Green Paper and next steps.

The report before Members covered:

- The context of the NZAP
- The summary of Green Paper contents including:
 - Objectives and Purpose
 - Evidence Base: Emission Baseline, Carbon Budget and Carbon Trajectories
 - Intervention Criteria
 - Intervention Analysis
 - The next steps, including approach to communication and engagement.

The report detailed the purpose of developing a Net Zero Action Plan (NZAP) which was to create a prioritised and costed action plan which identified a pathway for Solihull to decarbonise. The NZAP would be a key mechanism supporting Solihull Council's ambition to be a Net Zero Borough by 2041.

The Net Zero Action Plan was a key tool in ensuring that Solihull was able to rise to the challenge of decarbonisation whilst ensuring that the Council was ready to make the most of the benefits of reducing CO2 emissions. These benefits could include better air quality, improved natural environment, better homes, costs saved and new green jobs. The Green Paper provided the evidence base that would be used to create the final NZAP. Officers at the meeting provided Members with more detail about the proposal.

On receiving the report Members made a number of comments/observations which in summary included:

- Given that a number of actions were set out it was important to clarify who would be responsible for carrying out these and with the support of whom. This was important as the Council would not be delivering this Plan in isolation, government and other agencies, as well businesses and local people would have a part to play;
- It was recognised that the Plan was in its early stages but some concern was expressed over some of the targets set for housing such as ECP and retro fitting targets and recycling. With regard to targets set for rail electrification and use of EV cars and hybrid vehicles some Members questioned how realistic this was;
- In relation to the public consultation Members agreed careful consideration needed to be given to a Comms strategy as an all-digital approach would limit the reach of the consultation; and
- Members recognised that there was some tough issues to crack and there would be consequences and it was important that as the Council moved to a low carbon economy people and communities were part of that journey and businesses recognised the opportunities as well.

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RESOLVED:

- (i) That the Net Zero Solihull Green Paper Executive Summary and Net Zero Solihull Green Paper contained in Appendix A and B to the report be noted;
- (ii) That the public consultation on the Net Zero Solihull Green Paper and Executive Summary be approved;
- (iii) That it be agreed that delegated authority be given to the Assistant Director of Highways & Environment in conjunction with Cabinet Member for Climate Change, Planning & Housing, to approve any final amendments to the Green Paper following Cabinet approval, prior to public consultation.

9. UPDATE ON APPLICATIONS TO FUNDING BODIES THAT SUPPORT THE COUNCIL'S PRIORITIES

The Cabinet was:

- informed of the progress of external funding applications made on behalf of the Council; and
- Invited to agree to the acceptance of external funding to support the delivery of the Council's priorities.

Members were advised that the Council had an ambitious agenda which could not be entirely funded by the Council's own resources. Securing the external funding supported the delivery of the Council's Growth and Development Investment Plan. The report provided details on the individual application as set out in the report.

RESOLVED:

- (i) That the following four applications be approved:
 - An application to the Department for Business, Energy & Industrial Strategy's Public Sector Decarbonisation Scheme;
 - **Project A** – Upgrade of secondary heating systems at The Core and Tudor Grange Leisure Centre (application value of £1.31m);
 - An application to the Department for Business, Energy & Industrial Strategy's Low Carbon Skills Fund;
 - **Project B** - Solihull Council Net Zero 2030 Heat Decarbonisation Plan (application value of £195k)
- (ii) That it be noted that the Council is a delivery partner in the Warwickshire Wildlife Trust application to Defra's Green Recovery Challenge Fund, (application value of £705k)
 - **Project C** – 'Love your River Cole', carrying out river restoration work at Meriden Park;

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- (iii) That it be noted that Midlands Energy Hub have asked for Expressions of Interest to the Green Homes Grant scheme. (Indicative capital allocation value of £875K)
 - **Project D** – support for energy efficiency measures in homes (all tenures) - focusing on the least energy efficient (i.e. those with an Energy Performance Certificate of D, E, F or G).
- (iv) That it be agreed that delegated authority be given to the relevant Director to sign any contractual arrangements associated with the applications, set out above, in conjunction with the relevant Cabinet Member.

10. BIRMINGHAM AIRPORT

Cabinet approval was sought for the Council to provide Shareholder support if required. The commercial details for the recommendations were included in the private part of the agenda.

Members were advised that Birmingham Airport made a very significant contribution to the regional economy, with a direct and indirect contribution to growth and employment. In recent years, the Council had received a significant return from its investment in Birmingham Airport Holdings Limited (“BAHL”).

2020/21 had been a challenging year due to the uncertainty created by the Covid-19 pandemic for both BAHL and the Airline sector across the UK and globally. For BAHL the priority had been to maintain sufficient liquidity levels to support the airport into the future as a key strategic regeneration catalyst, whilst ensuring that it was ready to return to full capacity as soon as travel restrictions were lifted.

The report detailed the ownership breakdown of BAHL between the 7 West Midlands Local Authorities and the dividends received by the Council. The report provided some context in relation to the significant role the Airport played with regard to the regional economy. BAHL had reduced costs where possible and this had resulted in around a 43% reduction in roles throughout the workforce.

Members were advised of the external BAHL debt facilities as detailed in section 3.4 of the report, the terms of the debt arrangements and implications of the various covenant tests which had to be met. BAHL’s proactive reduction in cash flows, meant that it was forecast to retain a satisfactory cash balance, but would not comply with the June 2021 covenant ratios unless passenger volumes and revenues recovered quickly. A combination of a further waiver and shareholder support was therefore required to avoid a covenant breach. The financial analysis regarding the decision was detailed in the private part of the agenda.

Given that Birmingham Airport was a critical asset for the region, the recommendation was that the shareholders provided a loan facility to BAHL, of which Solihull’s share would be £3.7 million.

On commenting on the report some Members referenced the previous report on the Net Zero Action Plan and how this report would support the aims in that plan.

Members recognised what a valuable asset the airport was for the Borough and the wider region and by making this investment the Council was showing its confidence in

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the airport as well as doing the right thing for the people of Solihull. Furthermore by making the investment the Council would be retaining control, which would be lost otherwise.

It was noted that the aviation industry would be making their own technological advances with regard to more efficient aircraft design and the airport had their own Climate Change proposals.

Members went on to discuss the financial implications of the report in private.

RESOLVED:

- (i) That Full Council be **Recommended** to approve a loan facility to BAHL on commercial market terms up to the value of £3.7 million, under Section 8.9 of the Council's Treasury Management Strategy; and
- (ii) That the Director of Resources and Deputy Chief Executive, in consultation with the Cabinet Member for Resources be authorised to take all necessary actions including entering into the relevant legal agreements, required to make the loan.

11. EXCLUSION OF THE PUBLIC AND PRESS

RESOLVED:

That, pursuant to Section 100A (4) of the Local Government Act 1972, the press and public be now excluded from the meeting for the remainder of the business to be transacted, on the grounds that there would be disclosure to them of exempt information in terms of paragraph 3 of Part 1 of Schedule 12A to the said Act.

12. PRIVATE MINUTES

13. BIRMINGHAM AIRPORT

14. ACQUISITION OF A PROPERTY IN CHELMSLEY WOOD

15. UPDATE ON APPLICATIONS TO FUNDING BODIES THAT SUPPORT THE COUNCIL'S PRIORITIES

The meeting ended at 8.10pm