

Meeting date: 17th January 2023

Report to: Economic Development and Managed Growth Scrutiny Board

Report title: MTFs Update – Budget Strategy 2023/24 – 2025/26

Report from: The Director of Resources and Deputy Chief Executive and the Director for Economy and Infrastructure

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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:

1. Executive Summary

1.1 Each scrutiny board in January will receive a report outlining the budget proposals identified within their respective portfolios for the period from 2023/24 to 2025/26. The positions outlined in these reports, which have been endorsed by the Budget Strategy Group, are summarised in the table below.

Directorate	2023/24 £'000	2024/25 £'000	2025/26 £'000
Adult Social Care	0	2,910	3,089
Children’s services	8,669	8,640	7,314
Economy and Infrastructure	0	1,425	1,064
Resources	(5,610)	(1,212)	(2,327)
Public Health	0	0	0
Total net funding pressure	3,059	11,763	9,140

1.2 The report outlines the forecast budget position in respect of the Climate Change, Planning and Housing portfolio in more detail, explaining the pressures identified over the period to 2025/26 and the actions proposed to mitigate them.

- 1.3 The key pressure highlighted in the report is the cost of ensuring compliance with new Building Safety Legislation.
- 1.4 The main proposal affecting this portfolio to mitigate Economy and Infrastructure directorate pressures is a review of the Communities and Partnerships division.
- 1.5 The report also draws members' attention to some particular risks relevant to the portfolio's budget position. The main risk highlighted is the uncertain cost and funding of achieving net zero carbon.
- 1.6 At its meeting in February, Full Cabinet will be asked to approve the fees and charges for each portfolio alongside the budget proposals. This report includes details of the proposed fees and charges for 2023/24.
- 1.7 Finally, the report highlights forecast funding gaps for the period from 2023/24 to 2025/26, as reported to the Budget Strategy Group and Members' Budget Seminar. As noted in the report, a fourth meeting of the Budget Strategy has been scheduled for January to consider the updated position following the conclusion of some outstanding matters.
- 1.8 Feedback on the budget proposals included within this report will be reported to the Resources and Delivering Value Scrutiny Board and Full Cabinet next month.

2. Decision(s) Recommended

- 2.1 Note the pressures and mitigating actions set out in Appendix A and agree any comments to be fed back to the Resources and Delivering Value Scrutiny Board and Full Cabinet in February 2023.
- 2.2 Consider the schedule of fees and charges proposed for 2023/24, as attached at Appendix B, and agree any comments to be fed back to the Resources and Delivering Value Scrutiny Board and Full Cabinet in February 2023.

Report Title: MTFS Update – Budget Strategy 2023/24 – 2024/25

1. Matters for Consideration

Climate change, Planning and Housing Portfolio

- 1.1 Appendix A sets out the current realised pressures facing the portfolio and the proposed mitigations, including links to the Council's priorities.
- 1.2 A new Building Safety Act came into effect in 2022. This impacted on the Council in two ways, firstly as the owner or potential developer of tall buildings and secondly in its role as a regulator for local building safety. The Building Safety Programme has reviewed the services within the Council that will be required to deliver the new Building Safety Regulatory Regime.
- 1.3 The Building Safety Act places new responsibilities upon the Building Control team. The new regime encompasses existing buildings, where historically Building Control officers have mainly been involved in matters concerning new buildings. This increases demand on the team so it is recommended to create additional capacity to manage the additional workload.
- 1.4 To manage the pressures outlined above and in other portfolios within the Economy and Infrastructure Directorate, a number of mitigations have been identified, as shown at Appendix A and summarised below.
- 1.5 A review is underway of the Communities and Partnerships staffing structure which delivers priorities within Climate Change, Planning and Housing, Communities and Leisure, Partnerships and Wellbeing and Resources portfolios. This is expected to deliver an on-going saving of £50,000 from 2023/24.
- 1.6 There are a number of other proposed mitigations within other portfolios of the Economy and Infrastructure Directorate. These will be considered by the Stronger Communities and Neighbourhood Services or Resources and Delivering Value Scrutiny Boards.
- 1.7 All of the proposed mitigations will enable a balanced position for the Economy and Infrastructure Directorate for 2022/23 and 2023/24. Beyond this there are still net pressures of £1.425 million one off in 2024/25 and £1.064 million on-going from 2025/26.

Risks and key assumptions

- 1.8 Under CIPFA's Financial Management Code, the authority must demonstrate that it understands its prospects for financial sustainability, including the potential impact of key risks on its budget plans.
- 1.9 Key risks relevant to the budget proposals within this portfolio are summarised below:

Net Zero Carbon

- 1.10 The Council has made a commitment to deliver net zero carbon by 2030. A report on the Carbon Budget setting out current progress and future emissions targets was

reported to the third meeting of the Budget Strategy Group. Work is on-going to develop detailed plans of how to achieve net zero and to understand the associated costs. The Council will then need to consider funding options which is likely to include bidding for external grant funding. For any residual emissions in 2030 there will be an on-going cost of purchasing carbon offsetting.

Fees and charges

1.11 As part of the Council's fees and charges policy, the charges levied by the Council need to be approved annually as part of the budget setting process. A schedule of fees and charges relevant to this scrutiny board is attached at Appendix B to this report. These fees and charges take into account the guidance set out in the Council's policy and have been reviewed in the light of the pressures faced by the Council and with reference to current and forecast inflation.

2. What options have been considered and what is the evidence telling us about them?

2.1 In developing the budget proposals for review by the Budget Strategy Group, the directorate leadership teams worked with the cabinet portfolio holders to establish the scale of the pressures and identify mitigating actions within each service area. Background information was provided for each cabinet portfolio to give the Group further context for the consideration of the budget proposals.

2.2 The indicative budgets for the services relating to this scrutiny board are attached at Appendix C, together with an overview of the projected reserves position. It should be noted that the budget figures are provisional and likely to change, and that the reserves figures are as reported at Period 6 and may not therefore reflect proposals put forward as part of the budget process. This information will assist members in considering the budget proposals included in this report.

3. Reasons for recommending preferred option

3.1 As outlined in section 1 above, the recommendations of the Budget Strategy Group are based on the consideration of the particular financial constraints and service delivery context of each individual service area.

3.2 The Group endorsed the inclusion in the updated MTFs of the net pressures summarised in this report in paragraphs **Error! Reference source not found.** to 1.7 and detailed in Appendix A. The net impact of the position across all the portfolios, together with increases in funding for inflationary pressures and other corporate items, is a forecast funding gap for each of the three years, as shown in the table below.

	2023/24 £'000	2024/25 £'000	2025/26 £'000
Net forecast funding gap	1,307	14,804	11,420*

* Net of one-off savings of £1.947m

3.3 The Budget Strategy Group agreed to meet for a fourth time in January to consider final changes to the MTFs assumptions, including the impact of the provisional finance settlement, announced before Christmas, and final forecasts for business

rates income and the council tax base. The Group will then agree a budget recommendation to be made to Full Cabinet in February.

4. Implications and Considerations

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

Priority:	Contribution:
<p>People and Communities:</p> <ol style="list-style-type: none"> 1. Improving outcomes for children and young people in Solihull. 2. Good quality, responsive, and dignified care and support for Adults in Solihull when they need it. 3. Take action to improve life chances and health outcomes in our most disadvantaged communities. 4. Enable communities to thrive. 	<p>The MTFs provides the financial framework which supports the delivery of the Council Plan. The high level implications of the proposed pressures, mitigations and savings for the Council's priorities are indicated in the tables in the appendices</p>
<p>Economy:</p> <ol style="list-style-type: none"> 5. Develop and promote the borough's economy, with a focus on revitalising our town and local centres. 6. Maximising the opportunities of UK Central and HS2. 7. Increase the supply of affordable and social housing that is environmentally sustainable. 	<p>The MTFs provides the financial framework which supports the delivery of the Council Plan. The high level implications of the proposed pressures, mitigations and savings for the Council's priorities are indicated in the tables in the appendices</p>
<p>Environment:</p> <ol style="list-style-type: none"> 8. Enhance our natural environment, improve air quality and reduce net carbon emissions. 	<p>The MTFs provides the financial framework which supports the delivery of the Council Plan. The high level implications of the proposed pressures, mitigations and savings for the Council's priorities are indicated in the tables in the appendices</p>
<ol style="list-style-type: none"> 9. Promote employee wellbeing 	<p>The MTFs provides the financial framework which supports the delivery of the Council Plan. The high level implications of the proposed pressures, mitigations and savings for the Council's priorities are indicated in the tables in the appendices</p>

4.2 Consultation and Scrutiny:

4.2.1 The budget proposals were shared with all members at a seminar in December 2022 and each scrutiny board is now asked to consider the proposals which relate to their cabinet portfolios in more detail.

- 4.2.2 Consultation with the public will take place on specific proposals where appropriate. The budget recommendations outlined here have been shared with the unions and feedback will be presented to the Resources and Delivering Value Scrutiny Board on 2 February and Full Cabinet on 9 February.
- 4.3 Financial implications:
 - 4.3.1 In order to set a balanced budget, the authority's limited resources need to be targeted at the Council's priorities and any unfunded service pressures will have to be met from corresponding reductions in spending.
- 4.4 Legal implications:
 - 4.4.1 The budget proposals were developed with regard to legal implications where applicable.
- 4.5 Risk implications, including Risk Appetite:
 - 4.5.1 Failure to deliver the MTFs is currently rated as a net nine risk on the Council's corporate risk register. The report to Full Council in February will need to demonstrate how this risk has been mitigated.
- 4.6 Equality implications:
 - 4.6.1 The budget proposals will be screened for 'due regard' to equality and, where appropriate, will be subject to a Fair Treatment Assessment before implementation.
- 4.7 Linkages to our work with the West Midlands Combined Authority (WMCA), Local Enterprise Partnership or the Birmingham & Solihull Integrated Care System (ICS):
 - 4.7.1 The budget proposals are consistent with existing joint working arrangements with partners.

5. List of appendices referred to

- 5.1 Appendix A: Pressures and Mitigating Actions 2022/23 to 2025/26
- 5.2 Appendix B: Proposed Fees and Charges 2023/24
- 5.3 Appendix C: Indicative Service Budgets 2023/24

6. Background papers used to compile this report

- 6.1 None

7. List of Other Relevant Documents

- 7.1 None