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I am pleased to present Solihull Council's updated Medium Term Financial Strategy (MTFS), which covers the period from 2018/19 to 2020/21. The MTFS underpins the Council Plan, which is our key strategic document for identifying our vision, ambitions and priorities, and supports the Council's medium term policy and financial planning process. The strategy sets out a deliverable and affordable approach to meeting the sustained and growing demand for our services, particularly in adult social care and children's services, despite increasingly constrained central funding and continuing economic uncertainty.

As the dominant issue on the national agenda, Brexit continues to take up much of central government's attention. Furthermore, the ongoing uncertainty about the eventual shape of the relationship between the UK and the EU makes it difficult to forecast the impact on future demand for public services or on the overall economic prosperity and employment prospects for the borough.

Although the government's publication of central funding allocations to 2019/20 has provided a degree of certainty for our financial planning, funding projections for 2020/21 are much less firm. We know that in 2020/21 two key government grants – revenue support grant and public health grant – are to be rolled in to a revised business rates retention scheme, that the methodology underpinning resource equalisation in the business rates retention scheme is to be updated and that the share of business rates retained nationally by local government is to increase from 50% to 75%. What we do not yet know is the effect these changes will have on our financial position.

Our budget strategy reserve provides some protection against this uncertainty, but more important in the longer term is our policy of inclusive managed growth, which seeks to enable the kind of economic development which will bring benefits to all our residents, through improved employment and housing opportunities, effective infrastructure and sustainable funding for vital services. Economic growth, rather than an end in itself, is a means of achieving wellbeing through shared prosperity and it is important that all our residents feel the benefit.

Through the West Midlands Combined Authority (WMCA), we are working with government and regional partners to capitalise on the opportunities presented by high speed rail, to bring substantial infrastructure and employment benefits to both Solihull and the wider region as part of the UK Central project. We also continue to work closely with our West Midlands counterparts, the WMCA and central government on a regional pilot of 100% business rates retention, which will see additional resources retained in the region.

Nationally, the challenges facing adult social care services as a result of factors such as increasing demand, capacity and market stability issues in the independent sector continue to represent the most significant risk to local authority finances. That said, over recent months pressures have been building in children's services too, both nationally and locally. The MTFS seeks to mitigate these risks by setting aside additional resources to relieve pressures on these vital services.

In recent years we have demonstrated our ability to rise to the challenges presented by steep reductions in government funding and sustained and growing demand for our services, through managing demand, maximising locally generated income and reducing costs. Through this approach, as outlined in this strategy, we have a clear and detailed plan for closing the gap between our projected expenditure and our projected income, which it is estimated would be £28 million by 2020/21 if no action was taken.

This update includes detailed savings proposals for each of the three years of the strategy

to close this gap, as detailed at pages 12 to 18. We continue to contribute to the budget strategy reserve to enhance our financial resilience.

We have shared these budget proposals with trade unions and with local businesses through the Federation of Small Businesses in order to seek their views on spending priorities. Those savings proposals which particularly impact on service users or the general public will be subject to detailed consultation before implementation.

The following table summarises the projected revenue position over the next three years. These medium term revenue projections are outlined in more detail on page 20.

	2018/19	2019/20	2020/21
	£m	£m	£m
Base budget	136.462	141.828	142.546
Funding commitments	5.846	8.576	8.212
Ongoing savings – 2018/19 MTFS	0.000	0.000	(7.025)
Less savings included with the council tax base – 2018/19 MTFS	0.000	0.000	0.245
One-off savings – 2018/19 MTFS	(0.451)	(1.669)	0.421
Savings approved in previous years	(2.421)	(9.915)	3.525
Rephasing of savings approved in previous years	0.316	(0.165)	(0.521)
Government grants	0.913	(0.520)	0.422
Contributions to / (from) corporate reserves	2.443	1.455	(2.956)
Contributions to / (from) budget strategy reserve	(1.280)	2.956	2.583
Recommended/ indicative budget	141.828	142.546	147.452
Total funding	(141.828)	(142.546)	(147.452)
Maximum assumed council tax increase	1.99%	1.99%	1.99%
Increase in council tax to fund adult social care	2.00%	1.00%	-

The summary medium term capital position is outlined in the 'Capital Budget' section, on pages 28 to 29. The Council's capital programme sets out to maximise the funding which is available to the authority from a range of different sources and targets those resources at key investment projects which support the delivery of our priorities across the Council's services.

I would like to thank the cross-party Budget Strategy Group, as well as our officers across all directorates, without whose efforts these savings could not be achieved and who continue to deliver quality services despite the challenges we face.

Councillor Bob Sleigh OBE Leader of the Council

Medium Term Financial Strategy

The economy

The Autumn Budget 2017 noted that the UK economy remained resilient, with GDP growth of 1.5% in the year to the third quarter of 2017 and unemployment at its lowest level since 1975. Reflecting the continued weakness in productivity growth since the financial crisis, the Office for Budget Responsibility (OBR) has revised down its forecasts for GDP growth, which is expected to fall to 1.3% by 2019, gradually recovering to 1.6% by 2022. However, the UK is currently growing more slowly than other advanced economies, a situation the OBR expects to continue into 2022/23.

Compared to the Spring Budget 2017 forecast, borrowing is significantly lower in the near term, but over the medium term the impact of a weaker economic outlook and the Budget measures see borrowing higher than previously forecast. Debt is now forecast to fall each year from a peak of 86.5% in 2017/18, to 79.1% of GDP in 2022/23.

The impact of public sector austerity measures continues to be felt, with day-to-day public service spending due to be 3.6% lower in 2022/23 than it is today. According to the Institute for Fiscal Studies, the cut for public services excluding health is over 6%, and the Autumn Budget figures imply one more year of spending restraint.

Departure from the European Union

The Council currently has five projects with funding agreements in place for receipt of European Union funding under the European Structural Investment Fund (ESIF), which run until 2020. The value of grants approved for these projects is £5.3 million. Five further projects, with grant totalling £10.7 million, are at full application stage. Central government has confirmed that ESIF projects will continue to be funded until December 2020, with the possibility that some project funding may continue until 2023. At this stage, no projects have been withdrawn or discontinued as a result of the Brexit vote.

In a more general sense, Brexit could affect the Council's activities in the following ways:

- Any impact on economic prosperity and employment prospects for the borough and the wider region could increase demand for public services and reduce the resources available to the Council to deliver those services:
- Any impact on the stock market and on interest rates could affect the Council's investments;
- Any impact on inflation would particularly affect the cost of index-linked contracts;
- Much of UK procurement, employment, environmental and consumer protection legislation is currently derived from EU law and so there is a possibility that the government may wish to change some of these laws as part of the process of rewriting this legislation.

Local government funding

Local government is moving towards a system where funding is generated locally from council tax and business rates, and central government's involvement will be limited largely to overseeing a method of resource equalisation to redistribute funds to those authorities with the greatest need. Under the existing system of partial rates retention, local government retains 50% of business rates income with the remainder payable to central government for redistribution through government grant. However, since 2015/16 a number of areas, including the West Midlands, have been piloting different approaches to business rates retention, prior to the planned rollout of full rates retention across England.

It was announced in December 2017 that instead of the anticipated move to full business rates retention, the proportion of business rates income retained locally would increase to 75% from April 2020. The revised scheme will incorporate funding previously made available through the revenue support and public health grants, with further details expected to emerge over the course of 2018/19 and beyond.

Alongside this change in the proportion of business rates retained locally, the baselines to redistribute resources between local authorities through the business rates retention scheme will be reset from 2020/21 based on a new assessment of relative needs and resources. The updated methodology will be informed by the government's Fair Funding Review, which will involve consultation with local government through a series of technical papers. It is anticipated that the effect of the resulting reset of baselines in the business rates retention scheme will be to shift resources away from councils such as Solihull which are considered to be relatively affluent, but at this stage it is not possible to quantify the possible impact.

In the meantime, the West Midlands rates retention pilot will continue in its existing form, where the region as a whole retains 100% of the business rates it collects. The West Midlands Combined Authority will receive the growth in business rates income that would otherwise have been attributed to central government (50%), while the remainder of the business rates collected in the region will be retained by the local authorities. The West Midlands Fire and Rescue Authority continues to receive 1% of the business rates collected.

For the purposes of the business rates retention pilot, the government has guaranteed that the region will not be any worse off than it would have been under the existing financing arrangements, under a principle referred to as "no detriment". However, this guarantee applies only at a collective level and so should a situation arise where one or more of the member authorities finds themselves financially disadvantaged as a result of their involvement in the pilot, the remaining pilot authorities would be required to make good the financial position of their West Midlands counterparts before invoking "no detriment" support from the government. The risk that this presents to the Council's MTFS is mitigated by the expectation that the pilot authorities will benefit from the real terms growth in the share of business rates that is currently passed to the government. This windfall income could be used to contribute towards the "no detriment" position of any of the member authorities if required.

Alongside the core funding streams, the New Homes Bonus (NHB) scheme provides local authorities with a non ring-fenced grant, based on the number of additional properties built in its area and on the number of long-term empty properties brought back into use. The government sets a baseline (0.4% for 2018/19), below which growth is discounted for the purpose of calculating NHB entitlements. Solihull expects to receive NHB payments totalling £3.1 million in 2018/19, relating to the years from 2015/16 to 2018/19.

Adult social care

Nationally, the challenges facing adult social care services as a result of factors such as increasing demand, capacity and market stability issues in the independent sector and the impact of year-on-year savings requirements continue to represent a major risk to local authority finances. At a local level, significant pressures include a new requirement to apply the national living wage to night duties in care settings and the higher cost of clients transferring from children's services (because of both higher numbers and their more complex needs).

Sustainability and Transformation Partnerships (STPs) work together to set out the key priorities for each local area across three headline issues: improving quality and developing new models of care, improving health and wellbeing and improving efficiency of services. They cover all aspects of NHS spending and focus on better integration with social care and other local authority services. Locally, the Birmingham and Solihull STP covers two local authorities, seven hospitals, one mental health trust, one community trust, three clinical commissioning groups and 182 general practices. This approach recognises that the growing financial problems faced by the NHS cannot be addressed in isolation and instead providers and commissioners are coming together to manage the collective resources available for their local population.

Children's services

Pressures within children's services are also attracting increasing attention, both nationally and locally. Pressures for Solihull are particularly acute in respect of children's social care placements and special educational needs and disabilities (SEND) transport, but there is also a need to make additional temporary investment in the front line following the recent Ofsted inspection.

The pressures in children's placements reflect the increase in local looked after children (LAC) in Solihull, changes to the placement mix (the proportion of high need, high cost placements in comparison with low need, low cost placements has increased) and the reduced proportion of lower cost internal foster placements compared to higher cost external foster placements. There are a number of mitigating actions underway, including investment in a new Edge of Care Service and new commissioning models for children with high end needs including a Step-Down Fostering scheme, a new output driven Internal Fostering model and a small Care Homes project led by a neighbouring council.

The key issue with the SEND transport service is the level of SEND demand and the resultant impact on transport costs. With pressures on our internal placements (particularly around autism), transport to provision outside of the borough remains problematic but we also transport within the borough so this too needs addressing. There are a number of actions underway including a review to develop our internal capacity alongside emerging proposals on specialist sixth form provision. We are also reviewing other local authority models of transport for SEND to consider creative approaches adopted elsewhere.

West Midlands Combined Authority

The West Midlands Combined Authority (WMCA) was formally established in June 2016 with the responsibilities of the Integrated Transport Authority. The authority's first mayor, Andy Street, was elected in May 2017 for a three-year term. The primary role of the mayor is to chair the WMCA and oversee economic growth, transport, housing, skills and jobs across the region. Since his election the mayor has also taken a leading role in tackling issues such as rough sleeping, youth unemployment and community cohesion.

Since the WMCA was established in 2016 it has secured two devolution deals that will see the wider region receive £1.4 billion of government funding over the next 30 years. It will be used to drive an £8 billion, 30 year investment programme. £3.4 billion of tram extensions, new suburban rail lines, cycle routes and motorway improvements will be built over the coming decade.

Under the business rates pilot, the WMCA will receive growth in what would previously have been the government's 50% share of business rates since April 2016, to help fund its investment programme.

Council Plan

Our next Council Plan will cover the period from 2018 to 2025, with a review in 2020. It will be underpinned by a Vision linking the growth of the economy to the wellbeing of the population and a new narrative which describes the challenges and opportunities facing the Council and sets out a blueprint for the future functions of our services to meet these.

The Council Plan will identify a number of transformation priorities – the major steps that we need to take to improve the health and wellbeing of borough residents – and programmes of activity to deliver them.

The Council needs to manage unprecedented reductions in its resource base at a time when the increase in demand for some of its key services shows no sign of levelling off. This section outlines both factors, before setting out the Council's strategy to manage the consequences posed by these challenges.

This MTFS provides additional targeted investment in support of the Improving Health and Wellbeing priority in particular. As shown in the table below, substantial additional investment will be made in the adult social care budget over the period. This will be funded partly from core resources but also includes funding from specific grants, such as a one-off Adult Social Care Support grant announced by the government in February 2018, and the Better Care Fund (BCF), which is a budget intended to help local places improve the integration of health and care services that are currently commissioned by the NHS and local authorities. In addition the MTFS assumes that the adult social care precept, first introduced in 2016/17, will increase by 2.0% in 2018/19 and 1% in 2019/20, generating total income of around £7.5 million a year by 2019/20.

	2018/19 £000	2019/20 £000	2020/21 £000
Inflation and demographic pressures	1,500	1,500	1,500
National Living Wage	1,115	1,025	0
Implementation of ICT solution	40	(40)	0
Additional net service pressures	0	15	0
Additional funding committed to service pressures	(964)	1,529	0
Early delivery of 2020/21 savings applied to pressures	131	952	630
Amendments to savings approved in previous years	(316)	165	521
Contributions from budget strategy reserve	0	1,304	(590)
Additional funding from one-off Adult Social Care Support grant	544	(544)	0
Subtotal adult social care pressures	2,050	5,906	2,061
Additional one-off funds from increasing the precept in 2017/18 to 3% (compared to the 2% originally assumed) – committed to service pressures	42	(948)	0
Total	2,092	4,958	2,061

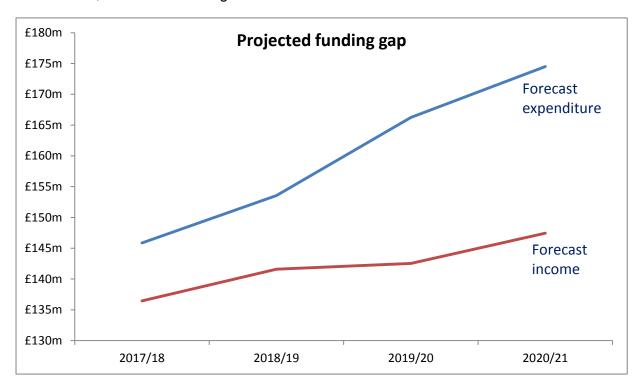
These figures are included in the table on page 20 which shows how the budgets for 2018/19 to 2020/21 have been built up.

Funding gap

As a member of the West Midlands business rates pilot, Solihull no longer receives RSG from the government, but instead retains a greater share of business rates income. This share is reduced each year in line with the reductions in RSG over the four year funding offer period.

The Council has also experienced a period of sustained increase in demand for some of the key services it provides to the most vulnerable members of the community, particularly within adult social care and children's services. There is no sign of the growth in these areas declining in the foreseeable future and based on the current evidence it is more likely that growth will continue in the period covered by this plan.

The graph below shows the projected expenditure and projected income for the period to 2020/21. The total projected funding gap by the end of the four years, if no action was taken to address it, would be in the region of £28 million.



Solihull's response

The Council's strategic response to this position is to employ a three-pronged approach:

- Managing demand;
- Maximising income generated locally; and
- Reducing costs.

Managing demand

One of the ways in which Solihull is responding to the inevitable increase in demand across its core client groups and services is to use its policies, strategies and service models with the intention of eliminating what is classed as "avoidable demand". Avoidable demand is a demand for our services which has been caused by not doing something or not doing something right for the customer. By reducing avoidable demand the authority can concentrate on prevention and early help measures to ensure that the contact that we have with our customers is at the right time, for the right level of service in the future.

As part of the Birmingham and Solihull Sustainability and Transformation Partnership (BSol STP), the Council has a shared commitment with the NHS to improve quality and develop new models of care, improve health and wellbeing and improve efficiency of services. A key theme emerging from the STP refreshed plans is the importance of place-based system approaches. In Solihull this is already well developed through Solihull Together. In the context of our developing approach to Solihull's Stronger Communities agenda, and in an environment of rising demand together with significantly reduced resources, this changing world is creating a business imperative for redesigning services with the individual and community at the heart, with an overall objective of developing stronger and more resilient communities.

The Solihull Together programme is continuing to deliver benefits to local residents through its key projects:

- SupportUHome: Fewer people are delayed in hospital waiting for services. More people go home in a timely way.
- Integrated Decision Hub: Older people in Solihull are receiving a multidisciplinary assessment at the point they access acute care. Preliminary work with a skeleton Frailty, Advice and Support Team (FAST) has led to a reduction of 3 admissions per day, with no increase in readmissions.
- Community Wellbeing: Using local expertise to increase intergenerational working levels across Solihull, whereby children, young people and families engage in regular positive activity with older adults.

Solihull Together's collaborative approach gives us the ability to focus on community and primary care based alternatives, which are key to sustainability in the future. By focusing on this local level we can better align ambitions and delivery, via the Health and Wellbeing Board, across members, MPs and regulators. Solihull is a workable system in geography and size. There is pride in Solihull and residents choose to get involved to enhance local services. Engagement with local people makes sense around a Solihull footprint. The BSol STP recognises that while some developments need to be progressed at this local place-based level, others need to be done 'at scale' across the whole BSol STP geography. Solihull Together will be a delivery mechanism to enable this.

As part of a 'whole system' redesign, managing demand in an integrated way across the whole of the public sector will be essential. To facilitate this we propose to:

- develop a better understanding of our community, the needs, assets and resources of citizens;
- develop a more integrated approach to prevention and early intervention;
- introduce a new dialogue with citizens, focused more on the extent to which citizens are engaged in addressing their own problems and those of their neighbours and communities; and

• build resilience within our communities, with the Council and local people working together to support those who are most vulnerable.

Solihull created the Early Help Strategy in 2014 as a way of supporting children, young people and their families to avoid problems and to deal with them before they get worse, to develop resilient individuals in resilient communities. The Council restructured during 2015, creating the Engage service as our Early Help offer.

However we have to recognise the current budget position within Children's Services and Skills and the need now to consider options for a revised Engage (Early Help) service which will have a more targeted focus on a smaller number of key areas of business. By 2020/21, we would expect there to be a more mature community-based capacity structure allowing us to disinvest from this. We will have to re-focus our priorities around direct work including the new Edge of Care service and targeted locality based activity (linked to wider community based council services).

In effect, Engage will become a more targeted service for children, young people and their families, focusing on interventions and activities that aim to prevent the need for statutory intervention. It will build on the approach developed through the Troubled Families programme of 'persistent and assertive' family interventions. This will sit as part of a reconfigured structure for Children, Young People and Families alongside our statutory care functions and supporting the work in the Ofsted Action plan. In summary, our services will have to focus on our statutory duties and support to vulnerable young people and families. This work will begin in 2018/19.

Maximising income generated locally

The second strand of the Council's approach is to maximise the income it generates from business rates and council tax. Solihull's unique concentration of strategic economic assets (the international airport, the National Exhibition Centre, Jaguar Land Rover, the business parks, the town centre, transport infrastructure and the environment/green belt) give it a critical role in the regional economy – with analysis demonstrating that for every job these assets support in Solihull, there is another one in the West Midlands.

The Council has been a catalyst for the multi million pound HS2/UKC development which will see infrastructure and employment improvements for the whole of the West Midlands. The initial focus for this investment and growth will be the Hub@UKC – with development at the HS2 Interchange site currently forecast to create up to 20,000 (gross) jobs. Coordinating this growth potential with investment and development at the NEC and the airport, together with investment in local and regional connectivity and a coordinated, long-term approach to skills, will maximise benefits for the entire region and the UK as a whole.

We know that securing economic growth is not an end in itself, but is a means of achieving wellbeing, inclusion and shared prosperity – it is two sides of the same coin, a metaphor and principle we have put at the heart of the Council's policy making. We also want to manage economic growth to minimise the impact on the attractive living environment which is so important to our residents.

For future years, the MTFS assumes an underlying level of growth in our net business rates yield consistent with the government's assumptions in the settlement, plus an estimate of the additional business rates income that will be generated from anticipated new developments in the borough over the period. These include growth related to the borough's largest commercial organisations, such as Jaguar Land Rover, as well as developments associated with the Council's regeneration activity in the north of the borough.

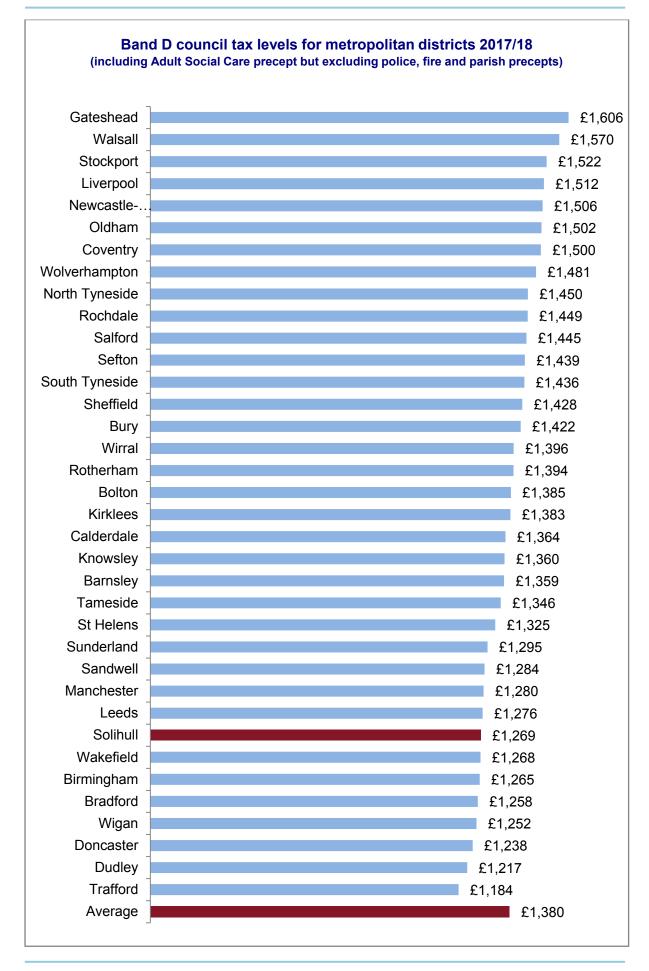
The business rates figure included in the MTFS represents the local share of the business rates income that the Council forecasts it will collect in the year, after paying 1% to the fire authority. This figure will be reduced by the tariff payable to central government and by the amounts that it is estimated the Council will pay to the WMCA as part of the devolution deal, to support its investment programme. In addition, under the pooling arrangements entered into by the Council, we will pay a notional levy to the Birmingham and Solihull business rates pool.

	2018/19 £000
Forecast business rates income	(112,810)
Less fire authority share (1%)	1,128
Local share	(111,682)
Less tariff	65,873
Less WMCA share of growth	450
Less contribution to no detriment principle	6,161
Less business rates levy	2,919
Section 31 grant	(4,058)
Retained business rates income	(40,337)

As local government moves towards a system of 75% business rates retention, the impact of appeals on the Council's ability to accurately forecast business rates income presents an increasingly significant risk to the assumptions in the MTFS. The introduction of partial rates retention transferred significant risk to local authorities. In particular, backdated appeals have had a significant effect on our in-year projections of business rates income and the national business rates revaluation in 2017 is expected to lead to a fresh wave of appeals. In recognition of the shortcomings of the current appeals system, the government is making various changes which it is hoped will provide greater certainty in forecasting business rates income. However, the issue of appeals remains a concern for the Council and we look forward to working with the government through the pilot on options for managing the risk of appeals within a 75% rates retention scheme.

There are limitations to the extent to which the Council can identify all of the potential changes within its medium term financial projections and our forecasts, particularly for such volatile elements as business rates income, will be subject to significant change over time. If further significant pressures emerge or business rates income falls short of projections, either corresponding savings will need to be identified or the forecast council tax increase will need to be revised accordingly.

Council tax remains the most significant source of income for Solihull. Despite a five year freeze between 2010/11 and 2015/16, the Council's income from council tax continued to increase over the period, thanks to growth in the tax base. The MTFS assumes that this growth will continue in line with the housing targets set out in the Local Plan. In addition, council tax will increase by 3.99% in 2018/19 and the MTFS assumes further increases of 2.99% per annum in 2019/20 and 1.99% in 2020/21. The Council continues to set one of the lowest Band D council taxes of all metropolitan districts and was the eighth lowest out of 36 in 2017/18, well below the metropolitan district average.



Reducing costs

The final element of the Council's response is to reduce costs through continuing to target and deliver savings. By focusing the attention of members and officers on the third year of the MTFS through the annual budget process, the Council is able to plan effectively and realistically for the implementation of efficiency savings. A group of senior officers closely monitors the delivery of savings and supports the management and mitigation of any anticipated shortfalls. The Council uses a budget strategy reserve to manage changes to the financial planning assumptions in the first two years of the MTFS, and as a result can avoid hasty reactions to unexpected shocks. This approach to financial planning has won plaudits from the Council's external auditors and contributes to the continued resilience of our financial position.

The table below lists the savings identified and approved as part of the 2018/19 budget process, incorporating amendments to those savings approved in February 2016 and March 2017 where applicable.

Description	2018/19 £000	2019/20 £000	2020/21 £000
ADULT SOCIAL CARE AND HEALTH			
Sexual Health - contract re-procurement/renegotiation	0	0	(150)
0-19 Child Health - contract re-procurement/renegotiation	0	0	(100)
Community infection control	0	0	(33)
Lifestyle services - additional contract savings and reduction in funding for Nicotine Replacement Therapy	0	0	(107)
Salary savings	0	0	(150)
Forecast budget headroom 2020/21	0	0	(120)
Cross cutting public health strategy	0	0	(450)
Development of Extra Care	0	(220)	0
Release of Adult Social Care directorate specific reserve (one-off)	7	0	0
Development of Care at Home Contract and Review of Direct Payments	(110)	0	0
Redesign of Day Care	(274)	(326)	0
Small Homes Review	(147)	0	0
Promoting Independence and Reablement	(60)	(70)	0
Review contracts for Supporting People services.	(500)	0	0
Review contracts for Voluntary and Community Services.	(281)	0	0
Review spot and block contracts for the provision of Mental Health care and support services.	(250)	0	0
Review of approach to support planning with individuals, to ensure that support provided is proportionate to needs and has fully taken into account all alternatives	(300)	(200)	(200)

Description	2018/19 £000	2019/20 £000	2020/21 £000
Efficiencies arising from investment in the CareFirst replacement system and the approach to agile working.	0	(116)	(115)
Development of affordable residential and nursing care provision.	(200)	(218)	0
Identify a further site for the development of an additional affordable residential/nursing home	0	0	(206)
Plans will be developed for the LAC service to be self- funding by 2019/20	0	(273)	0
Review of Community Equipment Service	0	(136)	0
Contribution from uncommitted Improved Better Care Fund income, in lieu of savings	0	(1,474)	0
Review and discontinue the STEPS (Support Towards Employment Process and Satisfaction Service) - supports disabled younger adults into volunteering and employment opportunities, with functions moving to other areas where possible	0	(168)	0
Review and absorb the Community, Rehabilitation, Enablement and Support Team into the Reablement Team.	0	(94)	0
Re-model Solihull Safeguarding Adults Board support	(50)	0	0
Telecare - Review the work of the dedicated Telecare OT Team and incorporate the telecare function into all OT posts	(25)	0	0
Further small homes savings proposals to be developed, including use of voids, maximising income from other authorities and potential further consolidation	0	(180)	(420)
Release of recurrent unallocated funding	(56)	0	0
Income - Disability Related Expenditure - It is proposed to review the criteria for Disability Related Expenditure	0	(300)	0
Utilisation of capital receipt to reduce borrowing charges	0	(100)	(100)
Review of the use of night support in community settings	0	(110)	(110)
	(2,246)	(3,985)	(2,261)
CHILDREN'S SERVICES AND SKILLS			
Targeted reduction in spend based on review of level of and entitlement to support under s17 of the Children's Act.	(100)	0	0
Social Care Staffing and Operating Costs	(100)	0	0
Placements - efficiency saving from continued effective procurement, continued development of internal fostering provision, and in particular reduced demand through a new Edge of Care Service by 2019/20	(410)	(1,000)	0
School Improvement Services - from a review of service including the merger of school improvement and early years services	(500)	0	0

Description	2018/19 £000	2019/20 £000	2020/21 £000
Other support services to Schools - IT, Admissions, School Place Planning, Exclusions etc	0	(200)	0
0 to 25 Special Educational Needs and Disability Services - from the implementation of a new service model following the changes in the Children and Families Act	(100)	(150)	0
Employment & Skills - generation of additional grant funding	0	(52)	0
Youth Offending - targeted reduction reflecting the current trend in numbers of young offenders	(50)	0	0
Engage (Early Help) income - rental income from external usage of our community hubs	0	(30)	0
Engage (Early Help) operational efficiencies	(100)	(150)	0
Efficiency target from the rationalisation of accommodation and other operating costs, plus other efficiencies from remaining services	0	(72)	0
SEND Transport - demand reduction arising from the impact of new internal pupil provision	(150)	0	0
Early Retirement and Redundancy - reduction in costs	0	(50)	0
Children's Mental Health Services - 5% efficiency target	0	(26)	0
Reduced contribution to the Local Safeguarding Children's Board (LSCB)	0	(13)	0
Review of the Engage (Early Help) service - linked to the development of an Edge of Care service	0	(697)	0
ENVIRONMENT AND HOUGING	(1,510)	(2,440)	0
Review waste disposal arrangements for HWRC and Moat Lane Transfer Station	0	(150)	0
Replacement Bin Service - Demand management of bin replacement	0	(60)	0
Delivery through Integration Project	(84)	0	0
SEC Extension - Phase 1 Review	(180)	0	0
Materials Recycling Facility	0	(50)	0
Review of fees and charges	0	(3)	0
Directorate efficiency review	0	(110)	0
Consider the case for changes to the household refuse collection frequency	0	0	(300)
	(264)	(373)	(300)

Description	2018/19 £000	2019/20 £000	2020/21 £000
MANAGED GROWTH			
Development & Regulatory Management reserve (one off)	(50)	50	0
Planning income	(50)	(100)	0
Lean review outcomes	(50)	0	0
Maximise grant funding of Managed Growth staff	(73)	0	0
Community Infrastructure Levy	0	(50)	(20)
Land charges income review	0	(25)	0
Review of fees and charges	0	(16)	0
Directorate efficiency review	0	(43)	0
Additional income generation from re-procurement of existing contracts	0	0	(50)
	(223)	(184)	(70)
RESOURCES & DELIVERING VALUE			
Birmingham International Airport - additional dividends	(13)	(393)	(1,003)
Treasury Management - reversal of temporary savings created by under borrowing, approved in 2013/14	275	275	275
Treasury Management – reversal of 2017/18 savings	3,815	0	0
One-off Treasury Management - 2018/19 saving from continued under borrowing	(250)	250	0
One off Treasury Management - 2019/20 continued under borrowing and low interest rate forecast	0	(3,000)	3,000
Treasury Management - continued under borrowing and low interest rate forecast	0	0	(2,000)
Building Design Group surplus to be used to cover share of Council overheads	(100)	0	0
Providing property maintenance services to other organisations	(100)	0	0
Reduction in Corporate Programme Management costs on completion of the Council House re-design	(100)	0	0
Review of (and centralisation of) processes for income collection	(50)	0	0
Exploit hybrid mail contract to reduce costs of printing, mailing and postal services	(30)	0	0
Additional income by providing business change services to other organisations	(50)	0	0
Short-term reduction in maintenance required for the Council House after the re-design	(50)	0	50

Description	2018/19 £000	2019/20 £000	2020/21 £000
Additional income from providing procurement services to external organisations and reduction in cost of team	(60)	0	0
Reduction in expenditure on furniture once Council House re-design completed	(20)	0	0
Maximise tax base for Single Person discounts through the use of charges for failing to provide information	(10)	0	0
Time-limited saving of review of empty properties that increased New Homes Bonus	0	0	40
Alternative saving to replace time-limited saving of review of empty properties	0	0	(40)
Exploitation of systems in Income & Awards will reduce staffing requirement.	(30)	0	0
Look to reduce the cost of rooms for training purposes, including whether there is a better use of Sans Souci	(50)	0	0
Exploitation of new reporting tool software to provide self service support for managers and automate accounting information requirements	(50)	0	0
Maximise grant funding of finance staff	(50)	0	0
Use of Obillex, an early payment solution for small and medium size businesses	(20)	0	0
Finance - further staffing efficiencies	0	(50)	0
Communications - selling services to academies	(3)	0	0
Communications - transfer 'Your Solihull' to a digital communication	(15)	0	0
Communications - savings from re-tender of print contract and centralising budget	(10)	0	0
Opportunities to invest in property / developments to give the council a return on investment.	0	(500)	0
HR - additional salary sacrifice benefit	(75)	0	0
HR - saving on print costs through staff online access to payslips	(6)	0	0
SCH - efficiencies from further shared working	(100)	0	0
Catering - contribution to overhead costs	(50)	(50)	0
ICT - West Midlands Public Service Network contract saving from reaching turnover threshold	(6)	0	0
Procurement dividend from joining Yorkshire Purchasing Organisation or alternative contract benefit	0	(20)	0
E-billing and mailing contract re-tender benefits for Democratic Services and Income & Awards	0	(10)	0
HR - benefit of appointing 20 extra apprentices	(100)	0	0

Description	2018/19 £000	2019/20 £000	2020/21 £000
Release of reserve relating to Small Business Units following review of Resources Directorate reserves.	0	(200)	200
Emergency Planning overhead operational efficiencies	0	(7)	0
Exploitation of Oracle Business Intelligence reporting tool to deliver efficiencies in Finance and HR	0	0	(85)
Utilities - procurement efficiencies	0	0	(20)
Legal Services - additional income generated by the service	0	0	(40)
Income and Awards - increase in court costs income	0	(20)	0
Income and Awards - reduce postage costs through e-billing	0	0	(10)
Income and Awards - increased income from penalties charged to customers in receipt of council tax discounts who fail to notify us of a change in circumstances	0	0	(10)
Democratic Services - release of elections reserve due to savings in previous years from local elections being combined with other elections	0	0	(50)
Democratic Services - income from schools appeals and traffic regulation orders	(10)	0	0
Democratic Services - release of current budget underspend	(9)	0	0
Workforce planning - a review of the balance between professional and non-professional staff within ICT	0	0	(75)
Further savings from the local council tax support scheme through a reduction in caseload and further revisions to the scheme	0	0	(245)
Further streamlining of management roles within the Resources Directorate	0	0	(74)
Catering - income generation to contribute to overheads	0	0	(40)
Review of Strategic Land and Property division to remove any duplication of effort, caused by client/contractor relationships	0	0	(40)
Cease annual contribution to reserve for one off costs on Small Business Units	(30)	0	0
Cease annual contribution to reserve for one off costs on Corporate Properties	(21)	0	0
Release of Discretionary Rate Relief reserve	0	0	(31)
Asset Management - continuation of work to ensure efficient use of Council assets	0	0	(200)
	2,622	(3,725)	(398)
STRONGER COMMUNITIES & PARTNERSHIPS			
Customer Services: Closer Integration as part of a locality Community Offer	(100)	0	0

Description	2018/19 £000	2019/20 £000	2020/21 £000
Libraries: Closer Integration as part of a locality Community Offer	(100)	0	0
Review of Bereavement Services	0	(60)	0
Delivery through Integration Project	(89)	0	0
Renegotiation of Leisure PPP contract	(129)	(90)	0
Solihull Connect/Cash Office review	0	(70)	0
Customer contact operation review	0	(50)	0
Library Service review	0	(100)	0
Review of Fees and Charges	0	(69)	0
Directorate efficiencies review	0	(55)	0
Leisure Contract	(250)	0	0
	(668)	(494)	0
TRANSPORT & HIGHWAYS			
Highways Reshaping	(317)	0	0
New Roads and Street Works Act Permit Income and Inspections	0	(140)	0
Car Park Maintenance	0	(30)	0
Review of speed awareness signs	0	(23)	0
Highways Contract Efficiencies	0	(75)	0
School Crossing Patrol review	0	(100)	0
Street Lighting - Securing external developer income	0	(50)	0
Review of Fees and Charges	0	(62)	0
Directorate efficiency review	0	(68)	0
Holistic approach to network management	0	0	(100)
Highways Asset Management	0	0	(100)
Car Parks Strategy	0	0	(350)
Street Lighting efficiencies	0	0	(21)
	(317)	(548)	(571)
TOTAL CAVINGO	(0.000)	(44.740)	(0.000)
TOTAL SAVINGS	(2,606)	(11,749)	(3,600)

SUMMARY REVENUE STRATEGY

As outlined above, the Council is faced with a range of significant pressures on its finances over the medium term. This is the result of several factors:

- Downward pressure on the funding available through government grant;
- Limited scope to increase council tax;
- Increasing demand for our services (for instance due to demographic pressures);
- Changing expectations from the government and the public on the level of service;
- New government initiatives or legislation which can increase pressure on existing budgets.

It is vital within this medium term financial strategy to set a balanced revenue budget for all years, within a strategic approach to budget setting and financial planning. The revenue position as currently forecast – incorporating savings identified for the next three years – is shown on page 20.

The core principles underlying this medium term strategy are as follows:

- The Council will seek to maintain a sustainable financial position over the course of the planning period, with detailed savings proposals for all years and no funding gaps;
- The Council will strive to keep council tax at affordable levels;
- The deployment of the Council's limited resources will be focused towards those activities which contribute most to improved outcomes for local people;
- The Council will continue to focus on the on-going need to deliver significant efficiency savings each year.

The revenue forecasts on page 20 are based on the following assumptions:

- A council tax increase of between 1.99% and 3.99% per annum. Of the total assumed increase in council tax in 2018/19 and 2019/20, it is assumed that between 1.0% and 2.0% will be used to generate additional funds to be used entirely for adult social care;
- Annual increases in the tax base, based on housing growth forecasts and subject to the cost of the council tax reduction scheme, and a council tax collection rate of 98.81%;
- Estimated retained business rates income based on government assumptions for inflation and anticipated business developments, and in line with the arrangements for the West Midlands business rates pilot;
- An annual increase to the pay budget of 2.0% in 2018/19 and 2019/20, plus additional increases for the lowest paid staff to meet the estimated costs of the national living wage, and an increase of 1.0% in 2020/21;
- Inflationary increases relating to specific contracts modelled at 3.0% for 2018/19 and assuming 2.5% for future years;
- In line with the Council's fees and charges policy, opportunities to optimise income will be considered as part of the annual budget setting process. Forecast income inflation is aligned with contractual inflation assumptions:
- Funding for some specific areas of growth is provided to reflect the Council's priorities.

The table overleaf shows how the budget for 2018/19 has been built up and outlines indicative spending plans for 2019/20 and 2020/21.

	Approved 2018/19 £000	Indicative 2019/20 £000	Indicative 2020/21 £000
Base Budget	136,462	141,605	142,544
Add back reserves utilised in previous year	2,618	1,584	(2,953)
Other Corporate Commitments			
Local Enterprise Partnership - retained levy	(152)	(178)	1,114
Levies	(544)	5	5
Treasury management - revenue required to support borrowing	798	345	160
Pressures and Policy Developments			
Adult Social Care pressures (see page 6)	2,050	5,906	2,061
Adult Social Care one off investment fund	(1,500)	0	0
Adult Social Care one-off funds from precept 2017/18	42	(948)	0
Birmingham airport dividends – base level	(271)	(16)	0
Inflation, pensions and national insurance	3,160	2,964	3,877
Other service specific pressures	2,707	49	994
Government Grants			
New Homes Bonus	153	369	422
Improved Better Care Fund	(1,069)	(889)	0
Adult social care support grant	(544)	544	0
Reversal of one-off grants from previous years	1,835	0	0
Savings (see pages 12-18)			
Savings identified by Budget Strategy Group 2018/19 - ongoing	0	0	(7,025)
Savings identified by Budget Strategy Group 2018/19 - one off	(451)	(1,669)	421
Less savings included with the council tax base 2018/19	0	0	245
Savings approved in previous years	(2,421)	(9,915)	3,525
Amendments to savings previously approved	316	(165)	(521)
Use of Reserves			
Contribution from business rates reserve (timing differences)	(506)	0	0
Contribution to/ (from) budget strategy reserve	(1,078)	2,953	2,583
Net Budget Requirement	141,605	142,544	147,452
Business rates retained income	(46,498)	(46,744)	(39,906)
Anticipated contribution to "no detriment" principle	6,161	8,354	0
Net business rates (see page 10)	(40,337)	(38,390)	(39,906)
Council tax (see page 25)	(100,266)	(104,154)	(107,546)
Collection fund (surplus)/deficit	(1,002)	0	0
Total Resources	(141,605)	(142,544)	(147,452)
	, , , ,	, , ,	, , ,
Maximum Assumed Council Tax Increase	1.99%	1.99%	1.99%
Increase in Council Tax to fund Adult Social Care	2.00%	1.00%	-

The table below explains the breakdown of the savings shown in the table at page 20. The savings are detailed in full at pages 12 to 18.

Savings	2018/19 £000	2019/20 £000	2020/21 £000
Savings identified by Budget Strategy Group – ongoing	0	0	(7,025)
Savings identified by Budget Strategy Group – one-off	(451)	(1,669)	421
Less savings reflected in tax base	0	0	245
Subtotal savings approved March 2018	(451)	(1,669)	(6,359)
Savings identified by Budget Strategy Group – ongoing	0	(8,344)	0
Savings identified by Budget Strategy Group – one-off	(385)	(2,146)	3,210
Less savings reflected in tax base	50	0	0
Savings approved March 2017	(335)	(10,490)	3,210
Savings identified by Budget Strategy Group – ongoing	(6,387)	0	0
Savings identified by Budget Strategy Group – one-off	711	300	40
Savings approved March 2016	(5,676)	300	40
Revision to use of Treasury Management savings	815	0	0
Savings identified by Budget Strategy Group	2,500	0	0
Savings approved February 2015	3,315	0	0
Savings approved February 2014	275	275	275
Subtotal savings approved in previous years	(2,421)	(9,915)	3,525
Amendments to savings previously approved	316	(165)	(521)
Total savings shown in three year plan	(2,556)	(11,749)	(3,355)
Savings reflected in tax base	(50)	0	(245)
Total savings detailed on pages 12-18	(2,606)	(11,749)	(3,600)

These are difficult times for local government, but Solihull is on a sound footing to meet the challenges ahead. Declining levels of central support require the Council to focus on locally generated funding and therefore present the Council with an opportunity to move towards self-sufficiency. This increasing independence from central direction will put the authority in a good position to deliver against its priorities for the people of Solihull. The Council is keen to maximise the benefits to our communities of the creation of the West Midlands Combined Authority and the opportunity that brings for more money and powers for the region and for Solihull. Our ambitious UK Central programme and the integration of services with our public sector partners in the borough will add further strength to our comprehensive approach to managing resources in Solihull.

The measures outlined in this strategy seek to give the authority a sound financial base and provide a solid platform from which the Council can continue to develop and change to deliver its priorities.

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Reserves

The Council is required to maintain adequate financial reserve balances to meet the needs of the organisation. The current level of reserves is adequate for current known liabilities and approved policy commitments facing the Council. There are no plans to use working balances over the period covered by this strategy and as a result the anticipated balance at the end of each year is expected to remain at £6.0 million.

As outlined above, there are considerable risks around a number of key assumptions underpinning the MTFS. As part of the budget setting process for 2015/16, a budget strategy reserve was established, with the intention that it should be available to, among other things, protect against the non-delivery of targeted savings, manage any shortfalls against grant or business rates projections, help with any unfunded costs of implementing the Care Act and provide a source of investment funding, for example to support managed growth, invest in prevention and early intervention and to finance capital projects.

The table below shows the forecast balance on the budget strategy reserve over the period.

	2018/19 £000	2019/20 £000	2020/21 £000
Anticipated balance as at 1 April	5,162	4,084	7,037
Contributions to / (from)	(1,078)	2,953	2,583
Anticipated balance as at 31 March	4,084	7,037	9,620

Taken together with the level of working balances, this reserve contributes to the financial resilience of the Council over the medium term.

The Council also maintains specific reserves for particular purposes and the total value of these reserves within each cabinet portfolio is shown on pages 30 to 37.

The Council will seek to optimise the use of its reserve balances in delivering priorities, making decisions on a corporate basis and maximising opportunities to maintain an appropriate balance between short term expenditure and long term investment.

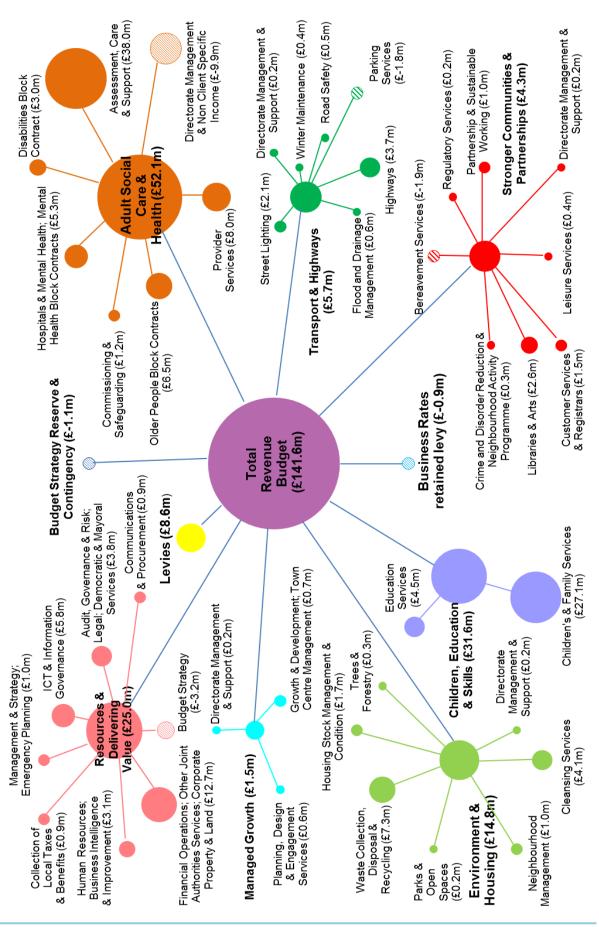
Contingencies

The Council also maintains a contingency, which represents working balances earmarked for specific purposes, for adult social care. Originally established in 2015/16 and topped up in 2017/18, this contingency is expected to be fully utilised by 2019/20.

An additional contingency will be created during 2018/19 if, as anticipated, the Council benefits from some windfall income as a result of its involvement in the West Midlands business rates retention pilot. The value of this income, representing the real terms growth in the share of business rates that is currently passed to the government, will not be known until all of the pilot authorities have reported their business rates outturn position for the year, which for 2017/18 is likely to be in June 2018. There is also a risk that this income could be reduced to nil should members of the pilot have to make good the financial position of their West Midlands counterparts. Because of this uncertainty, Full Cabinet agreed that any such windfall income should be contributed to a contingency, with any net benefit that does arise available to provide additional protection against budget risks.

Revenue Budget 2018/19

The chart below illustrates how the budget will be split over the different services provided by the Council. Further details are shown on pages 30 to 37.



Summary Revenue Budget 2018/19

The general fund budget for 2018/19 is £141.605 million, which equates to a total Band D council tax (excluding police, fire and parish precepts) of £1,319.77.

		Budget 2018/19	Equivalent Band D Council Tax
		£000	£
1.	The Council estimates that it will spend money on:		
	Adult Social Care and Health	52,103	685.82
	Children, Education and Skills	31,594	415.86
	Environment and Housing	14,890	195.99
	Managed Growth	1,494	19.67
	Resources and Delivering Value	25,013	329.24
	Stronger Community and Partnerships	4,271	56.22
	Transport and Highways	5,688	74.87
2.	Levies payable by the Council	8,566	112.75
3.	Business rates - retained levy	(936)	(12.32)
4.	Net contribution to budget strategy reserve and contingency	(1,078)	(14.19)
	NET SPENDING	141,605	1,863.91
5.	Net business rates income	(40,337)	(530.95)
6.	Collection fund (surplus) / deficit	(1,002)	(13.19)
7.	COUNCIL TAX FOR SOLIHULL	100,266	1,319.77

In 2018/19 the council tax requirement includes a precept relating to adult social care which is shown separately on council tax bills and in the tables below. The flexibility to make this charge, in addition to the general amount of council tax, was introduced by the government in 2016/17 in recognition of the financial pressures on adult social care services. The additional revenue raised from this charge, which will total £6.5 million in 2018/19, must be spent entirely on adult social care services.

We also collect council tax on behalf of the West Midlands Police and Crime Commissioner and the West Midlands Fire and Rescue Authority, the level of which is set independently and is something over which we have no control. For 2018/19 those precepts have been increased to the Band D equivalent of £128.55 and £58.84 respectively. This results in an overall Band D council tax for Solihull taxpayers of £1,507.16 (excluding parish precepts). Further details are provided on page 25.

Parish councils have also been established in a number of areas within the borough and we have a statutory duty to collect precepts on their behalf. Those areas with parish councils and their parish precept levels are detailed on page 27.

	Council tax/precept £000	Band D Council Tax £
Council tax for Solihull – general	93,800	1,234.66
Council tax for Solihull – adult social care	6,466	85.11
Total council tax for Solihull	100,266	1,319.77
Precepts on the Council:		
West Midlands Police & Crime Commissioner	9,766	128.55
West Midlands Fire and Rescue Authority	4,470	58.84
Council tax including Police & Fire	114,502	1,507.16

The amount of council tax paid by local residents is based on the value of the property they live in. Domestic properties fall into one of eight valuation bands, A to H. The amount of council tax paid by local residents is determined by the band their property is in.

The council tax base for 2018/19 is 75,972, which represents the number of domestic properties in the borough expressed as equivalent to Band D properties.

The level of council tax paid by a Band D property is calculated by dividing the total amount that the Council needs to raise from council tax (the 'council tax requirement': £100.266 million in the table above) by the council tax base. This is converted to the amount payable by properties in other bands by applying the multiplier given in the table below.

	Multiplier	Council tax 2018/19				
Band	nd Multiplier	Council – general £	Council – adult social care £	Police £	Fire £	Total (excl. parishes) £
Α	6/9	823.11	56.74	85.70	39.23	1,004.78
В	7/9	960.29	66.20	99.98	45.77	1,172.24
С	8/9	1,097.48	75.65	114.27	52.30	1,339.70
D	9/9	1,234.66	85.11	128.55	58.84	1,507.16
E	11/9	1,509.03	104.02	157.12	71.92	1,842.09
F	13/9	1,783.39	122.94	185.68	84.99	2,177.00
G	15/9	2,057.77	141.85	214.25	98.07	2,511.94
Н	18/9	2,469.32	170.22	257.10	117.68	3,014.32

Two major levies are charged to the Council:

1. West Midlands Combined Authority - Transport Levy

The West Midlands Combined Authority (WMCA) has taken over the responsibilities of the Integrated Transport Authority (Centro). The transport functions exercised by the transport arm of the WMCA, Transport for West Midlands (TfWM), are funded by a levy charged on the seven West Midlands districts pro rata to population.

The total amount of the transport levy for 2018/19 is £114.720 million. Solihull Council will pay **£8.480 million** based on an estimated population of 7.4% out of the total West Midlands population.

This is a reduction of 6.0% compared to the levy that was payable in 2017/18.

2. Environment Agency - Flood Defence Levy

The Council pays levies to two committees of the Environment Agency, the Trent Region and the Severn and Wye Region. The money is spent on the construction of new flood defence schemes, the maintenance of the river system and existing flood defences and the operation of a flood warning system.

The levy is charged in relation to the council tax base of the authorities within the regions. The table below shows the breakdown of our total levy of £0.087m.

This is an increase of 1.5% compared to the total levy that was payable in 2017/18.

	Trent Region	Severn & Wye Region	Total
Total levy for the region	£2,054,297	£1,128,018	£3,182,315
Total tax base for the region	1,792,269	957,505	2,749,774
Solihull's tax base	75,411	561	75,972
Solihull's share of the levy	£86,436	£661	£87,097

Business Rates Retained Levy

Under the 50% business rates retention scheme, any growth in business rates above a certain level attracts a levy which is payable to central government. Members of business rate pools pay this levy to their pool rather than to central government, to be spent on locally determined priorities.

As a member of the 100% business rates pilot, Solihull is no longer subject to the national levy requirements but the Council continues to pay a notional levy to the Greater Birmingham and Solihull business rates pool. The MTFS includes an estimate of £2.9 million in respect of this notional levy in 2018/19, as shown in the table on page 10. Under the local pool arrangements, the member authorities then receive a proportion of their levy payments back from the pool as a "retained levy", which for Solihull is estimated to be £0.9 million in 2018/19.

Parish precepts are charged in addition to the basic Band D council tax for the Solihull area for those parts of the borough which have a parish or town council. Parish councils are independent bodies which take their own decisions on their funding needs, but as a billing authority the Council has to collect these amounts on their behalf.

2017/	18		2	2018/19	
Precept £	Per Band D £	Parish/Town Council	Precept £	Per Band D £	Band D Increase/ (Decrease)
96,837.00	35.99	Balsall	75,306.00	27.24	(24.3%)
7,064.97	26.07	Barston	7,247.46	26.07	0.0%
25,907.00	16.91	Berkswell	25,955.00	16.91	0.0%
136,701.00	57.32	Bickenhill and Marston Green	138,944.00	57.32	0.0%
222,434.00	57.39	Castle Bromwich	297,839.00	76.25	32.9%
11,850.00	38.35	Chadwick End	12,087.00	36.19	(5.6%)
210,302.00	78.15	Chelmsley Wood	224,680.00	80.10	2.5%
69,456.00	73.65	Cheswick Green	69,672.00	67.64	(8.2%)
81,975.00	39.91	Dickens Heath	86,884.00	39.91	0.0%
76,050.00	45.00	Fordbridge	77,985.00	45.00	0.0%
27,954.00	29.21	Hampton-in-Arden	29,198.00	29.79	2.0%
47,820.00	60.00	Hockley Heath	52,140.00	66.00	10.0%
51,922.00	28.34	Kingshurst	47,393.00	25.04	(11.6%)
45,395.78	36.58	Meriden	47,173.56	37.86	3.5%
112,833.00	54.04	Smith's Wood	116,267.00	54.56	1.0%
15,924.00	33.81	Tidbury Green	15,954.00	34.02	0.6%
1,240,425.75			1,324,725.02		

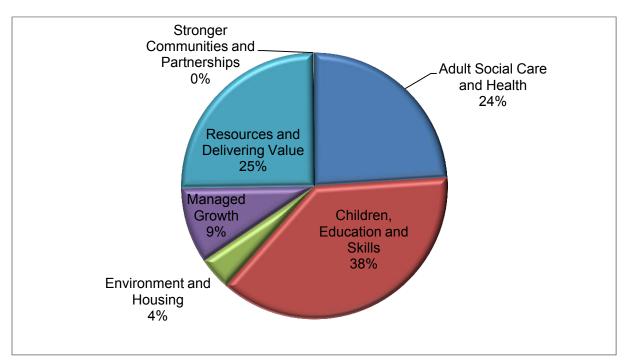
Capital Budget 2018/19

CAPITAL BUDGET 2018/19

The capital strategy sets out the Council's approach to the allocation of capital resources and how this links to strategic priorities and objectives at a corporate and service level.

Members approve a rolling three year capital programme, which is regularly reviewed to ensure expenditure is sustainable in terms of available funding. The provisional capital programme for 2018/19 is summarised in the table and chart below by cabinet portfolio. The main projects within each cabinet portfolio are highlighted on pages 30 to 37.

Provisional capital programme by cabinet portfolio 2018/19	£000
Adult Social Care and Health	7,934
Children, Education and Skills	12,451
Environment and Housing	1,330
Managed Growth	3,038
Resources and Delivering Value	8,300
Stronger Communities and Partnerships	54
Transport and Highways	4,572
Total capital programme	37,679

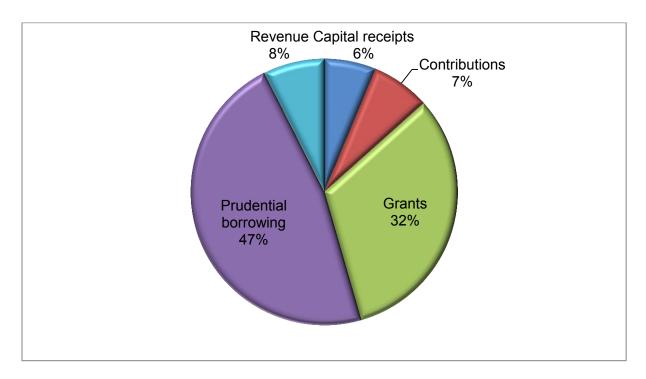


Funding for the capital programme primarily consists of a combination of prudential borrowing within council approved limits, specific capital grants and capital receipts from the sale of council assets.

CAPITAL BUDGET 2018/19

The capital programme is affected fundamentally by the level of government support for capital, which is provided through capital grants. The breakdown of the financing of the capital programme is illustrated in the table and chart below.

Financing of the provisional capital programme 2018/19	£000
Capital receipts	2,365
Contributions	2,683
Grants	12,115
Prudential borrowing	17,708
Revenue	2,808
Total funding	37,679



The capital strategy is supported by the Council's Corporate Asset Management Plan, which includes an objective to optimise the Council's land and property portfolio through proactive estate management and effective arrangements for acquisitions and disposals. In terms of capital receipts, the outlook for any significant receipts from disposals in the current economic climate is improving compared to recent years. With the exception of specific receipts from housing and school related disposals, capital receipts are treated as a corporate resource available to fund the corporate capital programme.

Prudential borrowing provides some flexibility in relation to funding for the capital programme and has been used to support the delivery of some major projects such as the developments at Chelmund's Cross and the North Solihull primary programme. However, increasingly, large capital projects are dependent on external grants, specific government funding or partnership arrangements. The Council will explore all sources of capital funding to facilitate the delivery of the Council's priorities.

Detailed Budgets by Cabinet Portfolio

Adult Social Care and Health

The tables below summarise the main responsibilities of this portfolio together with details of the revenue and capital budgets and reserve balances for 2018/19.

Main responsibilities

This portfolio includes Adult Social Care and Public Health, together with a number of cross-cutting functions.

Cross-Cutting

- Carers
- Statutory Complaints about Adults' & Children's Services
- Information, Advice and Support Service (IASS) Transformation
- Independent Complaints Advocacy Service (ICAS) Programme

Adult Social Care

The core role of Adult Social Care is to work with partners and local people to respond effectively to the current and future needs of older people, people with disabilities and their carers, promoting their independence, wellbeing, dignity and choice. Key aspects include:

- Commissioning and developing services for personalisation, including joint commissioning with health partners.
- Promotion of wellbeing and prevention services.
- Protection of vulnerable adults of all ages.
- Direct provision of services to support younger adults with disabilities and older people.
- Direct provision of mental health services.
- Safeguarding adults who are vulnerable.
- Assessment and support planning to meet assessed needs.
- Integrated working with health partners to deliver the Better Care Fund Plan (BCF).

Public Health

The portfolio is also responsible for improving and protecting the health of the population. Key responsibilities are:

- Monitoring and reporting on the health of the population of Solihull.
- Developing and implementing public health programmes and services.
- Commissioning health improvement programmes and services.
- Providing the health improvement functions delegated to the local authority from the Secretary of State for Health and funded through the Public Health Grant.
- Providing public health advice to the NHS, in accordance with the delegated functions from the Secretary of State.
- Health protection, including quality assurance of the local health protection system.

Revenue	Budget 2018/19			
Objective analysis - di	vision of service	e:		£000
Assessment, Care and	Support			38,038
Directorate Managemer		Specific Income		(9,984)
Disabilities Block Contra				3,032
Hospitals and Mental H				4,604
Mental Health Block Co				683
Older People Block Cor	ntracts			6,527
Provider Services Public Health (net of Pu	blic Hoolth grant	of £10 026m)		8,048
Solihull Safeguarding B	-	01 £ 10.930111)		219
Strategic Commissionin				936
Net expenditure	.g roun.			52,103
not expenditure				02,100
Subjective analysis:				
Employees				19,137
Running costs	75,870			
Gross expenditure				95,007
Income (includes Public	Health grant of	E10.936m)		(42,904)
Net expenditure				52,103
Capital projects (included Home at Tanworth Land and Wheelchair Serviced	7,934			
	Forecast balance 1/4/2018	Forecast use/ (contribution) 2018/19	Forecast balance 31/3/2019	Forecast balance 31/3/2021
	£000	£000	£000	£000
Reserves *	(546)	115	(431)	(342)

^{*} The reserves position above excludes the contingency detailed on page 22.

Children, Education and Skills

The tables below summarise the main responsibilities of this portfolio together with details of the revenue and capital budgets and reserve balances for 2018/19.

Main responsibilities Children's and Family Services

This covers a variety of services relating to the safeguarding, wellbeing and protection of children and young people and their families. Key aspects include the:

- Delivery of statutory functions under the Children and Families Act.
- Early Help Engage service, established in 2015. This is based on a collaborative structure and designed to identify and deal with issues at an early stage.
- Commissioning, including jointly with partners of universal, targeted and specialist services including the integration of services.
- Provision of fostering, adoption and other services for children and young people both in the care system and for Care Leavers.
- Provision of services for children who are in need of support but are not in care.

Education, Skills and Progression

- Supporting education, learning and skills initiatives.
- The delivery of statutory education functions and work with schools which includes promoting high standards of education and ensuring appropriate choice, diversity and fair access in the local education system.

Revenue	Revenue				
Objective analysis - d	ivision of servic	e:		£000	
Children's and Family S	Services			27,143	
Education Services				4,451	
Total Core Authority F	unctions			31,594	
Schools and Related S	ervices			0	
(funded by Dedicated S	Schools Grant (DS	SG) of £106.446m	1)	U	
Net expenditure				31,594	
Subjective analysis:					
Employees	21,450				
Running costs	24,611				
Gross expenditure	46,061				
Income (excludes Dedicated Schools Grant (DSG) of £106.446m)				(14,467)	
Net expenditure				31,594	
Note: Dedicated Schools Grant figures exclude academies					
Capital projects (including North Solihull primary programme/schools improvement programme and schools managed capital)				12,451	
	Forecast	Forecast use/	Forecast	Forecast	

	Forecast	Forecast use/	Forecast	Forecast
	balance	(contribution)	balance	balance
	1/4/2018	2018/19	31/3/2019	31/3/2021
	£000	£000	£000	£000
Reserves (excluding DSG)	(2,018)	1,056	(962)	(788)

Environment and Housing

The tables below summarise the main responsibilities of this portfolio together with details of the revenue and capital budgets and reserve balances for 2018/19.

- Environmental improvement works in local areas through Neighbourhood Management.
- Housing Delivery Independent Living and tackling homelessness.
- Developing and implementing strategies for dealing with homelessness and enabling the delivery of affordable housing.
- Private sector housing services including the administration of Disabled Facilities grants, renovation grants, energy conservation homes and empty homes.
- Reviewing the performance of housing stock management organisations.
- Domestic refuse collection, waste disposal and recycling services.
- Trees and forestry.
- Management and stewardship of parks and open spaces.

Revenue	Budget 2018/19				
Objective analysis - di	vision of service	e:		£000	
Cleansing Services				4,120	
Directorate Managemer	nt and Support			190	
Housing Stock - Manag	gement and Cond	lition		1,704	
Neighbourhood Manage	ement			988	
Parks and Open Space	S			235	
Trees and Forestry				348	
Waste Collection, Dispo	sal and Recyclin	g		7,305	
Net expenditure				14,890	
Subjective analysis:					
Employees				2,013	
Running Costs				15,122	
Gross expenditure				17,135	
Income	(2,245)				
Net expenditure				14,890	
Capital projects (include	Capital projects (including Disabled Facilities Grants and projects				
delivering improvement	1,330				
Forecast Forecast use/ Forecast					
	Forecast balance 31/3/2021 £000				
Reserves	(1,314)	424	(890)	0	

Managed Growth

The tables below summarise the main responsibilities of this portfolio together with details of the revenue and capital budgets and reserve balances for 2018/19.

- Developing policy, people and business to drive forward development of the economy and tackling worklessness, including external funding, tourism strategy and inward investment.
- Policy development and implementation of the physical, social and economic regeneration of North Solihull.
- Developing policies and practices to ensure the sustainable development of the borough, including biodiversity and the historic environment.
- Housing Strategy and spatial planning of the borough.
- Development Management, including Building Control.
- Economic development strategy and delivery, including external funding and internal investment.
- Town Centre Management including Solihull Business Improvement District (BID) and event management and marketing.
- UK Central and High Speed 2 project delivery.
- Land and Property acquisitions and disposals.
- Working through the West Midlands Combined Authority, and Greater Birmingham and Solihull Local Enterprise partnership to attract funding and promote the borough's interests.

Revenue	Budget 2018/19
Objective analysis - division of service:	£000
Directorate Management and Support	190
Growth and Development	799
Planning, Design & Engagement Services	580
Town Centre Management	(75)
UK Central	0
Net expenditure	1,494
Subjective analysis:	
Employees	4,148
Running costs	244
Gross expenditure	4,392
Income	(2,898)
Net expenditure	1,494

Capital projects (Strategic investment property acquisition and habitat	3,088
and nature improvements across the borough)	3,000

	Forecast balance 1/4/2018 £000	Forecast use/ (contribution) 2018/19 £000	Forecast balance 31/3/2019 £000	Forecast balance 31/3/2021 £000	
Reserves	(2,578)	166	(2,412)	0	

Resources and Delivering Value

The tables below summarise the main responsibilities of this portfolio together with details of the revenue and capital budgets and reserve balances for 2018/19.

- Collection of local taxes and administration of benefits.
- Corporate support services: Accountancy, Human Resources, Information and Communication Technology & Information Governance, Procurement, Communications, Legal, Business Intelligence & Improvement and Internal Audit.
- The Council's buildings, land and property assets and investments.
- · Catering Services.
- Civic and democratic services to Members and the Mayoralty.
- The Council's Treasury Management responsibilities.
- Emergency Planning.

Revenue	Budget 2018/19				
Objective analysis - o	division of servic	e:		£000	
Audit, Governance and	d Risk Manageme	nt		1,050	
Budget Strategy				(3,322)	
Business Intelligence a	and Improvement			546	
Catering				(5)	
Collection of Local Tax	ces and Benefits			870	
Communications				385	
Corporate Property				4,177	
Democratic and Mayor				1,632	
Directorate Manageme	ent and Strategy			992	
Emergency Planning				134	
Financial Operations				13,010	
Human Resources				2,577	
ICT and Information G				5,772	
Investment Properties	and Land			(3,690)	
Legal Services Other Joint Authorities	Continue			1,131	
	(796) 550				
Net expenditure	Procurement Not expanditure				
Net expenditure	25,013				
Subjective analysis:					
Employees				30,842	
Running costs				74,609	
Gross expenditure				105,451	
Income				(80,438)	
Net expenditure	25,013				
Capital projects (inclu	8,300				
system, Property Service	,				
	Forecast balance 1/4/2018 £000	Forecast use/ (contribution) 2018/19 £000	Forecast balance 31/3/2019 £000	Forecast balance 31/3/2021 £000	
Reserves	(8,650)	822	(7,828)	(2,579)	

Stronger Communities and Partnerships

The tables below summarise the main responsibilities of this portfolio together with details of the revenue and capital budgets and reserve balances for 2018/19.

- The Core theatre, studio, gallery and arts development.
- Crime and Disorder tackling crime, drugs, nuisance and anti-social behaviour.
- Bereavement Services providing cemetery and crematoria services.
- Customer Services.
- Voluntary and Community Sector.
- Libraries and Information Services community access to information, reading, information technology and learning services.
- Regulatory Services incorporating Environmental Health, Trading Standards, Licensing and Health and Safety enforcement.
- Leisure Services to provide, either directly or in partnership, quality physical activity and sports services that increase the number of people being more active.
- The Solihull Partnership.

Revenue	Budget 2018/19
Objective analysis - division of service:	£000
Arts	4
Bereavement Services	(1,915)
Crime and Disorder Reduction and Neighbourhood Activity Programme	287
Customer Services and Registrars	1,527
Directorate Management and Support	190
Leisure Services	389
Libraries	2,564
Partnership and Sustainable Working	1,004
Regulatory Services	221
Net expenditure	4,271
Subjective analysis:	
Employees	7,450
Running costs	3,060
Gross expenditure	10,510
Income	(6,239)
Net expenditure	4,271
Capital projects (including libraries improvements)	54

	Forecast	Forecast use/	Forecast	Forecast
	balance 01/04/2018	(contribution) 2018/19	balance 31/03/2019	balance 31/03/2021
	£000	£000	£000	£000
Reserves	(677)	219	(458)	(43)

Transport and Highways

The tables below summarise the main responsibilities of this portfolio together with details of the revenue and capital budgets and reserve balances for 2018/19.

- Delivery of the Local Transport Plan and other transport policy.
- Delivery of High Speed 2 and UK Central road network improvements.
- Maintaining all aspects of the highway infrastructure including footpaths and town centre highways.
- Street lighting maintenance, design and inspection.
- Traffic Management and New Roads and Streetworks Act.
- Delivery of Flood Risk Management and the Drainage Strategy.
- Design and management of schemes investigating and analysing traffic conditions and implementing accident remedial measures.
- Working with our partners in education, health, enforcement and the community to improve road safety in the borough as well as encouraging alternatives to the car such as cycling, walking and public transport.
- Maintaining, publicising, safeguarding and enhancing Public Rights of Way.
- Management and maintenance of public car parks in the borough and responsibility for civil enforcement of parking contraventions.

Revenue	Budget 2018/19
Objective analysis - division of service:	£000
Directorate Management and Support	190
Flood and Drainage Management	636
Highways	3,727
Parking Services	(1,882)
Road Safety	483
Street Lighting	2,110
Winter Maintenance	424
Net expenditure	5,688
Subjective analysis:	
Employees	2,930
Running costs	7,689
Gross expenditure	10,619
Income	(4,931)
Net expenditure	5,688
Capital projects (key projects of the Highways capital programme include Solihull Town Centre to Train Station Accessibility, Fillongley Road Bridge and wider Bridges programme, continuation of the Street Lighting LED programme, match funding for the Greening the Grey programme and the Community Liveability Programme)	4,572

	Forecast	Forecast use/	Forecast	Forecast
	balance	(contribution)	balance	balance
	01/04/2018	2018/19	31/03/2019	31/03/2021
	£000	£000	£000	£000
Reserves	(1,017)	65	(952)	0

Adult Social Care Precept

A flexibility introduced by the government in 2016/17 to allow local authorities to increase council tax (by up to 3.0% in 2018/19), in addition to the general amount of council tax, to be spent entirely on adult social care services. The total percentage increase in the adult social care precept between 2017/18 and 2019/20 must not exceed 6.0%.

Business Rates or Non-Domestic Rates (NDR)

A charge on local businesses, at a rate set by the government, collected by local authorities. Under the West Midlands business rates pilot, Solihull will pay 1% of the income collected to the fire and rescue authority and will also pay a tariff to central government. The Council will also pay a share of any growth since April 2016 to the WMCA and a notional levy, based on the growth realised in the year, to the business rates pool (also see Levy and Tariff). Prior to the introduction of the pilot, the Council would have paid 50% of the income collected to central government.

Capital Expenditure

Spending on items that are expected to provide benefit for at least a year (known as assets), such as roads and buildings.

Capital Receipts

Money received from the sale of assets, land or the repayment of loans. The Council is allowed to use capital receipts earned to fund capital expenditure.

Council Plan

The Council's key strategic document for identifying our vision, ambitions and priorities as a council. The current Council Plan is available at http://www.solihull.gov.uk/About-the-Councilplan.

Council Tax

A tax paid by residents of the borough to the Council, based on the value of their property, to be spent on local services. The level of council tax income required is determined by the difference between the funding received from retained business rates and what the Council has set as a budget for the year.

Council Tax Requirement

The amount of council spending to be financed by council tax payers, calculated as the budget requirement less income from retained business rates.

Dedicated Schools Grant

Schools are funded separately from other council services. The Council receives a Dedicated Schools Grant (DSG) direct from the government, which is paid over to schools.

Government Grants

Most government grants are service based and are specific to the services that they support (see also Revenue Support Grant).

Levy

Under the business rates retention scheme, local authorities which are eligible to pay a tariff must pay a levy on any growth in business rates income. Members of business rates pools which are liable to pay a levy do so to the pool rather than to central government. Under the arrangements agreed by the Greater Birmingham and Solihull pool, of which Solihull is a member, the Council pays a notional levy into the pool and receives back a proportion of the levy it pays into the pool.

Local Enterprise Partnership (LEP)

A partnership created to increase economic output, create jobs and stimulate growth and investment across the area. Solihull is a member of the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP).

Localisation of council tax support

The term used to refer to the government's decision to replace council tax benefit with local schemes for council tax support. Previously council tax benefit was a national welfare benefit delivered by local authorities but funded and regulated by central government. Since April 2013 local authorities have been required to set up their own schemes for supporting local residents. Full details of the scheme operated by Solihull are available on the Council's website at http://www.solihull.gov.uk/Resident/Council-tax/counciltaxreduction.

Medium Term Financial Strategy (MTFS)

A high-level plan for revenue and capital spending over a three year period.

New Homes Bonus (NHB)

A scheme that provides local authorities with an unringfenced grant for each additional property or long-term empty property brought back into use.

Revenue Support Grant (RSG)

The main government grant which helps support council services. The amount of RSG is determined through a funding formula. RSG is being phased out and will cease entirely by 2020. Provisional allocations of RSG up to that point were published in February 2016, which for Solihull have been incorporated into the funding the Council will receive through business rates under the West Midlands business rates retention pilot.

Sustainability and Transformation Partnerships (STP)

Under sustainability and transformation partnerships (STPs), which cover all aspects of NHS spending in England, NHS organisations have come together with local authorities and other partners to develop 'place-based plans' for the future of health and care services in their area.

Tariff

Under the business rates retention scheme, each authority is set a funding baseline (intended to measure spending needs) and a business rates baseline (which represents the authority's ability to raise business rates income locally) by the government. As Solihull's funding baseline is higher than our business rates baseline, we pay the difference to the government as a tariff. This is used to fund top-up payments to local authorities whose funding baseline is lower than their business rates baseline. Our tariff has been increased for 2018/19 to offset our increased share of business rates income under the pilot.

West Midlands Combined Authority

Under the government's devolution agenda, a number of local authorities have come together to create combined authorities to deliver services such as economic development and regeneration on a regional basis. The West Midlands Combined Authority (WMCA), which is made up of the seven West Midlands metropolitan districts plus a number of non-constituent members from the surrounding area, was established in June 2016 and took on the functions of the Integrated Transport Authority (Centro).

QUICK REFERENCE GUIDE

		2017/18	2018/19	For further details see page:
1.	Solihull Council's spend	£136.462m	£141.605m	24
2.	Total council tax for a Band D property (excluding police, fire and parish precepts)	£1,269.13	£1,319.77	25
3.	Of which, adult social care precept for a Band D property	£59.73	£85.11	25
4.	Police and fire precepts (at Band D)			25
	Police & Crime Commissioner	£116.55	£128.55	
	Fire & Rescue Authority	£57.14	£58.84	
	Total Police & Fire	£173.69	£187.39	
5.	The council tax for a Band D property (including Police and Fire precepts)	£1,442.82	£1,507.16	25
6.	The council tax base			25
	Net tax base	74,971	75,972	
	Overall target collection rate	98.81%	98.81%	
7.	The amount that Solihull Council contributes towards the following levies:			26
	Transport Levy (WMCA/Transport for West Midlands)	£9.025m	£8.480m	
	Flood Defence Levy (Environment Agency)	£0.086m	£0.087m	

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