

**Meeting date:** 2<sup>nd</sup> December 2021

**Report to:** Cabinet Member for Leisure, Tourism and Sport

**Subject/report title:** REVENUE AND CAPITAL MONITORING 2021/22 AS AT 30<sup>th</sup> SEPTEMBER

**Report from:** Director of Public Health 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
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**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 30<sup>th</sup> September 2021 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**

- 2.1 Consider and endorse the 2021/22 revenue and capital financial monitoring forecast as at 30<sup>th</sup> September 2021.
- 2.2 Consider the Portfolio's progress against the latest 3 year savings targets in the Medium Term Financial Strategy (MTFS) as at 30<sup>th</sup> September 2021.
- 2.3 In accordance with Financial Regulations to approve in conjunction with the Cabinet Member for Resources the creation of a new reserve for Chelmunds Cross Enterprise

Centre.

### **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 Public Health Directorate and Economy and Infrastructure Directorate.
- 3.3 The revenue and capital financial position, the savings position for 2021/22 to 2023/24, the key risks and opportunities 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 2021/22**

- 3.5 The latest approved revenue budget for the portfolio is £1.356million. The forecast outturn expenditure for this year is £1.316million giving a favourable variance of £40,000. This includes an adverse variance of £198,000 due to Covid-19 after funding from the Government's income recovery scheme has been applied. Further explanations can be found in Appendix A.
- 3.6 Full Cabinet will receive the MTFS update report for September (Period 6) at their meeting on the 11th November. This report, in line with the individual portfolio reports will present the financial position including any specific Covid-19 impact and will include an update to Full Cabinet on the latest projection for the use of the uncommitted Covid-19 emergency funding grant and summarise all Covid-19 funding allocations for the year. At this stage in the financial year all Covid pressures across all portfolios for the current MTFS period and the current financial year to date can be met from the uncommitted Covid-19 emergency funding grant. However, this position will need to be monitored closely throughout this year and in the event that this changes will then need to be the subject of the future quarterly monitoring reports.
- 3.7 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 and the Leisure Division of Public Health Directorate relating to Covid-19.
- 3.8 The Leisure division of Public Health Directorate is forecasting a £891,000 adverse variance as a result of Covid offset by use of unallocated Leisure revenue budget (£100,000), National Leisure Relief Fund (NLRG) grant brought forward from 2020/21 (£262,000), MHCLG Sales, Fees and Charge grant (£102,000) and use of Leisure reserves (£427,000) to give a net-nil forecast variance. MHCLG Sales, Fees and Charges was a government income recovery scheme which ceased at the end of June 2021 where local authorities could reclaim 75% of lost income attributable to Covid-19 where this was in excess of 5% of total planned income for the year.
- 3.9 Excluding the impact of Covid-19 the Leisure division is forecasting a nil variance. Note a separate report is being presented to this decision session requesting that £125,000 of uncommitted leisure funding is made available to support activity aligned

to the Commonwealth Games and that any surplus of that funding at the end of 2020/21 be contributed to the existing Leisure reserve to fund activity in 2021/22.

- 3.10 The Economy and Infrastructure Directorate is forecasting an adverse variance of £2.584million relating to Covid-19. This includes the estimated impact of the Government's income recovery scheme.
- 3.11 Excluding the impact of Covid-19 the directorate is currently forecasting a £250,000 adverse variance to be met from the release of a previously ear-marked reserve to give a balanced position. Pressures being offset are in Environment Services, in Planning Design and Engagement due to increased caseloads and in cross directorate costs including furniture to enable Smarter Ways of Working.

### **Capital Budget 2021/22**

- 3.12 The latest approved capital programme for this portfolio is £6,000. The forecast outturn expenditure for the year is nil giving a favourable variance of (£6,000).

### **Budget Strategy Savings 2021/22 to 2023/24**

- 3.13 For 2021/22 the total savings target is £300,000 which is rated green.
- 3.14 For 2022/23 the total savings target is £18,000 which is rated red.
- 3.15 For 2023/24 there are no savings for this portfolio.

### **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 Council are the landlord for Chelmunds Cross Enterprise Centre which contains 23 small business units. In the current year the units are almost fully occupied and there is a forecast surplus of £86,000 as the budget is set assuming that a percentage of units will be vacant for part of the year. In prior years the centre has struggled to reach sufficient occupancy to break even.
- 5.2 It is requested to establish a Chelmunds Cross Enterprise Centre reserve and contribute any surplus to the reserve each year, subject to the overall Economy and Infrastructure Directorate position. The reserve would be used to mitigate against the risk of reduced income in periods where the centre may not be at break even occupancy levels, and also to fund on-going building maintenance and redecoration to ensure the centre remaining an attractive environment for tenants. This does not include routine testing and servicing which will continue to be carried out as part of the Corporate Building Maintenance Pool budget. A recent stock condition survey identified around £60,000 of works which would be required over the next ten years.

## 6. Implications and Considerations

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

Priority:	Contribution:
<b>Economy:</b> 1. Revitalising our towns and local centres. 2. Deliver UK Central (UKC) and maximise the opportunities of HS2. 3. Increase the supply, quality and energy efficiency of housing, especially affordable and social housing.	Revitalising our towns and local centres is key to the work of this portfolio. There are no implications from this report.
<b>Environment:</b> 4. Enhance Solihull's natural and physical environment. 5. Improve Solihull's air quality. 6. Reduce Solihull's net carbon emissions.	No new contribution to this priority.
<b>People and Communities:</b> 7. Take action to improve life chances and health outcomes in our most disadvantaged communities. 8. Enable communities to thrive. 9. Sustainable, quality care and support for adults & children with complex needs.	People and Communities is key to the work of this portfolio. There are no implications from this report.
10. Promote employee wellbeing	No new contribution to this priority.

6.2 Consultation and Scrutiny:

6.2.1 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 Board (Aligning Resources To Our Priorities) meet monthly to oversee the financial impact from Covid-19

6.4 Legal implications:

6.4.1 None.

6.5 Risk implications:

6.5.1 None.

6.6 Equality implications:

6.6.1 None.

6.7 Linkages to our work with the West Midlands Combined Authority (WMCA), the Local Enterprise Partnership or the Birmingham & Solihull Integrated Care System (ICS):

6.7.1 None.

**7. List of appendices referred to**

7.1 Appendix A – Quarter 2 Financial Position

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

8.1 None.

**9. List of other relevant documents**

9.1 None.