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RESOURCES & DELIVERING VALUE SCRUTINY BOARD - 1 February 2022

MINUTES

Present Councillors: M Parker (Chairman), B Groom, M Allen and A Mackenzie

Guests: Councillor I Courts, Councillor K Grinsell, Councillor A Rolf, Councillor T Diccio, Councillor K Hawkins, Councillor R Sleigh OBE

Officers Nick Page: Chief Executive, Solihull Metropolitan Borough Council
Paul Johnson: Director of Resources and Deputy Chief Executive
Jenny Wood: Director, Adult Care & Support
Ruth Tennant: Director, Public Health & Commissioning
Tim Browne: Director of Children's Services and Skills
Mary Morrissey: Director Economy & Infrastructure
Alan Brown: Assistant Director, Highways & Environment
Sam Gilbert: Assistant Director, Finance & Property Services
Julie Cooper: Head of Financial Operations
Lauren Beach: Economy & Infrastructure Finance Manager
Stuart McHale: Children's Services Finance Manager
Andrea Santer: Finance Manager
John Robinson: Treasury & Corporate Accountant
Anna Leggett: Senior Accountant (R&T)
Mohammed Irfan: Adult Social Care & Support Finance Manager
Adam Paterson: Finance Manager
Paul Rogers: Democratic Services

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors S Davis, for whom Councillor A Mackenzie was substituting.

2. DECLARATIONS OF PECUNIARY OR CONFLICTS OF INTEREST

No declarations of interest were received.

3. QUESTIONS AND DEPUTATIONS

No questions or deputations were received.

4. MINUTES

The Resources and Delivering Value Scrutiny Board:

RESOLVED:

- (i) To agree the Minutes arising from the Resources and Delivering Value Scrutiny Board meeting held on 4 January 2022 as an accurate record.

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5. BUDGET AND MEDIUM TERM FINANCIAL STRATEGY 2022/23 – 2024/25

The report before the Scrutiny Board provided an update on the budget position for 2022/23 and subsequent years and to seek feedback on the budget proposals for Full Cabinet. The Director of Resources and Deputy Chief Executive presented the report.

Members of the Scrutiny Board were informed that the Budget Strategy Group (BSG) had convened four times as part of the Budget and MTFs setting process for 2022/23 – 2024/25. All of the Scrutiny Boards budget comments were detailed in Appendix B. The budget proposals included an updated three year MTFs and Capital Strategy. The Budget and Medium Term Financial Strategy 2022/23 – 2024/25 before the Scrutiny Board had also been shared with the Trade Unions.

Page ten of the report detailing *Matters for Consideration* was included in the last Budget and MTFs report submitted to the Resources and Delivering Value Scrutiny Board in January 2022. As previously reported, no budget savings were proposed for any of the Portfolios.

Members' attention was drawn to the significant investment across Children's Services, amounting to in excess of £6M per annum. Corporate pressures were reflected in the updated budget, which included addressing inflationary pressures and energy price increases.

The updates to the MTFs reported to the Members Seminar resulted in a funding gap for 2024/25 of £9.054M. Since that Members Seminar, a further meeting of the BSG was convened on 12 January 2022 to consider the impact of the provisional finance settlement. Following the BSG meeting of 12 January 2022 the funding gap for 2024/25 stood at £7.995M. The forecast balance on the budget strategy reserve as at March 2025 was £11.076.

Paragraph 3.28 of the report provided detail in summary of the budget proposals, which in summary stated that the budget proposals would provide a balanced budget in 2022/23 and 2023/24; significant additional funding for children's social care had been allocated; no additional corporate savings were required of any Cabinet portfolios; a forecast balance on the budget strategy reserve of £11.076M by March 2025 and a Council Tax assumption in 2022/23 of 1.0% for social care and 1.99% for the core Council.

Having received the presentation of the report from the Director of Resources and Deputy Chief Executive, Members of the Resources and Delivering Value Scrutiny Board asked a series of questions relating to the report, which in summary included the following matters:

Councillor Holl-Allen queried whether the budget proposals took account of future inflation projections and the ceasing of any grant funded assistance to counter the impact of the Covid-19 pandemic. The Director of Resources and Deputy Chief Executive confirmed that inflationary forecasts had been built into

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the budget proposals. Secondly, Covid-19 funding would cease in 2022, but the Council had planned to use this funding over a three year period.

Councillor Tildesley welcomed the Council's low risk rating against the Chartered Institute of Public Finance and Accountancy (CIPFA) financial resilience for English councils. With regard to Unaccompanied Asylum Seeking Children (UASC), Councillor Tildesley questioned whether the Council had received any response from the Home Office with regard to additional funding.

Councillor Tildesley noted the claimant rate in November 2021 for Solihull stood at 4.1%, and welcomed this statistic.

In respect of Children's Services, specifically children's placements, Councillor Tildesley noted the rise in associated placement costs of 55% in just four years and recognised the requirement for the Council to reduce such costs whilst continuing to safeguard vulnerable children and young people in Solihull.

Councillor Tildesley noted the income figure of £105M accruing from fees and charges and questioned whether this should in fact read £10.5M.

Councillor Courts advised the Scrutiny Board that he had written to the Home Office, raising the issue of Council funding to support UASC. The Chief Executive further advised the Scrutiny Board that the Council was currently not receiving any UASC from the national relocation scheme.

With respect to children's placement costs, the Chief Executive informed Members that there had been substantial rises across private sector placement costs, against which the Council had limited ability to drive down such costs.

Councillor Rebeiro asked whether the reserves were sufficient to cover the funding pressure on UASC. The Director of Resources and Deputy Chief Executive advised Members that an additional sum of £1.5M had been allocated to the Children's Services reserve, which prior to the 12 January 2022 meeting of the BSG, had stood at £1M.

The BSG took the decision to increase the contribution to the Children's reserve by a further £0.5 million

Councillor Reberio asked whether the funding pressures for UASC should be referenced in the detailed MTFS document.

Councillor McCarthy welcomed the inclusion of the carbon emissions budget within the budget proposals and questioned whether there were any associated costs pressures against that budget. The Assistant Director, Environment and Highways clarified that a carbon reserve was available. Furthermore, the Council continued to apply for suitable grants and funding opportunities in support of delivering its carbon reduction objectives.

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Councillor Groom questioned whether the additional allocation of £1.926M towards the Strategic Environment Contract (SEC) offered the Council the best value for money and, secondly, had the Council formulated any response to the Trade Unions letter regarding the budget proposals. The Director of Resources and Deputy Chief Executive advised Members that in respect of the additional funding allocated to the SEC, £1.2M related to a previous savings proposal that had now been removed and therefore the difference in the contract price was £726,000. Members were advised that the Trade Unions would receive a full response to their letter which would take account of any comments made at this meeting.

The Assistant Director, Environment and Highways further advised that the SEC included provision of zero carbon vehicles, plant and machinery, with the new contractor working towards delivering a zero carbon HGV fleet in the first five years of the SEC and moving towards recycling collections by electric vehicles. The SEC provided an improved contract specification.

Councillor Hawkins noted that in-house service provision did not equate to cheaper, better value or better quality of service provision as was evidenced through the current experiences of several local authorities nationally. Councillor Hawkins stated that the SEC was an exceptional contract, which provided more services, leading to improved quality of service delivery. Furthermore, the cost of managing risk throughout the commercial sector was high, but Councillor Hawkins was more than satisfied that the SEC was first class and provided best value for Solihull.

Councillor Parker referenced a number of substantial infrastructure and development projects, such as HS2, Kingshurst and Arden Cross and noted that the budget proposals were also in response to a rising population within the borough and to support future economic productivity. Taking this into account, Councillor Parker questioned whether any difficulties were projected in the future in delivering any of the above projects to conclusion and would the Council's future be secure through its partnership working with the WMCA. The Chief Executive advised Members that the biggest challenge facing local government was increasing and more complicated demand for Council services, such as children's services, adult social care, education services and public health services. The Chief Executive noted that a raft of policy initiatives was expected imminently from central Government, such as the Levelling Up strategy, which could potentially address some of these pressures.

As such, local government was seeing increased service demand with more complexity, whilst also having to balance the budget in order to continue to provide services going forward. The challenge faced was putting local government's case to other agencies to demonstrate that investing £1.00 in Solihull would lead to a greater return through the delivery of projects within Solihull and in wider regional partnership working. Hence Solihull was a viable opportunity for Government to secure a good return for its investment funding.

In terms of specific infrastructure and development projects, the Chief Executive highlighted that the HS2 project was vitally important to Solihull, with

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the Council working in partnership with the WMCA to deliver the Arden Cross masterplan. The Council was currently working with the Department of Transport and Treasury officials to explore the potential for establishing a health innovation campus, which would leave a lasting legacy for many years. In essence, Solihull should be viewed as a viable proposition in which to invest and grow.

Councillor Courts noted that the future scenario would be challenging in the light of the billions of pounds the Covid-19 pandemic had taken in order to keep the economy functioning, with future funding for local government being tighter than in past years. The Council also faced some specific challenges, such as not being included within the Levelling Up category of local authorities. However, this is being addressed through the Council working to put its case to Government regarding the potential Solihull could offer.

With regard to sustainable economic growth, health and well-being and climate change, Councillor Courts stated that the Council sought to make Solihull attractive for inward investment and for Government to invest into the borough, citing the investment in Arden Cross as one such example. Furthermore, the Council sought to have a stable, managed financial platform. The Council was working in partnership with a range of local and regional partners and sought to achieve the best outcomes for Solihull and the West Midlands through the WMCA. Councillor Courts noted climate change was a priority for the Council due to, for example localised flooding. New green growth and the new technology sectors were seen as opportunities to be promoted across the West Midlands region as an investment opportunity.

Members of the Scrutiny Board expressed their appreciation to Officers for the quality and comprehensiveness of the report supplied for their attention.

Having considered the Budget and Medium Term Financial Strategy 2022/23 – 2024/25 report, the Resources and Delivering Value Scrutiny Board:

RESOLVED:

- (i) To note the updated budget position as outlined in the report and pressures and mitigations detailed in Appendix A;
- (ii) To note the comments arising from the Scrutiny Boards as detailed in Appendix B;
- (iii) To note the proposal to create a new Economy and Infrastructure general reserve as outlined in paragraph 3.13 of the report;
- (iv) To note the draft updated Medium Term Financial Strategy (MTFS) and Capital Strategy as attached at Appendices C and D;

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- (v) To note the fees and charges proposed within each portfolio and detailed at Appendix F (available online only);
- (vi) To note the recommendation to roll forward the management agreement with Solihull Community Housing (SCH) as outlined in paragraph 3.26 of the report;
- (vii) To note the recommendation to Full Council in respect of the Council's carbon budget, as outlined at paragraph 3.27 of the report and detailed in the report to the Members' Budget Seminar attached at Appendix G; and,
- (viii) To note the strategic Fair Treatment Assessment attached at Appendix H.

6. EXCLUSION OF THE PRESS AND PUBLIC

The meeting was not open to the public during discussion of the following item because the report contained exempt information as defined in Schedule 12A to the Local Government Act 1972.

7. PRIVATE MINUTES

The Resources and Delivering Value Scrutiny Board:

RESOLVED:

- (i) To agree the private minutes arising from the Resources and Delivering Value Scrutiny Board meeting held on 4 January 2022.

The Resources and Delivering Value Scrutiny Board meeting
Closed at 6:47p.m.