



Solihull
METROPOLITAN
BOROUGH COUNCIL

Medium Term Financial Strategy 2011/12 to 2014/15



incorporating the Budget for 2011/12

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FOREWORD BY COUNCILLOR IAN HEDLEY



Welcome to Solihull Council's Medium Term Financial Strategy (MTFS). As I am sure you are aware, the national economic situation has had a profound impact on the state of the public finances. Central government has announced major funding reductions across a range of public services in its efforts to reduce the nation's budget deficit and re-balance the books. Nowhere has this been felt more keenly than within local government. In Solihull specifically we are coming to terms with a 25% reduction in grant over the next two years.

At the same time the demand and cost of key services that we provide to the most vulnerable people in our community, notably within adult social care and children's services, continue to increase.

This document sets out our approach at Solihull to meeting these combined challenges. We find ourselves in almost unprecedented circumstances but we do start from a relatively strong position. Solihull Council has a track record of managing its finances well and at the same time delivering the service improvements that the local community considers to be important. Local people, quite rightly, require us to keep tight control over the level of council tax bills.

The main objectives for the strategy are:

- To provide a stable financial base from which to deliver the Council's priorities as set out in the Sustainable Community Strategy (SCS) and Council Plan;
- To move the Council towards a more strategic longer-term approach to delivering our revenue and capital plans; and
- To set a sound financial planning framework to underpin the effective financial management of the Council.

The Council Plan is the Council's key strategic document for identifying its vision, ambitions and priorities as well as the contribution to the shared vision for Solihull as set out in the Community Strategy. These are all influenced by local priorities, input from public consultation, government policies and performance information. In the light of future financial constraints it has become even more important that the Council moves towards a genuine alignment of increasingly limited revenue and capital resources with key policy priorities. This will involve the Council focussing more clearly on core services and priorities, whilst making some difficult decisions to reduce or cease activity in other areas.

This MTFS explains the importance of our top 5 projects:

Transforming Children's Services,
Transforming Adult Social Care,
Regeneration; especially in North Solihull,
New Ways of Working and
Lean Thinking.

The first two projects build on the theme of prevention and early intervention as priority activities. North Solihull Regeneration will be a key priority in our capital programme proposals whilst new ways of working and lean thinking provide our strategies for improving productivity, efficiency and transforming services.

The following table summarises the projected revenue position over the next four years. These medium term revenue projections are outlined on pages 10-21.

FOREWORD BY COUNCILLOR IAN HEDLEY

	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m
Base budget	148.210	148.148	144.471	146.405
Funding commitments	16.665	3.744	5.829	3.699
Efficiency savings – agreed prior to 2011/12	0.903	0.032	(0.175)	0
Efficiency savings – agreed in 2011/12	(15.172)	(2.300)	(2.300)	(2.300)
Savings required from future budget actions	0	(9.576)	(1.420)	(1.818)
Add back one off savings from 2011/12	0	4.423	0	0
Use of reserves	(0.125)	0	0	0
Council tax freeze grant	(2.333)	0	0	0
Indicative budget	148.148	144.471	146.405	145.986
Funding	148.148	144.471	146.405	145.986
Assumed council tax increase	0%	2.50%	2.50%	2.50%

As part of the budget setting process for 2011/12, local people were given the opportunity to identify those budgets which they would focus on to achieve savings and, conversely, which areas they would want to see protected. The results of this survey are shown on page 12.

The Council has not increased council tax for 2011/12 despite receiving continually poor financial settlements from government. To achieve this, we have worked hard to identify savings of over £15m whilst still maintaining the high standards of service that we currently provide.

The summary medium term capital position is outlined in the 'Capital Budget' section, on pages 28-29. Notwithstanding the significant investment that will be delivered through capital projects, the projected programme recognises the reducing capital resources and the need to respond to this position.

Whilst other Councils have been forced to make dramatic reductions in frontline services, the focus within Solihull has been to protect these vital services so far as it is possible and to deliver savings through improving efficiency and identifying new, innovative and lean ways of working. Some difficult decisions have still had to be made and there remains much work to do but the financial strategy set out here gives us a stable basis from which we can tackle these challenges.

Councillor Ian Hedley
Leader of the Council

Medium Term Financial Strategy

The economy

The international and national economic situation continues to be volatile with the consequences of the recent recession allied with the collapse of confidence in the banking and financial sectors continuing to be felt. Whilst officially the United Kingdom has now emerged from recession, expectations are that the recovery is likely to be relatively slow with some of the more pessimistic forecasts suggesting that the risk of a “double dip” recession still remains. Interest rates have been held at historically low levels over the course of the last two years in an effort to stimulate growth, however, inflation as measured by the Consumer Prices Index (CPI) continues to exceed the Bank of England’s target and this could give rise to increases in the base rate during the period covered by this strategy.

Within this context the new coalition government, formed in May 2010, has made the reduction of the public sector deficit its clear priority in the belief that this is the best strategy to restore financial stability and, ultimately, secure continued economic growth within the UK over the longer term. It is this strategy, as set out in a number of announcements throughout the course of the year (2010), which ultimately has the most significant impact on the Council’s financial position and is considered in more detail below.

Local government funding

The primary source of funding for local government comes from the Department for Communities and Local Government (DCLG) and the figures published as part of the Comprehensive Spending Review (CSR) showed real term reductions of 26% and 45% for revenue and capital respectively over the four years concerned. The table below shows the cash reductions in formula grant for local government over the period.

Resource	2011/12	2012/13	2013/14	2014/15
Revenue	(10.70%)	(6.40%)	(0.85%)	(5.60%)

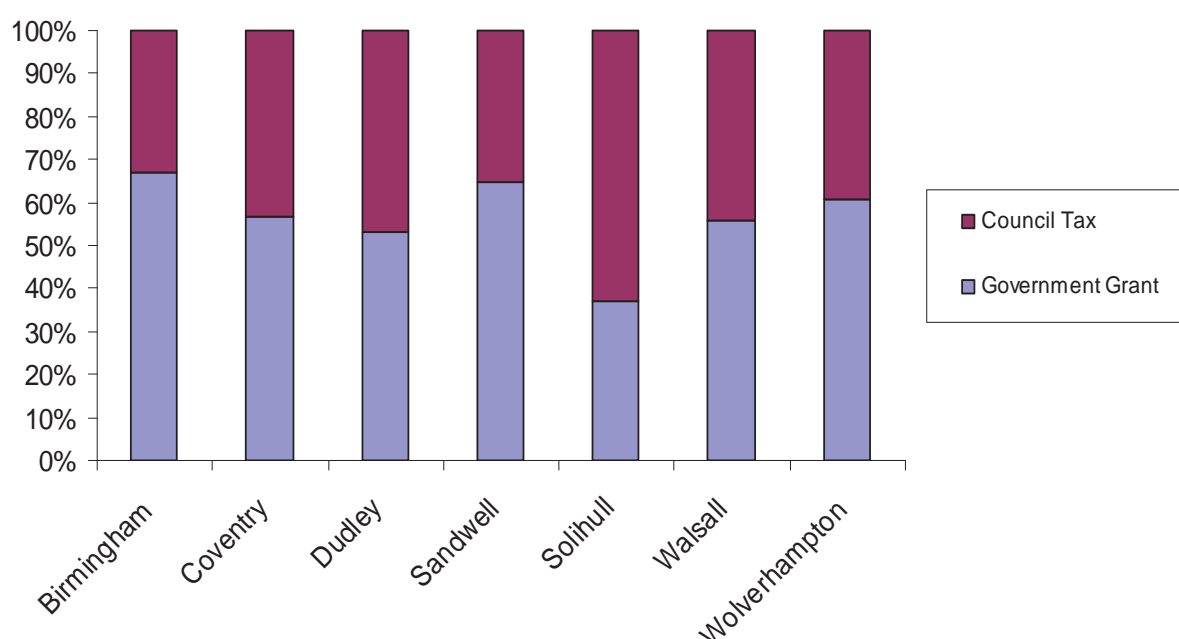
The CSR makes it clear that local government will need to continue to identify significant savings. For its part the Government sought to support councils in these efforts by drastically reducing the ring-fencing of revenue grants with over £4 billion of grants nationally being rolled into the formula grant. This removes the restrictions on the expenditure these resources can fund and therefore gives local authorities more flexibility to use them to support priority services.

The Council's medium term financial strategy is shaped by the particular financial circumstances facing Solihull which, in turn, result mainly from the national context but also from the need to respond to ever increasing service demands from the community at the local level. 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.

Funding reductions

To put the Council's funding position into context, as at 2010/11 63% of the Council's funding for its net General Fund budget (i.e. excluding schools, the Housing Revenue Account and services funded from specific grants) came from council tax, with the remaining 37% being provided by central government through formula grant.

Government grant and council tax funding 2010/11



This balance of funding between council tax and formula grant is unusual in that most other local authorities receive proportionately more of their funding through formula grant. The situation at Solihull results from the fact that, historically, the Council has received the lowest level of grant per head of any metropolitan district whilst also having a relatively high taxbase which in principle enables the Council to raise more funds through council tax.

The previous version of this strategy, written in January 2010, had assumed a freeze in the level of formula grant. However the national figures provided in October's CSR made it clear that the level of resources the Council can expect from formula grant will reduce sharply over the course of the next four years.

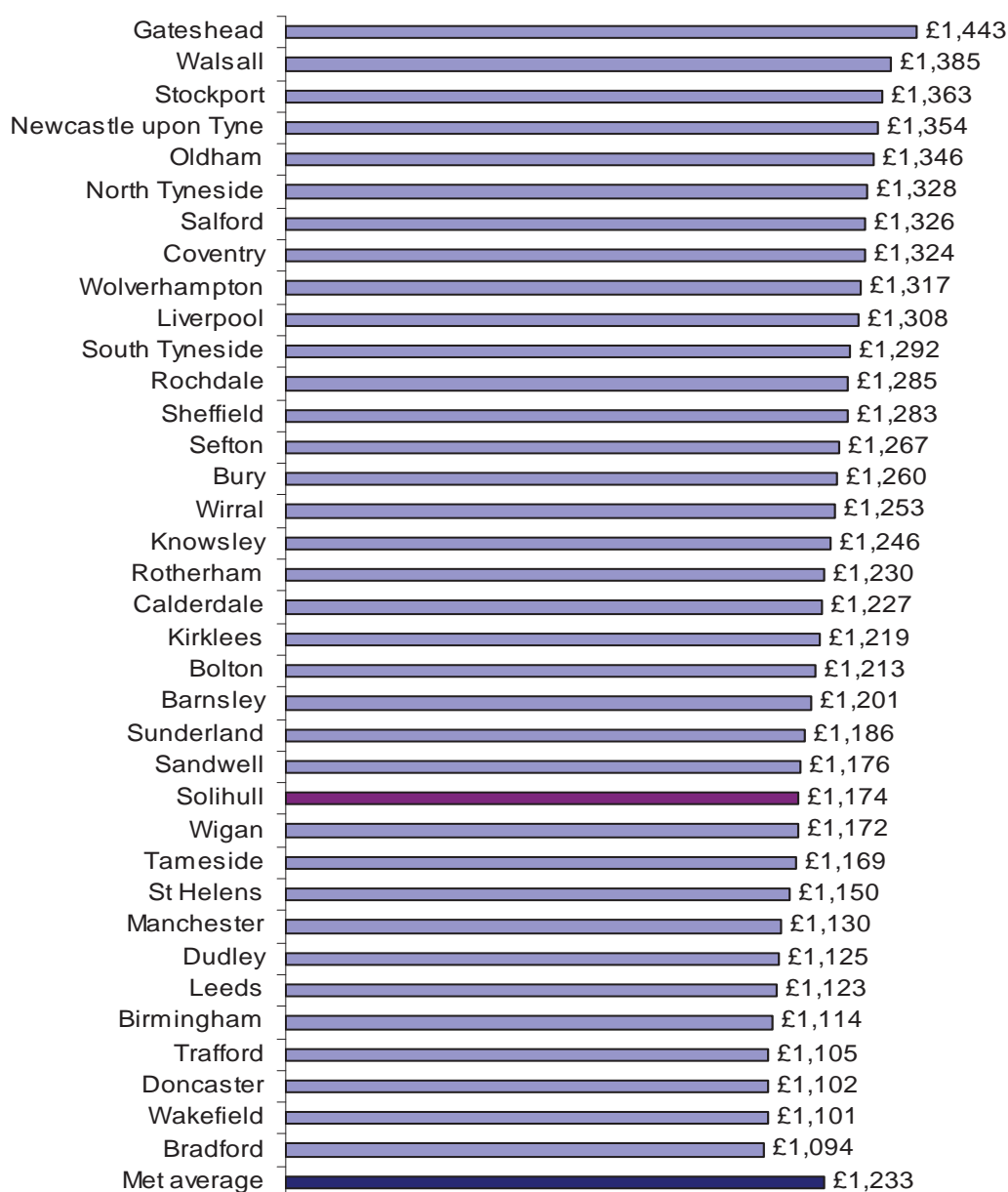
The specific details for Solihull were announced as part of the provisional local government finance settlement which was released in December. The settlement provided notification of the level of formula grant the Council will receive in 2011/12 and 2012/13. When account is taken of specific grants that have been rolled into the formula grant, Solihull will receive a like for like reduction of 14.3% in 2011/12 and 9.9% in 2012/13.

Under this settlement each council has been grouped into one of four bands with each band receiving a reduction in grant of 11.3%, 12.3%, 13.3% or 14.3% respectively. The key factor which determines which band each authority falls into is the proportion to which the formula grant funds its budget. Those local authorities that rely most heavily on grant to support their budgets will receive the lowest reductions. Solihull's budget is less dependent on formula grant and as a consequence, Solihull has been included in band 4 resulting in the highest possible reduction of 14.3%.

The Government has announced details of a council tax freeze for 2011/12. Those authorities which set a budget requirement resulting in a notional tax increase of 2.5% (or less) will receive additional grant funding to enable them to set a nil council tax increase. The Council has taken advantage of the additional grant and has frozen council tax for 2011/12. An increase of 2.5% has been assumed for subsequent years.

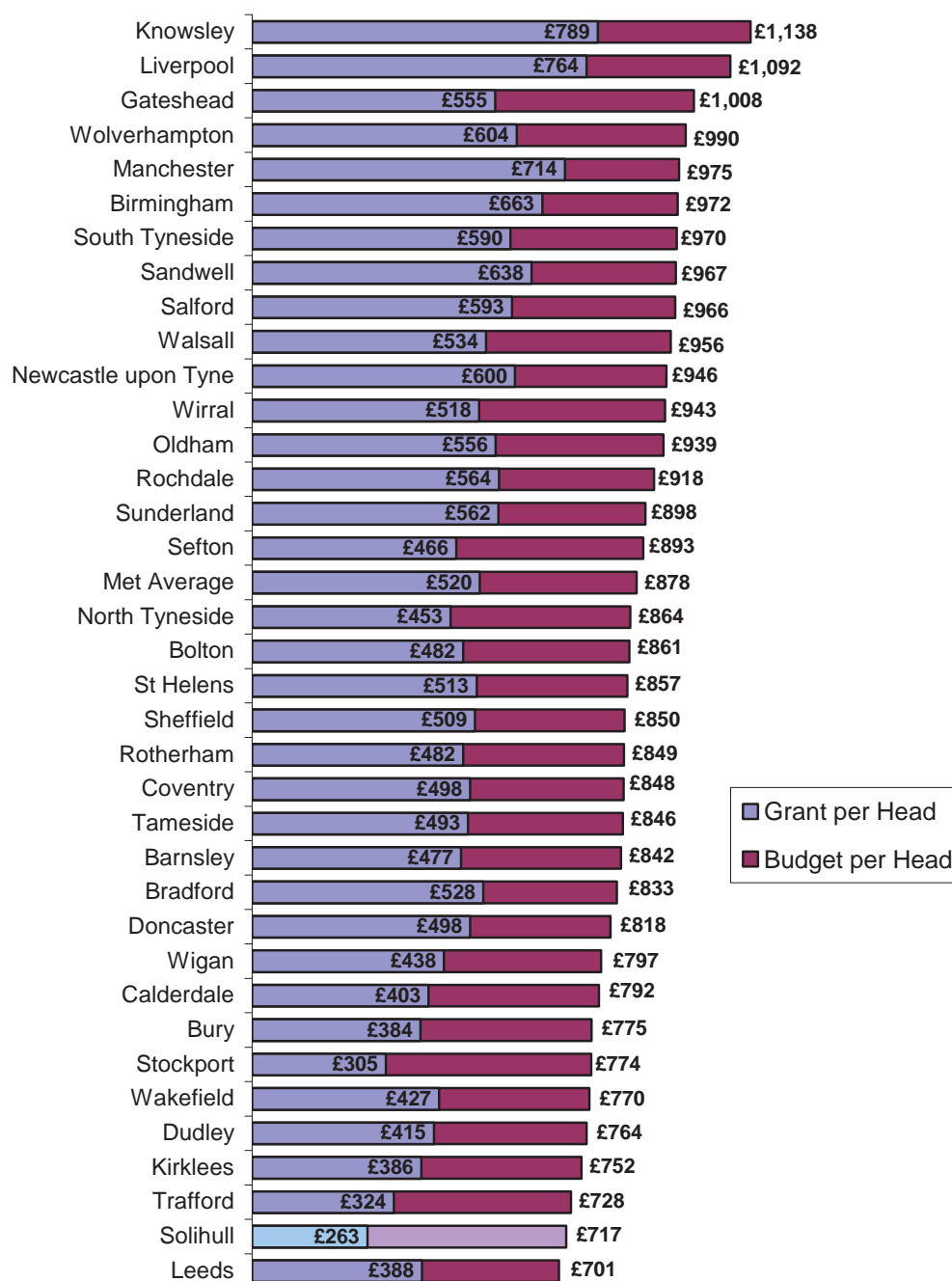
Solihull continues to set one of the lowest Band D council taxes of all metropolitan districts – 12th lowest out of 36 in 2010/11. Our aspiration is to increase our efficiency and reduce our costs so that our council tax levels remain below the metropolitan district average.

Band D Metropolitan District Council Taxes 2010/11 (excluding Police, Fire and Parishes)



The twin factors of relatively low levels of deprivation and a relatively high taxbase combine in the Government’s funding formulae to provide Solihull with the lowest level of grant per head of any metropolitan district authority. As illustrated in the chart below, this position along with historically low levels of council tax keeps the Council’s net budgeted spend per head of population to the lowest of all metropolitan districts.

2010/11 Budget per Head including Government Grant per head of Population
(source: DCLG Settlement Data)



Increasing service demands

The Council serves a population of 205,200 and an area of nearly 18,000 hectares, of which approximately two-thirds is rural. The population has a higher than average proportion of older people (a figure which is projected to increase) and although the area consists of people of mainly white ethnic origin, the ethnic make up of the borough is changing with latest population estimates indicating 9.4% of the population is from Black and Ethnic Minority communities: more than double the rate recorded in the 2001 Census.

Although Solihull residents have a generally high quality of life, there are notable inequalities within the borough's population, primarily between the north and parts of the south. While the borough as a whole has low rates of unemployment and high levels of income, there are three wards in the north which are amongst the 10% most deprived wards in England. As a result, the Sustainable Community Strategy identifies closing the inequality gap between the north and south of the borough (for example in relation to education and health outcomes) as a significant challenge and the key priority for local public services.

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. Additional investments in adult social care and children's services reflect the Council's commitment to prevention and early intervention as priority services.

The Council's response to the challenges posed above is based on 4 key pillars as follows:

- Aligning resources to key service priorities
- Improving efficiency and value for money
- Exploiting shared service and partnership opportunities
- Identifying and optimising income opportunities

Aligning resources to priorities and service transformation

The Council has begun the process of reviewing all of its operations with the objective of ensuring that resources are aligned to the delivery of the following priorities:



The priority for the north Solihull regeneration programme is to:

- Reduce the gap of inequality that currently exists between the north and south of the borough across a range of indicators including life expectancy, educational attainment, employment and housing.
- Particular focus in the period will be placed on maintaining the redevelopment of the primary school estate and the development of vibrant community hubs that integrate a range of services (with particular emphasis on education and health) whilst also creating employment opportunities.

The financial priority within adult social services over the course of the planning period is to:

- Deliver a 3 year recovery programme designed to manage the budgetary pressures within the service whilst simultaneously transforming the delivery of social care services.
- The objective is to create a new high quality care and support system which is fair, accessible and responsive to individual user and carer assessed needs.

The priority for children's services within a policy framework of prevention and early intervention is:

- The integration of services for children, young people and their families
- Schools and other learning providers are the universal services at the heart of the community - working collaboratively, in partnership with the local authority, other agencies and organisations
- Providing high quality education and services
- To effectively meet the needs and aspirations of children, families and the community

Exploring new ways of working:

- Solihull has been selected by the Department for Communities and Local Government to be a lead pathfinder authority as part of its capital and asset management pilot programme.
- The objective is for the Council to take the lead in a wide ranging review of the totality of public sector assets within its boundaries with a view to identifying opportunities for co-location and shared service delivery.
- From a financial perspective it is envisaged that both revenue and capital savings can be achieved across the public sector estate from the adoption of such an approach. Within Solihull the review is focusing on the opportunities within the south of the borough to relocate a number of public services, including the Council on one site whilst simultaneously redeveloping and expanding both retail and office provision.
- The second project within the programme is linked to the north Solihull regeneration programme and in particular the creation of a community hub within the Craig Croft area that would provide a base for public service providers and a range of community services.

Going lean faster:

- This is part of the Council's wider Shaping Solihull Programme which aims to deliver a significant proportion of the required efficiency savings through service transformation.
- Going lean faster will increase the scale and pace of the Council's already successful lean transformation work.
- The Council expects to deliver ongoing savings in the order of £2.3 million per annum through an intensive programme of lean reviews and these forecast savings have been built into this financial strategy.

Savings facilitated by the corporate procurement service through the review and renegotiation of contracts will continue to contribute to the corporate savings target as will the joint procurement work with Coventry City Council and Warwickshire County Council which seeks to benefit all three authorities through greater economies of scale.

The Council remains committed to meeting the standards of service that it is statutorily required to provide and where it is possible and appropriate to improve these standards. At the same time it will be necessary to challenge all areas to justify the continued provision of discretionary elements of services. This may mean reducing the amount of activity undertaken in some areas or even stopping some services altogether. For those services that the Council continues to deliver there will always be a need to increase both value for money and the effectiveness of delivery.

Exploiting shared service and partnership opportunities

Some of the most successful local authorities are the ones that are able to work in innovative ways to maximise the availability of resources to deliver services. This may involve attracting external funding but it also involves delivering services in ways that move away from traditional service delivery methods. There is now a pressing financial imperative for Solihull to increase the degree to which it explores and takes advantage of different approaches to service delivery in order to optimise the volume and quality of service that can be delivered. Over the medium term the Council will be looking to increase its participation in shared services and commercial strategic partnering arrangements, whilst encouraging greater involvement of community and voluntary sector partners within the borough.

There is a strong emphasis already in place on working sub-regionally, with Coventry and Warwickshire Councils, for example on waste management and procurement, whilst more recently the Council has formed a Local Enterprise Partnership with Birmingham City, Tamworth, Bromsgrove, Cannock Chase, East Staffordshire and Lichfield Councils.

A public sector summit has established a collective agreement to work sub-regionally where appropriate and this was followed by the agreement of a statement of principles for collaboration between public sector bodies, which include the following:

- We do what is best done at the right level, i.e. local, sub-regional or regional;
- We commit ourselves to do those things at a sub-regional level which make sense at that level; and
- We want to look at savings against the overall "public purse", i.e. costs for the sub-regions as a whole.

The Council will need to sustain and build upon the success that it has already achieved to deliver priorities through shared services and partnership working. A significant proportion of the Council's activities are now partly or wholly delivered through partner organisations, including leisure centre provision, waste, environment services, highway maintenance and social housing. Future funding pressures and the need to continue to improve value for money will require the transformation of further areas of service delivery.

The Council provides financial support to a number of organisations in the form of direct funding, either via a grant or on a more contractual basis. In these circumstances it is likely that even where the Council maintains a constant policy commitment to supporting these organisations, the amount of support provided may need to be reviewed, for instance, by passing on an expectation of efficiency savings or when re-commissioning provision. For other organisations, the impact of policy changes that the Council may make may impact upon other major bodies within the borough. In both sets of circumstances, such decisions need to be open and transparent and communicated clearly with the bodies affected.

Identifying and optimising income opportunities

Under the corporate fees and charges framework, the Council's fees and charges are reviewed each year as part of the budget process as one of the ways of reducing overall costs. Some of the factors that will need to be taken into account when making charging decisions are:

- whether the service is statutory; any legal restrictions on charging and the service's contributions to the Council's outcomes;
- the objectives of the service (especially where they incorporate competing priorities such as cost recovery versus a primary service objective or competing public service benefit);
- existing levels of competition and demand;
- benchmarking;
- stakeholder and user information, and
- any financial analysis of the impact of charging decisions.

The Council initially worked with PricewaterhouseCoopers on the Revenue Income Optimisation (RIO) project to review the Council's fees and charges and identify opportunities for income growth. This project identified £229,000 of additional income in 2010/11. For 2011/12 the Council continued with this approach and the proposals arising from the review are included in the budget forecasts for 2011/12.

Over the medium term the strategy will require that, as a general rule, fees and charges increase at least in line with inflation, but the financial pressures or other service requirements faced by the Council may mean that consideration is given to increasing the real financial contribution made from some fees and charges by raising them beyond the rate of inflation after taking into account all relevant circumstances.

SUMMARY REVENUE STRATEGY

As already set out, 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;
- Demand for our services (for instance due to demographic pressures in social care) increasing beyond the available supply;
- Changing expectations from government or the public on the level of service (for example in response to high-profile child protection cases);
- New government initiatives or legislation which can increase pressure on existing budgets.

The key strategies to address these issues over the medium term are:

- Aligning resources to key service priorities;
- Improving efficiency and value for money;
- Exploiting shared service and partnership opportunities;
- Identifying and optimising income opportunities.

It is important 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 budget actions required to deliver a balanced budget in the future are clearly identified in this MTFFS and it is crucial that the Council now takes forward these budget actions.

Treasury management

The Council agrees Treasury Management and Investment Strategies annually as part of its budget setting report. The Council's capital and revenue budget plans inform the development of these strategies.

The Treasury Management Strategy details who we can invest with and the maximum amount that can be invested. Limits are based on credit ratings, supplied by independent credit rating agencies. In common with other local authorities, we only invest with institutions that are rated as very strong.

The Council has taken additional measures to reduce risks, including repaying £63m of the Council's debt and not committing to any further borrowing (both to reduce the levels of investment sums held) and selecting British banks for short term investments. The Treasury Management and Investment Strategies will be revised in February 2011 and will continue to reflect the unprecedented economic conditions as well as latest government and CIPFA guidance on treasury management activities.

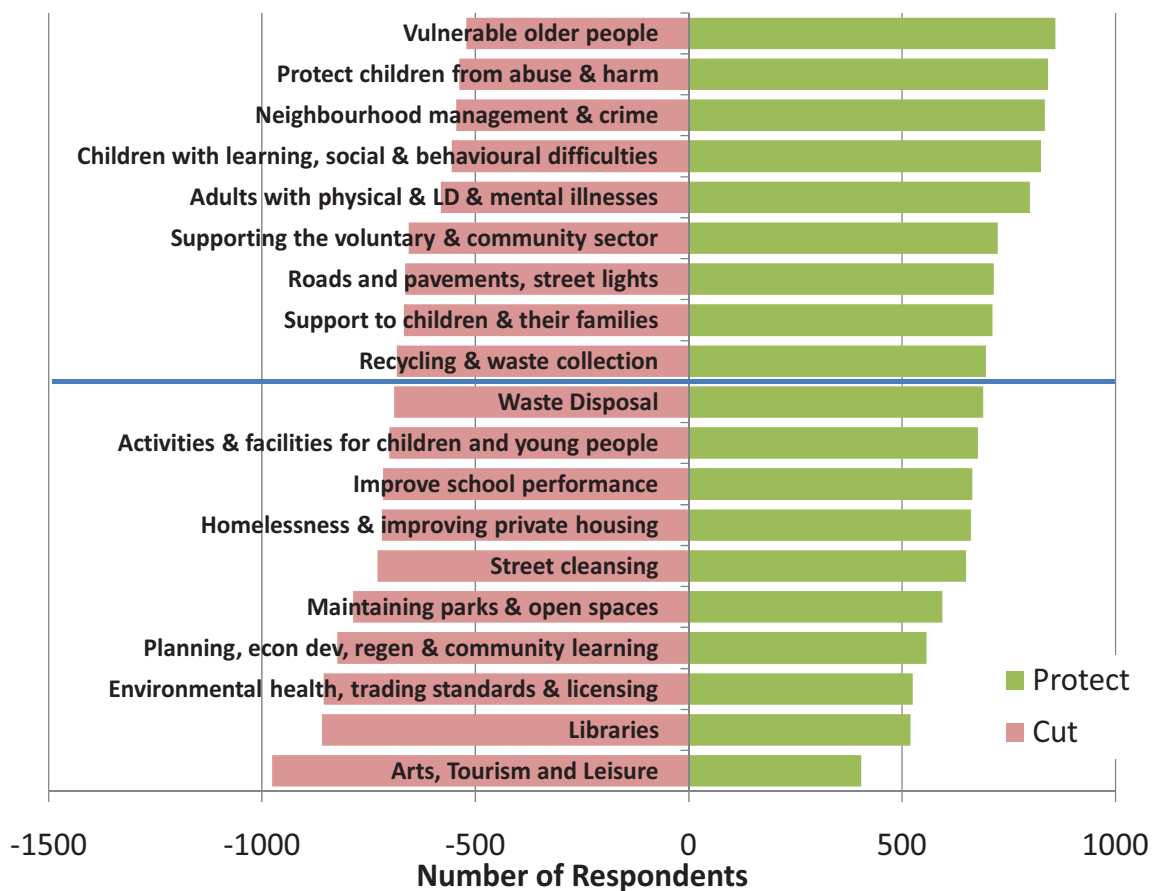
RISK MANAGEMENT AND CONSULTATION

Consultation on the Budget Process

The Government expects that local authorities will be able to demonstrate that they have in place mechanisms to ensure that 'representatives of local people' are being appropriately informed, consulted or involved in services, policies or decisions that affect or interest them.

Consultation for the 2011/12 budget included the opportunity for residents to identify those budgets which they would focus on to achieve savings and conversely which areas they would want to see protected. The headline results are summarised in the table below.

Budget Calculator – Protect vs Cut



Budget proposals are also shared with young people, through the Youth Council, and with local businesses, through the Federation of Small Businesses, in order to seek their views on spending priorities.

Although schools budgets were taken out of local authority control in April 2006, Solihull schools continue to wish to work in partnership with each other and with the Council. The revised financial arrangements do not remove the significant financial impact that schools' funding has on the dynamic of the Council's financial position and the Council continues to work closely with schools through the Schools Forum in budget decisions that have an impact on them.

Reserves

The Council is required to maintain adequate financial reserves 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.

Working balances	2011/12 £'000	2012/13 £'000	2013/14 £'000
Opening balance	6,904	6,779	6,779
(Allocations)/Additions	(125)	0	0
Closing balance	6,779	6,779	6,779

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

Key Assumptions in the Medium Term Financial Strategy

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.
- Council tax will be kept at affordable levels with a freeze in 2011/12 and increases limited to 2.5% in the years beyond;
- The deployment of the Council's limited resources will be focused towards those activities which contribute most to improved outcomes for local people;
- The ongoing need to identify and deliver significant savings each year.

In terms of how the expenditure expectations of the Council are met, the revenue position on page 15 uses the following financial planning assumptions:

- The maintenance of a balanced budget over the medium term;
- Adoption of a more strategic approach to budget setting and financial planning;
- A financial planning figure for council tax increases of nil for 2011/12 and 2.5% thereafter;
- A stable, unchanged taxbase;
- Council tax collection rates maintained at 99%;
- 2011/12 and 2012/13 formula grant figures provided through the provisional local government finance settlement issued in December 2010 and further reductions in 2013/14 and 2014/15 based on the national figures provided by the 2010 Comprehensive Spending Review;
- The continued achievement of significant cashable savings in order to balance this medium term position;
- No increase in the pay budget in 2011/12 and 2012/13. Pay is then assumed to rise by no more than 1.0% in later years.
- Inflationary increases relating to specific contracts have been modelled in line with the specific terms of indexation which are most commonly linked to RPI(x). For future years indexation of 2.5% has been assumed. No inflationary increases have been provided for standard, non contractual expenditure budgets;
- 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. Income inflation of 2.5% is assumed as a minimum increase for planning purposes;
- The West Midlands Integrated Transport Authority (WMITA) levy is based on the most recent business plan for the period;
- Funding for specific areas of growth is provided in line with customer outcomes and recognition of some significant pressures arising from economic and specific local circumstances.

The table below shows how the 2011/12 budget was built up and outlines the indicative budgets for 2012/13, 2013/14 and 2014/15.

	Approved	Indicative	Indicative	Indicative
	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
Base Budget	148,210	148,148	144,471	146,405
Add back use of reserves utilised in previous year	474	125	0	0
Corporate Commitments				
Levies	637	306	314	325
Treasury management - revenue required to support borrowing	275	275	275	275
Treasury management - loss of investment income from use of reserves	0	195	0	0
Landfill tax	120	120	120	120
Pressures and Policy Developments				
Investment in budget priorities approved prior to 2011/12	600	375	200	200
Childrens services	2,400	0	0	0
Adult social care	3,400	0	0	0
Inflation - adjustment of adult social care element included above	(1,338)	877	897	919
Inflation	1,549	1,373	1,816	1,860
Services transferred into formula grant	8,548	98	2,207	0
Efficiency Savings				
Lean programme	(1,100)	(2,300)	(2,300)	(2,300)
Additional savings identified by Corporate Budget Working Group	(14,072)			
Net impact of pressures and savings (including reversal of one off savings) approved prior to 2011/12	903	32	(175)	0
Add back one off savings from 2011/12	0	4,423	0	0
Savings required from future budget strategies		(9,576)	(1,420)	(1,818)
Use of Reserves				
Contribution from working balances	(125)	0	0	0
Council tax freeze – specific grant	(2,333)	0	0	0
Net Budget Requirement	148,148	144,471	146,405	145,986
Resources				
Formula grant	(54,286)	(48,460)	(47,994)	(45,115)
Council tax	(93,670)	(96,011)	(98,411)	(100,871)
Collection fund surplus	(192)	0	0	0
Total Resources	(148,148)	(144,471)	(146,405)	(145,986)
Assumed Council Tax Increase	0.00%	2.50%	2.50%	2.50%

Investment in budget priorities approved prior to 2011/12

The Council's priorities continue to receive additional support in line with the medium term financial strategy, and subject to the target outcomes being delivered. Additional revenue funding will be invested for 2011/12 through to 2014/15 in the following projects.

	2011/12	2012/13	2013/14	2014/15
	£'000	£'000	£'000	£'000
Asset management – additional funding to support whole life costing of assets	100	100	100	100
Information technology – upgrading key systems to enable us to provide 24/7 access to our customers and improve communication	200	0	0	0
Regeneration initiatives – to support regeneration initiatives across the borough	100	100	100	100
Waste disposal – to support the procurement of waste disposal facility contract (surrendered as part of 2011/12 savings)	200	0	0	0
North Solihull – to progress development of new village centre through take-up of office space	0	175	0	0
Total	600	375	200	200

Impact of pressures approved prior to 2011/12

Decisions made as part of prior years' budgets had ongoing effects and these are captured in the medium term financial strategy and summarised below.

	2011/12	2012/13	2013/14	2014/15
	£'000	£'000	£'000	£'000
Building/development control income – phased return to original target	(50)	(50)	0	0
Disabled facilities grant – additional funding to rebuild base budget	150	0	0	0
Birmingham Airport dividends – forecast impact of dividend proposals	(57)	(190)	(175)	0
Solihull Partnership – temporary funding for Partnership Commissioning Team	(224)	0	0	0
Pressures approved prior to 2011/12 subtotal	(181)	(240)	(175)	0

Efficiency savings agreed prior to 2011/12

A number of savings approved as part of the 2009/10 and 2010/11 budgets had ongoing effects in future years. These are captured in the medium term financial strategy and summarised below.

	2011/12	2012/13	2013/14	2014/15
	£'000	£'000	£'000	£'000
Single person discount – adjustment to reflect impact on taxbase from 2010/11 onwards	(190)	0	0	0
Street Lighting – full year effect of revised column replacement programme	0	300	0	0
Bulky Waste – one off for 2010/11 added back	2	0	0	0
Litter/recycling - delay of replacing bins	30	0	0	0
Pest Control - review of income	(2)	0	0	0
Legal fees	20	0	0	0
Software – re-negotiating of licence	20	0	0	0
Advertising and sponsorship – increased income	(31)	(28)	0	0
Reserves	1,048	0	0	0
ANITA project – recovery of preliminary costs	165	0	0	0
Car Parks – reduction in maintenance	41	0	0	0
Additional savings - identified during 2010/11	(19)			
Savings agreed prior to 2011/12 subtotal	1,084	272	0	0
Total of pressures and savings approved prior to 2011/12	903	32	(175)	0

Efficiency savings approved for 2011/12

Title	2011/12	
	Permanent Savings	One-off Savings
	£'000	£'000
CHILDREN AND YOUNG PEOPLE		
Youth Offender Remand Reserve		(80)
Integrated Youth Support Services savings	(164)	
Reductions in Educational Psychology, Welfare, School Improvement and Advisory Services	(268)	
Savings in Performance, Planning, Commissioning, Children's Strategy, Asset Management, Strategy/Regulation	(155)	
Reduction in projected placement costs, through ongoing commissioning and contracting work	(911)	
Elimination of Unaccompanied Asylum Seeking Children (UASC) pressure over a 2 year period, to be achieved by reducing the level of service currently offered to UASC	(1,200)	
Home to School Transport – savings through better use of own fleet	(134)	
5% reduction applied to all grants moving into the Early Intervention Grant	(500)	
Children's Social Work Services – reduction in budgets across services through greater efficiencies	(600)	
Sans Souci – to become self funding, or costs mitigated by review of training facilities	(111)	
	(4,043)	(80)
COMMUNITY SERVICES		
Bereavement Service – realignment of income budget per outturn	(50)	
Cemeteries Administration System – savings in software costs	(4)	
Bereavement Services – organists, savings from casual staff	(27)	
Bereavement Services – reduction in summer bedding plants	(5)	
Bereavement Services – charge for historical searches	(5)	
Bereavement Service – witnessed scattering fee	(12)	
Bereavement Service – increase in new memorial sales	(15)	
Bereavement Service – release of new graves	(25)	
Bereavement Service - reduction in overtime payments (subject to Scrutiny review)	(35)	
Bereavement Service – gas consumption (subject to Scrutiny review)	(31)	
Reducing resources budget within libraries	(44)	
Reduction in Town Centre Management costs	(18)	
Reduce running costs and/or increase income generation in relation to Solihull Arts Complex and Leisure costs	(30)	
Transfer of Tudor Grange golf facility	(50)	
Renegotiate Leisure Public Private Partnership	(75)	

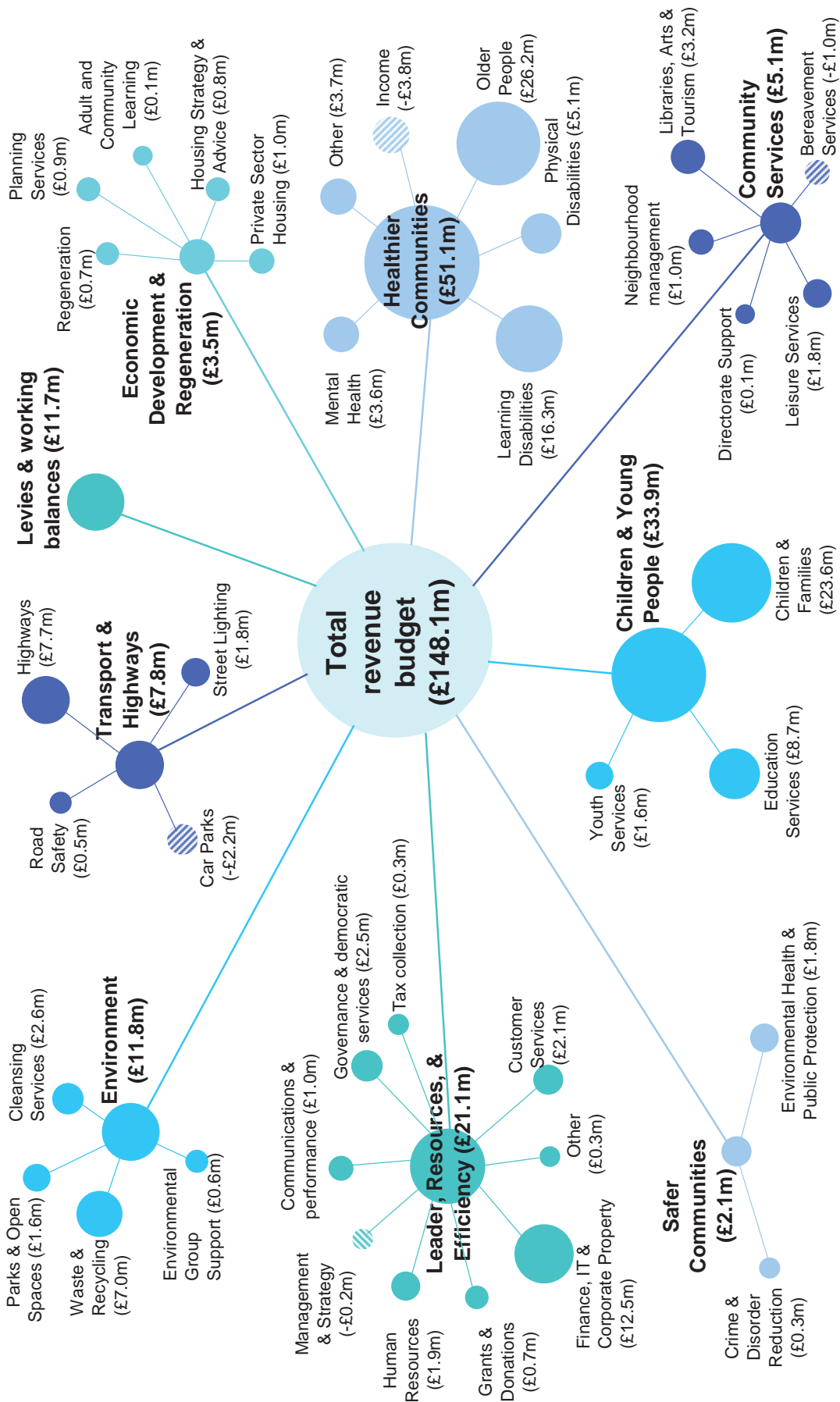
Title	2011/12	
	Permanent Savings	One-off Savings
	£'000	£'000
Sharing mobile library and van delivery services with Warwickshire	(50)	
	(476)	0
ECONOMIC DEVELOPMENT AND REGENERATION		
Housing Services - savings identified following a lean review and the establishment of the Homes Improvement Agency based on an improvement in operational procurement.	(50)	
	(50)	0
ENVIRONMENT		
Implementation of in-cab technology – savings on missed waste collections	(100)	
Procurement of landfill / green waste disposal contract	(45)	
Waste disposal surplus budget	(400)	
Realignment of kerbside recycling	(40)	
Dividend from Solihull Waste Company	(300)	(650)
Waste PFI - affordability gap contributions no longer required from corporate resources	(600)	
Reduced cost of landfill tax	(20)	
Recycling Income Risk Reserve		(254)
Remove rolling 5 year replacement litter bin programme and only replace damaged bins.	(100)	
	(1,605)	(904)
HEALTHIER COMMUNITIES		
Adults Social Care – Care First Reserve		(32)
Chelmsley Wood Primary Care Centre Reserve		(16)
Align Services for Carers	(70)	
Day Care Attendances - Modernisation of day services	(7)	
Charge admin fee/interest on Court of Protection accounts.	(5)	
Day Care Services - Redesign of day services provision for all groups for day care attendance, transport and meals	(278)	
	(360)	(48)
LEADER, RESOURCES & EFFICIENCY		
Emergency Planning	(11)	
Equalities and Diversity - Buying annual leave of 10 days for 2011/12	(2)	
Financial Operations - Coroners Court – Reduced recharge from Birmingham	(16)	
Audit Income (RIO project)	(20)	
Corporate Performance, Policy and Information – staff reducing of working hours	(16)	
Councillors' Expenses		(9)
Customer Contact Services - budget reduction on agency staffing	(13)	
Customer Contact Services – budget reduction on furniture and equipment	(16)	
Customer Contact Services – budget reduction on transport costs and internal telephones	(9)	
Electoral Services – no electoral canvass	(6)	

Title	2011/12	
	Permanent Savings	One-off Savings
	£'000	£'000
Facilities & Asset Management	(311)	
Financial Operations – Transforming Finance project	(124)	
Financial Operations – Severance reserve		(2,000)
Financial Operations – Insurance reserve		(1,000)
Health & Safety	(30)	
ICT - eliminate customer addresses look-up system	(20)	
ICT - discontinue Project Reporting tool “Projxsoft” licence	(5)	
ICT – re-negotiate support contract for Care Support	(15)	
ICT – rationalise printing for Children’s Social Care	(6)	
ICT – re-negotiated network security “penetration test” contract	(8)	
ICT – pay network security support and maintenance 3 years in advance	(12)	
ICT – combined print & mail phase 1	(5)	
ICT – combined print & mail phase 2	(13)	
ICT – combined print & mail phase 3	(22)	
ICT – standardise the Education system	(3)	
ICT - Ordnance Survey - Public Sector Mapping	(47)	
ICT - reduction of education management software	(4)	
ICT – release of reserve		(63)
Income & Awards - Reducing vacant posts	(55)	
Income & Awards – use of electronic mailing system	(45)	
Income & Awards – release of reserve		(110)
Legal Income (RIO project)	(6)	
LGA Subscriptions	(6)	
Mayoral Car Reserve		(26)
Procurement – proposed restructure	(24)	
Treasury Management reserve		(141)
Facilities & Asset Management - In House Transport – Release of reserve		(30)
Review of the communications service and marketing	(20)	
Reduced offer of committee teas	(1)	
Reduction in Community Initiatives Fund budget	(36)	
Customer Contact Services - Reduction in overall budget through a review of service provision	(30)	
Learning Difficulties post to be deleted in Customer Services	(8)	
RIO proposal to provide café service in the Civic suite on Saturdays	(5)	
External Audit fees	(50)	
Treasury Management	(500)	
HR - Staffing efficiencies and full recovery of salary sacrifice schemes	(50)	
Review of existing ICT vacancies to achieve staffing reductions	(41)	
Review of overall ICT service	(200)	
Mayor’s Office –reduce the number of functions	(5)	

Title	2011/12	
	Permanent Savings	One-off Savings
	£'000	£'000
Registrars - RIO proposal to revise current charges and introduce new charges	(30)	
Review of rental income and Strategic Land Advisor Contract	(26)	
Councillors' Expenses - 5% saving from reduction in meetings	(32)	
	(1,904)	(3,379)
SAFER COMMUNITIES		
Savings from anti social behaviour lean review	(2)	
Public Protection – Civica computer maintenance savings	(20)	
Empty Homes Officer Reserve		(12)
Pest Control - review of net service costs following a lean review	(38)	
Public Protection – review of grading of vacant posts	(6)	
Increased income target for Homecheck	(4)	
	(70)	(12)
TRANSPORT AND HIGHWAYS		
Street Lighting Energy Budget surplus	(100)	
Neighbourhood Management	(1)	
Road lining	(10)	
Environmental Improvement Budget	(7)	
Rural footways	(5)	
Jetting / CCTV savings arising from the change of contractor	(2)	
Introduce local access arrangements for traffic management on side roads	(8)	
Reduce Strategic Highways Contract (SHC) Board Meetings from monthly to quarterly	(20)	
Service Development Team – review of vacant posts	(50)	
	(203)	0
SUBTOTAL PORTFOLIO SAVINGS	(8,711)	(4,423)
CROSS-CUTTING		
Flexible working –staffing reduced hours	(96)	
Exclude reduced hours savings which have been included in 5% savings	17	
Flexible working –annual leave purchase	(70)	
Exclude annual leave saving included within 5% savings	2	
Stationery saving as part of lean review	(25)	
Headroom budget	(253)	
Unallocated budget –superannuation contingency not required	(139)	
Car allowances –proposal to introduce a single rate for all staff	(347)	
Professional subscriptions	(27)	
Savings from 'Going Lean Faster'	(1,100)	
	(2,038)	
TOTAL	(10,749)	(4,423)

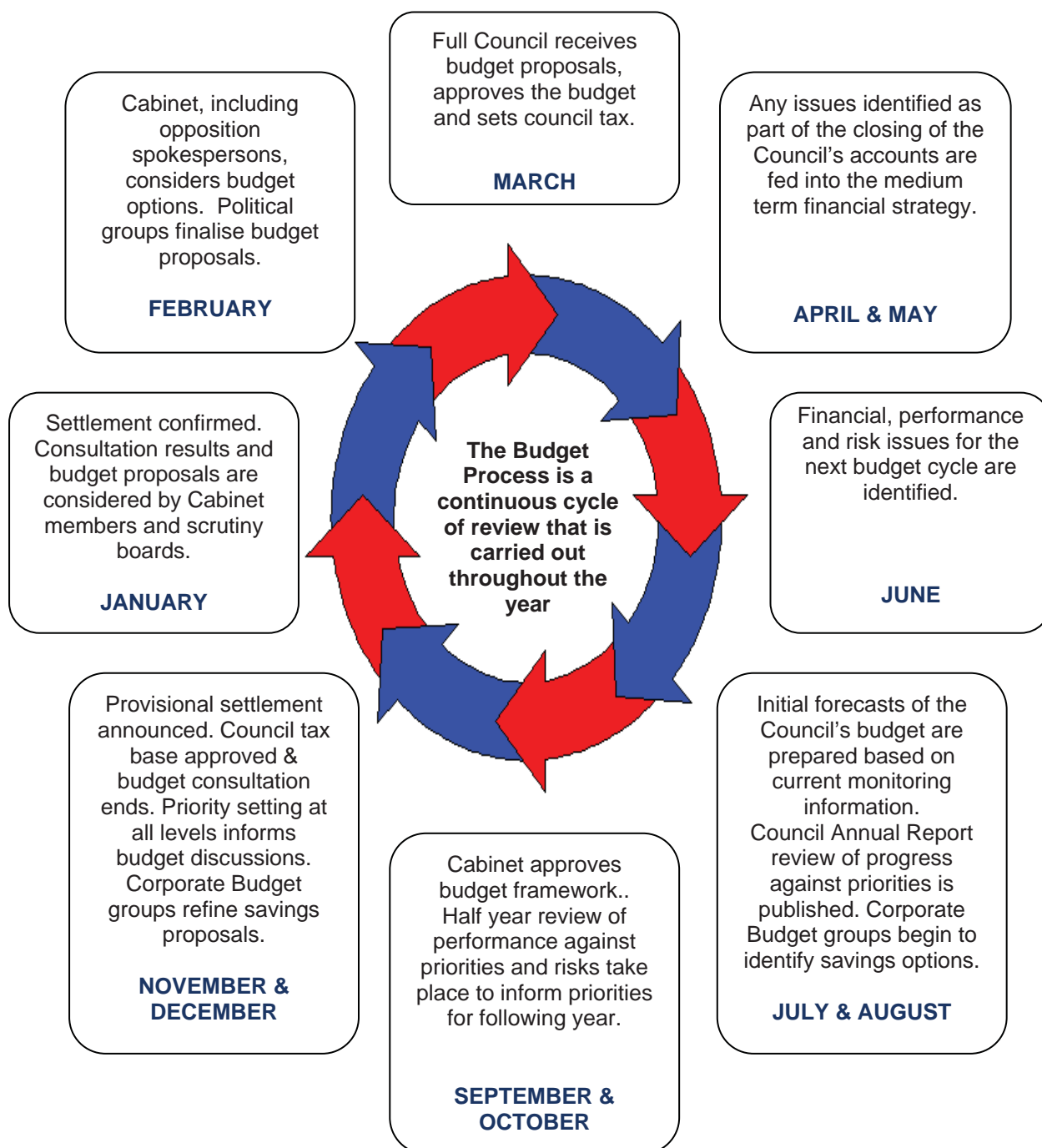
Revenue Budget 2011/12

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.



REVENUE BUDGET 2011/12

The annual budget process develops within a framework agreed by Cabinet in the autumn. It reflects members' attempts to balance priorities and emerging service pressures within the constraints of the funding available from the Government and council tax payers. This is a continuous process as can be seen from the diagram below.



The budget process is structured to encourage challenge and scrutiny by members and senior officers. During the second half of 2010 a Corporate Budget Working group comprising cross party membership was established to lead on the identification of budget saving proposals. These were then considered by the each service scrutiny board and cabinet portfolio holder. The budget proposals are then collated and reported to the Overview and Scrutiny Management Board (OSMB) and subsequently to Full Cabinet in February, before Full Council is asked to agree the budget and council tax in March.

REVENUE BUDGET 2011/12

Summary revenue budget 2011/12

The general fund budget for 2011/12 is £148.148m, which equates to a Band D council tax (excluding police, fire and parish precepts) of £1,173.72.

	Spending £'000	Band D Council Tax £
1. The Council estimates that it will spend money on:		
Community Services	5,166	64.73
Children and Young People	33,983	425.82
Economic Development and Regeneration	3,499	43.84
Environment	11,764	147.41
Healthier Communities	51,133	640.72
Leader, Resources & Efficiency	21,078	264.12
Safer Communities	2,139	26.80
Transport and Highways	7,765	97.30
2. Levies payable by the Council	11,746	147.18
3. Use of working balances	(125)	(1.57)
NET SPENDING	148,148	1,856.35
	Funding £'000	Band D Council Tax £
4. External Government Grant	(54,286)	(680.22)
5. Reduction made as a result of successful collection of council tax arrears	(192)	(2.41)
6. Council tax for Solihull 2011/12	(93,670)	(1,173.72)
NET FUNDING	(148,148)	(1,856.35)

We also collect council tax on behalf of the West Midlands Police and Fire Authorities, the level of which is set independently and over which we have no control. For 2011/12 those precepts have been set at the same levels as in 2010/11 and so remain at the Band D equivalent of £99.45 and £47.83 respectively. This results in an overall Band D council tax for Solihull taxpayers of £1,321.00. Further details are provided on page 26.

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.

	Funding £'000	Band D Council Tax £
Council tax for Solihull 2011/12	93,670	1,173.72
Precepts on the Council:		
West Midlands Police Authority	7,937	99.45
West Midlands Fire Authority	3,817	47.83
Council tax for 2011/12 including Police & Fire	105,424	1,321.00

Two major levies are charged to the Council:

1. West Midlands Integrated Transport Authority

The net budget of the Integrated Transport Authority (ITA) is funded by a levy charged on the seven West Midlands districts pro rata to population.

The total amount of the ITA levy for 2011/12 is £150.0m. Solihull Council pays **£11.664m** based on an estimated population of 7.78% out of the total West Midlands population.

2. Environment Agency

The Environment Agency provides flood defences for the Severn Trent Region (including Bristol, part of Wales, Lincolnshire and as far north as East Riding of Yorkshire) and levies a total of £3.000m from local authorities. The levy is charged in relation to the council tax base of the authorities within the region. Solihull's council tax base for 2011/12 is 79,806 out of a total tax base for the region of 2,926,237 resulting in a Council contribution of **£0.082m** (2.73%) to the Agency.

The expenditure of the Agency consists of the following:

		£m
	Capital Projects	30.395
	Maintenance Work	19.517
	Other Revenue Expenditure	1.154
<i>Less</i>	Government Grants	(44.616)
	Other Income	(1.519)
	Movement in balances	(1.931)
	Net Levy	3.000
	Solihull Share (2.73%)	0.082

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.

Band	No. of Band D Equivalent Dwellings	Band D Council Tax 2011/12 (excl Police and Fire) £	Police £	Fire £	Band D Council Tax 2011/12 (incl Police and Fire) £
A	7,708	782.48	66.30	31.89	880.67
B	7,602	912.89	77.35	37.20	1,027.44
C	16,906	1,043.31	88.40	42.52	1,174.23
D	14,504	1,173.72	99.45	47.83	1,321.00
E	12,806	1,434.55	121.54	58.46	1,614.55
F	11,661	1,695.38	143.64	69.09	1,908.11
G	8,040	1,956.20	165.74	79.72	2,201.66
H	579	2,347.44	198.89	95.66	2,641.99
Total	79,806				

Parish precepts are in addition to the basic Band D council tax for the Solihull area.

2010/11		Parish/Town Council	2011/12		% Band D	% Precept
Precept £	Per Band D £		Precept £	Per Band D £	Increase/ (Decrease)	Increase/ (Decrease)
95,081	31.55	Balsall	95,430	31.45	(0.3)	0.4
3,410	12.68	Barston	3,410	12.58	(0.8)	0.0
42,000	27.04	Berkswell	37,200	23.94	(11.5)	(11.4)
122,808	49.12	Bickenhill	126,123	50.19	2.2	2.7
219,288	53.20	Castle Bromwich	219,288	53.07	(0.2)	0.0
250,000	69.74	Chelmsley Wood	252,320	69.74	0.0	0.9
45,000	46.63	Cheswick Green	45,000	46.88	0.5	0.0
80,000	44.37	Dickens Heath	80,000	42.22	(4.9)	0.0
125,000	52.54	Fordbridge	125,000	52.50	(0.1)	0.0
22,150	23.84	Hampton-in-Arden	24,300	26.16	9.7	9.7
75,000	94.22	Hockley Heath	48,970	61.44	(34.8)	(34.7)
46,700	20.25	Kingshurst	37,000	16.17	(20.1)	(20.8)
32,736	27.05	Meriden	40,000	33.11	22.4	22.2
122,910	45.37	Smith's Wood	120,000	43.53	(4.1)	(2.4)
15,000	31.91	Tidbury Green	15,000	31.58	(1.0)	0.0
1,297,083			1,269,041			

Capital Budget 2011/12

CAPITAL BUDGET 2011/12

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. The Council faces some severe challenges if it is to effectively prioritise and manage capital investment. Recent years have seen a decline in the value of the planned capital receipts that have actually been received. This culminated in a forecast deficit of £9.2 million in the 2009/10 programme if no remedial action was taken. Subsequently members have considered reports throughout the course of 2008 to 2010 and approved measures which will bring the programme back into balance over the course of the next 3 year period. The summary net position of the corporate programme is included in the table below.

	2011/12	£m	2012/13	£m	2013/14	£m
Forecast surplus / (deficit)		(2.7)		(0.9)		0.3

As part of the local government finance settlement, issued in December 2010, the Government confirmed that there would be no Supported Capital Expenditure (SCE) borrowing allocations for 2011/12 and 2012/13 with any government support for capital to be provided through capital grants instead. The CSR also stated that overall capital support provided to local government would decline by 45% over the course of 2011/12 to 2014/15.

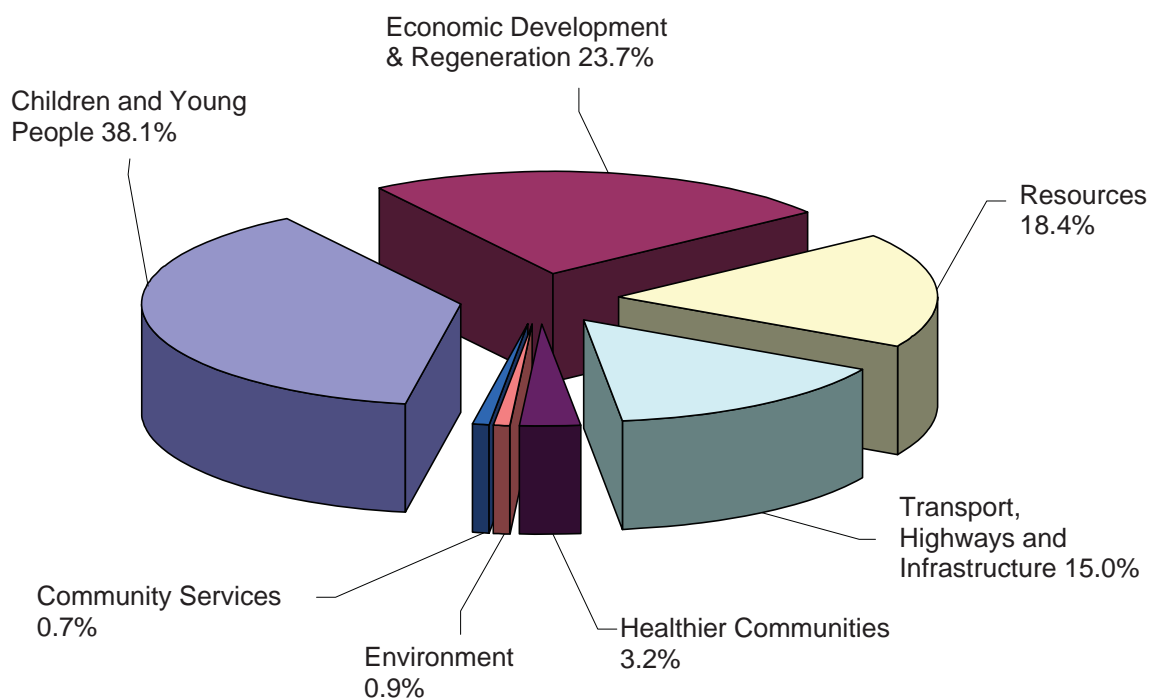
The outlook for any significant receipts from disposals in the current economic climate is poor. With the exception of specific receipts from housing and school related disposals, capital receipts are treated as a corporate resource available to fund the corporate capital programme. The Council will continue to dispose of or realise the value of any properties that have been declared surplus to requirements in a timely manner, having regard to the prevailing market conditions.

The Council will explore all sources of capital funding to facilitate the delivery of the Council's priorities. The introduction of prudential borrowing has provided some flexibility in relation to funding for the capital programme. However increasingly, large capital projects are dependant on external grants, specific government funding or partnership arrangements to proceed.

All potential funding options are considered when a scheme is proposed, including Private Finance Initiative (PFI) and PPP where applicable. However these methods of funding have significant resourcing requirements associated with their procurement and subsequent management. As a result, such schemes will only be considered for large scale projects that deliver major improvements in service outcomes.

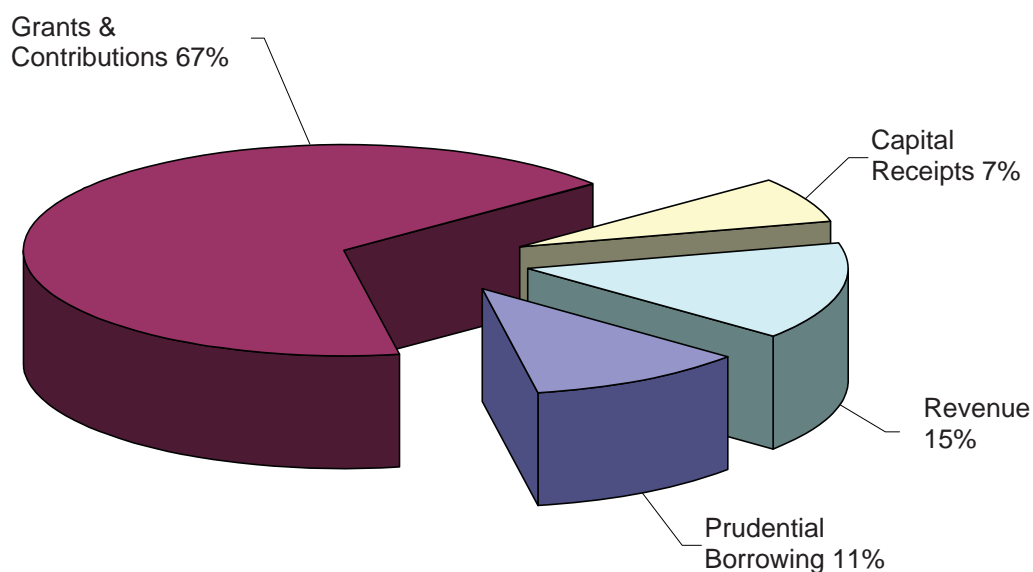
Provisional Capital Programme 2011/12 by Cabinet Portfolio

	£m
Children & Young People	10.122
Community Services	0.197
Economic Development & Regeneration	6.294
Environment	0.228
Healthier Communities	0.851
Leader, Resources & Efficiency	4.874
Safer Communities	0
Transport & Highways	3.993
Total Capital Programme	26.559



Financing of the Provisional Capital Programme 2011/12 by Funding Stream

	£m
Grants	16.954
Prudential Borrowing	3.042
Capital Receipts	1.865
Revenue	3.966
Contributions	0.732
Total Funding	26.559



The capital programme for 2012/13 will be set in line with council priorities when future capital allocations are confirmed by the Government.

Detailed Budgets by Cabinet Portfolio

DETAILED BUDGETS BY CABINET PORTFOLIO 2011/12

Children and Young People

The tables below summarise the main responsibilities of this portfolio together with details of the revenue and capital budgets and reserve balances for 2011/12.

Main Responsibilities

This portfolio brings together education and children's social care services. The main portfolio responsibilities are:

- Safeguarding and promoting the well-being of all children and young people
- Promoting high standards of education and ensuring appropriate choice, diversity and fair access in the local education system
- Leading the delivery of the Solihull Children and Young People's Trust
- Providing a range of integrated and inclusive localised services to children, young people, their families and carers
- Supporting social regeneration and learning initiatives
- Tackling youth justice

Revenue	Proposed Budget 2011/12
Objective Analysis - Division of Service:	£'000
Children's and Family Services	23,630
Education Services	8,723
Integrated Youth Support Services (IYSS)	1,630
Net Expenditure	33,983
Subjective Analysis:	
Employees	20,108
Running Costs	20,774
Gross Expenditure	40,882
Income	(6,899)
Net Expenditure	33,983

Capital projects (including primary school modernisation, regeneration and schools devolved capital)	10,122
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	Forecast Balance 1/4/2011 £	Contribution 2011/2012 £	Forecast Expenditure 2011/2012 £	Forecast Balance 31/3/2012 £
Reserves	1,757,026	0	0	1,757,026

DETAILED BUDGETS BY CABINET PORTFOLIO 2011/12

Community Services

The tables below summarise the main responsibilities of this portfolio together with details of the revenue and capital budgets and reserve balances for 2011/12.

Main Responsibilities

This portfolio brings together Libraries, Arts, Leisure and Bereavement Services.

Responsibilities for this portfolio include:

- Libraries – community access to information, reading, information technology and learning services
- Arts Complex – theatre, studio, gallery and arts development
- Leisure Services – sports and physical activity development and leisure centres (in partnership with Parkwood)
- Environmental improvement works in local areas through Neighbourhood Management, in consultation with the community
- Town Centre Management support
- Bereavement Services

Revenue	Proposed Budget 2011/12 £'000
Objective Analysis - Division of Service:	
Arts and Tourism	280
Places Directorate Support	99
Leisure Services	1,802
Libraries	2,965
Neighbourhood and Town Centre Management	1,072
Bereavement Services	(1,052)
Net Expenditure	5,166
Subjective Analysis:	
Employees	4,677
Running Costs	4,690
Gross Expenditure	9,367
Income	(4,201)
Net Expenditure	5,166

Capital projects	197
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	Forecast Balance 1/4/2011 £	Contribution 2011/2012 £	Forecast Expenditure 2011/2012 £	Forecast Balance 31/3/2012 £
Reserves	1,085,850	74,160	0	1,160,010

DETAILED BUDGETS BY CABINET PORTFOLIO 2011/12

Economic Development and Regeneration

The tables below summarise the main responsibilities of this portfolio together with details of the revenue and capital budgets and reserve balances for 2011/12.

Main Responsibilities

This portfolio brings together regeneration, economic development, housing (non-landlord services) and spatial planning to deliver a clear focus on regeneration and community issues as follows:

- Policy development and implementation of the physical, social and economic regeneration of North Solihull
- Developing policy, people and business to drive forward development of the economy and sustainable communities
- Advocating the borough's case in regional and sub-regional policy development and resource allocation and attracting external funding to the borough
- Developing and implementing strategies for dealing with homelessness and enabling the delivery of affordable housing
- Developing policies and practices to ensure the sustainable development of the borough, including biodiversity and the historic environment
- Spatial planning of the borough and management of new development
- Ensuring the health and safety of building users and meeting the access needs of disabled people through the mechanism of the Building Regulations
- Private sector housing services including the administration of the Disabled Facilities grants, renovation grants, energy conservation of homes

Revenue	Proposed Budget 2011/12 £'000
Objective Analysis - Division of Service:	
Community and Economic Regeneration	690
Housing Strategy and Advice	803
Planning Services	864
Private Sector Housing	1,078
Housing Revenue Account	0
Adult and Community Learning	64
Net Expenditure	3,499
Subjective Analysis:	
Employees	3,855
Running Costs	2,349
Gross Expenditure	6,204
Income	(2,705)
Net Expenditure	3,499

Capital projects (including North Solihull Regeneration, and housing projects at Highfield Farm & Masons Way)	6,294
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	Forecast Balance 1/4/2011 £	Contribution 2011/2012 £	Forecast Expenditure 2011/2012 £	Forecast Balance 31/3/2012 £
Reserves	1,414,419	25,800	0	1,440,219

DETAILED BUDGETS BY CABINET PORTFOLIO 2011/12

Environment

The tables below summarise the main responsibilities of this portfolio together with details of the revenue and capital budgets and reserve balances for 2011/12.

Main Responsibilities

This portfolio brings together Waste collection, recycling and parks and open spaces. The main responsibilities of this portfolio include:

- Domestic refuse collection, waste disposal and recycling services
- Streetcare cleaning and maintenance
- Maintenance of parks and open spaces

Revenue	Proposed Budget 2011/12 £'000
Objective Analysis - Division of Service:	
Cleansing Services	2,539
Waste Collection, Disposal and Recycling	7,010
Environment Group Support	630
Parks and Opens Spaces	1,585
Net Expenditure	11,764
Subjective Analysis:	
Employees	959
Running Costs	13,204
Gross Expenditure	14,163
Income	(2,399)
Net Expenditure	11,764

Capital projects	228
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	Forecast Balance 1/4/2011 £	Contribution 2011/2012 £	Forecast Expenditure 2011-2012 £	Forecast Balance 31/3/2012 £
Reserves	2,164,110	349,000	0	2,513,110

DETAILED BUDGETS BY CABINET PORTFOLIO 2011/12

Healthier Communities

The tables below summarise the main responsibilities of this portfolio together with details of the revenue and capital budgets and reserve balances for 2011/12.

Main Responsibilities

The main responsibilities are to lead on the vision for Adult Social Services, which is that Adult Social Care will provide excellent support to enable vulnerable adults and older adults to maximise community resources, maintain well being and independence and to live the life they choose. Adult Social Care includes all vulnerable adults i.e. Mental Health, Physical Disability, Learning Disability and Older Adult. Key responsibilities include:

- Driving through the personalisation agenda
- Driving through the Government's agenda on the "Big Society model of care"
- Transforming services
- Promoting reablement, early intervention and prevention as the way forward
- Developing partnerships between Health, Social Care, housing and independent providers

Revenue	Proposed Budget 2011/12
Objective Analysis - Division of Service:	£'000
Older People	26,210
Physical Disabilities	5,078
Learning Disabilities	16,302
Mental Health	3,624
Other	3,740
Income	(3,821)
Net Expenditure	51,133
Subjective Analysis:	
Employees	603
Running Costs	54,351
Gross Expenditure	54,954
Income	(3,821)
Net Expenditure	51,133
Capital projects (including Adult Social Care and Mental Health schemes)	851

	Forecast Balance 1/4/2011 £	Contribution 2011/2012 £	Forecast Expenditure 2011-2012 £	Forecast Balance 31/3/2012 £
Reserves	94,144	0	0	94,144

DETAILED BUDGETS BY CABINET PORTFOLIO 2011/12

Leader, Resources & Efficiency

The tables below summarise the main responsibilities of this portfolio together with details of the revenue and capital budgets and reserve balances for 2011/12.

Main Responsibilities

Responsibilities for this portfolio include:

- Frontline customer services: Solihull Connect walk-in and contact centres, Registration services, collection of local taxes and administration of benefits
- Corporate support services: Accountancy, Human Resources, Information and Communication Technology (ICT), Procurement, Performance, Communications, Legal, Corporate Governance and Internal Audit
- The Council's buildings, land and property assets and investments
- Civic and democratic services to Members and the Mayoralty
- The Council's Treasury Management responsibilities
- Commissioning and Partnership management
- Community & Voluntary Relations

Revenue	Proposed Budget 2011/12
	£'000
Objective Analysis - Division of Service:	
Audit, Governance and Risk Management	1,124
Collection of Local Taxes and Benefits	334
Community and Voluntary Relations	733
Corporate Communications	352
Corporate Performance, Policy and Information	616
Corporate Property	3,452
Customer Services & Registrars	2,101
Democratic and Mayoral Services	1,458
Emergency Planning	116
Equalities and Diversity	87
Financial Operations	9,407
Human Resources	1,892
ICT	3,585
Investment Properties and Land	(3,875)
Legal Services	(40)
Local Strategic Partnership	78
Procurement	(108)
Strategic Services Management and Strategy	(234)
Net Expenditure	21,078
Subjective Analysis:	
Employees	19,818
Running Costs	81,584
Gross Expenditure	101,402
Income	(80,324)
Net Expenditure	21,078

Capital projects (including ICT Programme and Property Services) 4,874

	Forecast Balance 1/4/2011	Contribution 2011/2012	Forecast Expenditure 2011/2012	Forecast Balance 31/3/2012
	£	£	£	£
Reserves	10,122,746	1,048,930	(2,772,841)	8,398,835

DETAILED BUDGETS BY CABINET PORTFOLIO 2011/12

Safer Communities

The tables below summarise the main responsibilities of this portfolio together with details of the revenue and capital budgets and reserve balances for 2011/12.

Main Responsibilities

This portfolio brings together Environmental Health and Public Protection and Crime and Disorder. Responsibilities for this portfolio include:

- Environmental Health and Public Protection – protection of the environment, public health and animal welfare and empowering and protecting consumers and traders
- Licensing of people, premises and vehicles to maintain and improve public safety
- Crime and Disorder – tackling crime, disorder, drugs, nuisance and anti-social behaviour – lead for the Safe and Stronger Local Area Agreement / Solihull Partnership work (including Crime & Disorder Reduction Partnership)

Revenue	Proposed Budget 2011/12
Objective Analysis - Division of Service:	£'000
Crime & Disorder Reduction	310
Environmental Health and Public Protection	1,829
Net Expenditure	2,139
Subjective Analysis:	
Employees	2,612
Running Costs	897
Gross Expenditure	3,509
Income	(1,370)
Net Expenditure	2,139

Capital projects (including Safer and Stronger Community Fund)	0
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	Forecast Balance 1/4/2011 £	Contribution 2011/2012 £	Forecast Expenditure 2011/2012 £	Forecast Balance 31/3/2012 £
Reserves	77,051	4,300	0	81,351

DETAILED BUDGETS BY CABINET PORTFOLIO 2011/12

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 2011/12.

Main Responsibilities

This division is structured in a way to provide greater focus for the delivery of an integrated, seamless service bringing together Transport Policy, Traffic, Highways and Environmental Management. Responsibilities for this portfolio include:

- Delivery of the Local Transport Plan
- Maintaining all aspects of the highway infrastructure
- Street lighting maintenance, design and inspection
- Traffic Management and Transportation
- 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	Proposed Budget 2011/12 £'000
Objective Analysis - Division of Service:	
Car Parks	(2,254)
Highways	7,741
Road Safety	466
Street Lighting	1,812
Net Expenditure	7,765
Subjective Analysis:	
Employees	3,613
Running Costs	9,050
Gross Expenditure	12,663
Income	(4,898)
Net Expenditure	7,765

Capital projects (including public transport and access improvements to airport and NEC, red routes, bus showcase and road safety)	3,993
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	Forecast Balance 1/4/2011 £	Contribution 2011/2012 £	Forecast Expenditure 2011/2012 £	Forecast Balance 31/3/2012 £
Reserves	357,114	0	0	357,114

GLOSSARY

This glossary is an explanation of terms used throughout this document.

Budget

A budget is a plan of approved spending during a financial year.

Budget Requirement

The amount of council spending to be financed from the Revenue Support Grant, council tax and National Non Domestic Rates.

Business Rates or National Non-Domestic Rates (NNDR)

A charge on local businesses, at a rate set by the Government, collected by local authorities and paid into a national pool. The Government then pays each local authority a proportion of the total collected in the pool, which is determined through the funding formula (see below).

Capital Expenditure

Spending on items that are expected to provide benefit for at least a year, 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.

Comprehensive Spending Review (CSR)

The CSR outlined government spending plans for the four years from 2011/12 to 2014/15. It set national expenditure control totals for each of the government departments – the level of funding received by the Department for Communities and Local Government (DCLG) determines the funding that will be available to local government over the period.

Council Plan

The Council's key strategic documents for identifying our vision, ambitions and priorities as a council and our contribution to the shared vision for Solihull as set out in the Community Strategy.

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 the Government and what the Council has set as a budget for the year.

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.

Funding Formula

The system the Government uses to work out how much funding each authority should receive from redistributed NNDR and Revenue Support Grant is based on four blocks:

- Relative needs – this uses a series of formulae which measure an authority's relative need based on its social, economic and demographic characteristics
- Relative resources – this takes into account an authority's ability to raise income through council tax.
- Central allocation – this calculates a basic amount of grant per head for each authority
- Floor damping – this ensures that each authority receives a minimum increase in grant.

The result for each of these blocks is added together to arrive at the total grant for the year.

GLOSSARY

Government Grants

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

Medium Term Financial Strategy

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

Revenue Support Grant (RSG)

The main government grant which helps support Council services. The amount of RSG is determined through the funding formula system.

Revenue Income Optimisation (RIO)

This is a review of the authority's income with the aim to maximise current and new sources of income. The review looks at a range of income opportunities across Council services and investigates four key areas: existing fees and charges, new charging opportunities, cost recovery and trading potential.

Solihull Partnership

A Local Strategic Partnership which brings together local communities and their elected representatives, and public, private, voluntary and community sector organisations voluntarily to work in partnership to improve the lives of people in Solihull. This is a formal way of making sure that local co-operation is effective and value for money is achieved. Local Strategic Partnerships are responsible for producing a Sustainable Community Strategy (SCS).

Sustainable Community Strategy (SCS)

The Sustainable Community Strategy, produced by Solihull Partnership, is a vision for the kind of borough we want in ten years time.

QUICK REFERENCE GUIDE

	2010/11	2011/12	Increase/ (Decrease)	For further details see page:-
1. Solihull Council's spend	£148.210m	£148.148m	(0.04%)	24
2. The council tax for a Band D property (excluding police, fire and parish precepts)	£1,173.72	£1,173.72	0%	24
3. The Joint Authority precepts				24
Police (at Band D)	£99.45	£99.45	0%	
Fire (at Band D)	<u>£47.83</u>	<u>£47.83</u>	0%	
Total Police & Fire	£147.28	£147.28		
4. The council tax for a Band D property (including Police and Fire precepts)	£1,321.00	£1,321.00	0%	24
5. The council tax base				26
Net tax base	79,518	79,806		
Overall target collection rate		99%		
6. The amount that Solihull Council contributes towards the following levies:				25
West Midlands Integrated Transport Authority Levy	£11.041m	£11.664m	5.64%	
Environment Agency Levy	£0.082m	£0.082m	0%	

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