

Financial Position including Emerging Financial Risks for the COVID-19 Emergency Plan and Major Incident

29 May 2020

1. Overview Briefing

1. Note the financial position as at 29 May 2020 and is based on decisions which are known by the Finance teams. Decision logs are being reviewed to ensure financial decisions are being captured.
2. Note that in the main, the financial implications for 2020/21 cover the 6 months from April to September 2020 although some estimates have been made for costs later in the year.
3. Note that the MHCLG Return was submitted on Friday 15 May based on the Strategic Cell Report for week commencing 11 May.
4. Note that the Government has announced an additional £600m funding for infection control in care homes. Birmingham will receive £9.8m. Work is underway to establish to what extent committed costs can be funded from this grant.
5. Note the Government has allocated additional funding for BIDs and a 5% increase in funding for further discretionary small business grants expected to be around £11.319m. Details are yet to be announced.
6. Note that the Government has announced additional funding of £50m nationally to support the safe reopening of high streets and other commercial areas, to be funded from the European Regional Development Fund. Birmingham will receive £1.017m.
7. Government has also announced £300m additional funding for local authorities to support the new test and trace service. Allocation to individual authorities have not yet been announced although the new system was launched on 28 May 2020.
8. Note the emerging risks which are known to us.
9. Note the position on Business Rates Grant and Hardship Fund.
10. Note the cashflow and borrowing issues.

1. Financial Position as at 29 May 2020 against the Unringfenced Grant

1. This financial report is as at 29 May 2020.
2. Government has announced that the Council will receive £70.3m of unringfenced Covid-19 related funding and a number of ringfenced funding grants as shown in Table 1:

Table 1: Grant Funding Announced			
Grant	National Amount £m	BCC Amount £m	BCC %
Tranche 1	1,600	38.744	2.4%
Tranche 2	1,594	31.566	2.0%
Total Unringfenced	3,194	70.310	2.2%
Infection Control	600	9.761	1.5%
Reopening High Streets Safely Fund	50	1.017	2.1%
Total	3,844	81.088	2.1%

3. The Government did not announce the basis of allocation of the first tranche of funding, but it appears to be based on need assessment formulae. The second tranche of funding has been allocated on a per capita basis. It is disappointing that the Council has received a lower level of funding in the second tranche given the forecast costs it has raised with the Government.

4. The Infection Control Grant was allocated based on number of care home beds as a proportion of the number of care home beds nationally plus an area cost adjustment.
5. The Reopening High Streets Safely Fund has been allocated to local authorities on the basis of population. The grant can be used to fund costs associated with temporary public realm changes, business awareness campaigns that focus on small and medium sized enterprises, communication with the public and development of an action plan, all to be incurred between 1 June 2020 to 31 March 2021.
6. The total forecast additional spend/loss of income to the Council on COVID-19 related general fund activities for **2020/21 and 2021/22 is £273.429m**. This is inclusive of additional expenditure, loss of income and likely risk materialising. The 2021/22 position will be better understood as we start to plan recovery and the “new norm”. **In addition the Council has identified £5.580m of additional HRA costs.** Table 2 provides an overview of pressures the Council is facing between years.

Table 2: Forecast Pressures on Expenditure and Income			
Financial Year	Expenditure £m	Income £m	Total £m
2020/21	116.384	69.720	186.104
2021/22	13.078	74.247	87.325
Gross GF Pressures	129.462	143.967	273.429
Grant Received	N/A	N/A	(70.310)
Net GF Pressures	N/A	N/A	203.119
HRA Costs	5.580	0.000	5.580

7. The two-year costs identified to date have **exceeded the allocation of £70.310m granted to Birmingham by £203.119m (including identified risks) for General Fund and £5.580m HRA. The total cost is £208.699m.** A full breakdown of estimates is shown in Appendix 1.
8. A review of supplier relief is being undertaken. When the financial implications are known they will be included in the financial impact assessment.
9. The current assumption for the financial position for 2020/21 is based on a 6 month premise for the duration of the COVID major incidents along with some residual costs.
10. It should be noted that additional costs are beginning to be identified for 2022/23 and beyond due to slippage on planned savings proposals, including lower assumptions around ability to grow income.
11. Since the 22 May Report, estimated General Fund costs have **increased by £1.010m** as shown in Table 3 below.

Table 3: Change in General Fund Forecast Pressures Since 15 May			
Date of Estimate	2020/21 £m	2021/22 £m	Total £m
22 May 2020	185.179	87.240	272.419
29 May 2020	186.104	87.325	273.429
Change	0.925	0.085	1.010

12. The majority of the movement is around:
 - a) Recognition of supplier relief and the possible payments that will be required for Leisure and Community Centre service providers
 - b) Reductions in previous estimates about income loss from outdoor advertising
 - c) Increased costs in regulation and enforcement in respect of the reopening of the markets
 - d) Further review of income losses within the Neighbourhood Directorate

Further details about movements are detailed in Appendix 1.

13. The table provided in **Appendix 1** details this financial position categorised by area of expenditure and loss of income. The categories of expenditure are in line with that required for MHCLG reporting

14. Basis and Assumptions:

- a) Forecasts are based on decisions and emerging actions where Finance are sighted on these.
- b) Where estimated figures have been used these will continue to be reviewed and updated.
- c) Where costs were given as a range, the higher value has been used.
- d) We have assumed a duration of April through September where services have been closed as a result of social isolating policy from national government, such as leisure centres.

15. A return on the latest estimates of costs and losses of income due to Covid 19 was submitted to MHCLG on 15 May 2020, which was based on the Strategic Cell report for week commencing 11 May 2020. MHCLG asked for all authorities to submit a return that assumed the duration of the crisis was 4 months, whereas the reporting to Strategic Cell assumes a six month crisis. On the basis of a 4 month crisis the Council estimated total costs in 2020/21 of £221.134m general fund and £5.580m HRA. In addition the Council reported losses of business rates income due to reliefs announced by the Government of £165.460m (fully funded by Government Grant) resulting in a total impact reported of £392.174m. This is summarised in Table 4.

Table 4: MHCLG May Return Summary – Assumes a 4 month crisis	
2020/21 Impact	£m
Additional Costs	94.484
Income Losses	126.650
Total General Fund Impact	221.134
Business Rates Reliefs Funded by Government	165.460
HRA Impact	5.580
Total Impact Submitted to MHCLG	392.174

2. Emerging Financial Risks

1. The financial risks are provided in Appendix 2. The table shows a **most likely impact of £100.197m**. Financial risks have reduced by £3.302m since 22 May 2020 as a result of re-assessment.
2. It must be noted that this is an **emerging and evolving** set of financial risks and will continue to be monitored and updated as there is greater visibility by Finance of financial decisions being made. We are also comparing with other Local Authorities to ensure consistency of financial reporting.
3. We have not yet included impacts on rental income and sundry bad debt.
4. **Basis and Assumptions:**
 - a) Whilst all known costs and losses of income have been identified in the financial position above, the Council may not be able to reclaim all from Government. This includes the financial impact of delays in implementing transformation and savings activities.
 - b) The financial risks are based on estimated costs and impacts.
 - c) The RAG rating is based on the perceived likelihood of MHCLG funding these if they occur.

1. **The Council has received £231.576m Business Rates Grant and £17.383m for Hardship Fund for Council Tax.**
2. This has significantly shielded our early cashflow position.
3. As at 1 June the Council estimated that it will have made Business Rates grant payments to 13,847 businesses, totalling £168.1m, an increase of £9.1m since the last reporting period. This means that around 73% of the grant has been spent. This leaves a further £63.5m of grant available for distribution. **See Appendix 3 for further details.**
4. The Council is now anticipating receiving a discretionary grant fund of around £11.319m to provide further grants to small businesses. A formal announcement of allocations is yet to be made.
5. The Government anticipate that this will be used to support small businesses with less than 50 employees that do not have their own business rates assessment, B&Bs that pay Council Tax rather than business rates and some charity properties.
6. The Council will be able to determine how to allocate the grants using its local knowledge within the Government's criteria.
7. The Government has announced funding will be provided to support BIDs. Specific allocations have not yet been announced.

Council Tax Support Hardship

8. Work has begun on applying discounts to the Council Tax bills of those receiving Council Tax Support, with about 2000 left to be processed. These will be paid for from the £17.383m Hardship Grant for Council Tax. The latest estimate is that **45,898** discounts need to be applied to those in receipt of Council Tax Support, totalling **£6.5m**. Subsequent reports will include figures for grant utilisation as the Council Tax Support caseload changes.

Cashflow and Borrowing issues

1. Local authorities are facing extreme uncertainty about the timing and scale of the costs they will need to incur, and about the timing of Government funding to support these. This creates cashflow deficits which, given the scale of the measures involved, could require millions of borrowing or financial commitments before the receipt of funding.
2. The main source of short term borrowing for local authorities is other local authorities, some of whom have surplus cash available to lend. However, in the current circumstances, many authorities are keeping their cash close and are not lending in the normal way. As a result, there is currently less short term borrowing available to local authorities, including Birmingham.
3. The Government has responded very helpfully in providing major COVID funding quickly, including the general support grant to local authorities and the funding for business support. This has eased the immediate cashflow pressure the City Council was facing. **Continuation of a payment in advance system by the Government** will be a major help in the coming months. **The Government has confirmed it will pay grants to fund the business rates discounts awarded to retail and nursery businesses across the city starting with a double payment in mid-May.** It is impossible to be clear about future cashflows in current circumstances.
4. A very helpful backstop would be if the Government could provide a **short-term borrowing facility for local authorities**. This could readily be done using the arrangements in place in the DMADF (Debt Management Account Deposit Facility) which since the 2008 banking crisis has been available to take short term deposits of temporarily surplus cash from local authorities. It should be straightforward to extend this into a short-term borrowing facility for local authorities. CIPFA's Treasury Management Panel requested a DMADF borrowing facility in a recent meeting with HM Treasury.
5. The existing PWLB borrowing arrangements are not suitable for this purpose, as PWLB loans are for a minimum of 1 year and the rates are high. This means that if an authority needs to borrow for only say 2 weeks to cover a temporary cash outflow, it may have to borrow for 12 months at high interest rates, which could cost £millions over a whole year. This would be a substantial profit to central government at the expense of local authorities.
6. It is still too early to be clear about the cost of borrowing to meet COVID-19 related cashflow deficits for the period before they are permanently funded. Using currently known costs and funding, an interest cost of £2.7m over the next two years has been calculated at PWLB interest rates.

Grant Funding Risks

1. It is becoming clear that the Government may not fund everything that is currently being spent on Covid 19 or the losses of income being incurred.

Appendix 1 - Financial Position - Expenditure

Service area	2020/21						2021/22			Total Across both years £m	Breakdown of figure
	Apr - Jun	Jul - Sept	Oct - Dec	Jan - Mar	Risks	Total	Cost	Risk	Total		
	£m	£m	£m	£m	£m	£m	£m	£m	£m		
Adult Social Care – additional demand	4.000	4.000	0.000	2.700	11.211	21.911	3.600	0.000	3.600	25.511	Adults social care direct payments, provision of community equipment, increased supply of beds across the city, increased domiciliary care across the city, risks associated with non-delivery of the Adults savings programme and commercialisation target, and risk that demand levels increase above operational planning levels
Adult Social Care – supporting the market	6.000	6.000	0.000	0.000	0.000	12.000	0.000	0.000	0.000	12.000	Increased support to the voluntary sector to support preventative measures , care homes in lock down that can't take additional people - puts pressure on providers
Adult Social Care – workforce pressures	4.000	4.000	0.000	0.000	2.000	10.000	0.000	0.000	0.000	10.000	Agency cover social work and risk of increased costs due to resources redirected towards critical services and agency staff backfill required
Adult Social Care - PPE	2.000	2.000	0.000	0.000	0.000	4.000	0.000	0.000	0.000	4.000	PPE
Adult Social Care - other	1.935	1.707	0.000	0.000	0.180	3.822	0.000	0.000	0.000	3.822	Provision of food supplies, provision of accommodation for those with no recourse to public funds, shared care and risk that the end of "lock down" for the more vulnerable groups may take far longer than the general population requiring ongoing care packages, food packages
Adult Social Care total	17.935	17.707	0.000	2.700	13.391	51.733	3.600	0.000	3.600	55.333	
Children's Social Care –workforce pressures	0.056	0.056	0.000	0.000	0.000	0.112	0.000	0.000	0.000	0.112	Extension of the Early Life Support
Children's Social Care –residential care	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Children's Social Care –care leavers	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Children's Social Care - other	6.456	3.500	0.000	0.000	1.350	11.306	0.000	0.000	0.000	11.306	Increased costs to Birmingham Children's trust for placements, Birmingham Childrens Partnership Proposals re Mental Health Support to vulnerable young people, BCP Proposal to provide grants, food and other hardship support through BVSC
Children's Social Care - total	6.512	3.556	0.000	0.000	1.350	11.418	0.000	0.000	0.000	11.418	
Education - SEND	0.076	0.069	0.000	0.000	0.000	0.145	0.000	0.000	0.000	0.145	Backfill costs within SENDIASS
Education - home to school transport	0.002	0.000	0.000	0.000	0.000	0.002	0.000	0.000	0.000	0.002	
Education - other	5.370	4.100	0.000	0.000	0.000	9.470	0.000	0.000	0.000	9.470	Payments to early years providers to ensure financial sustainability, school meal vouchers, additional costs of security and boarding at delayed construction sites for school capital projects.
Education - sub total	5.448	4.169	0.000	0.000	0.000	9.617	0.000	0.000	0.000	9.617	
Highways and Transport	0.062	0.000	0.000	0.000	0.550	0.612	0.000	0.000	0.000	0.612	Risk associated with Transport and Highways staff not being able to be recharged to capital projects during period of pandemic, temporary Highways measures in Kings Heath and Erdington
Public Health	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	Risk that there will need to be some reprioritisation of Public Health grant resources
Housing - homelessness services	0.966	1.391	0.696	0.348	0.622	4.023	0.000	0.000	0.000	4.023	Mainly Domestic Abuse household / Homelessness Demand increase. Also costs associated with reduced temporary accommodation capacity relating to the need to apply social distancing .
Housing - rough sleeping - accommodating and supporting those brought into alternative accommodation	0.750	0.750	0.750	0.750	0.000	3.000	0.000	0.000	0.000	3.000	Temporary accommodation for rough sleepers
Housing - other excluding HRA	0.300	0.200	0.000	0.000	1.561	2.061	0.000	0.000	0.000	2.061	Additional staffing costs (agency) for Housing officers
Housing total excluding HRA	2.016	2.341	1.446	1.098	2.183	9.084	0.000	0.000	0.000	9.084	

Cultural & related - Sports, leisure and community facilities	2.027	2.141	1.486	1.315	0.000	6.969	0.000	0.000	0.000	6.969	Financial challenge for leisure centres due to lockdown and potential claims from external leisure contractors for lost income
Cultural & related - other	0.000	0.000	0.000	0.000	1.200	1.200	0.000	0.000	0.000	1.200	Pressures on Birmingham Museum Trust
Cultural & related total	2.027	2.141	1.486	1.315	1.200	8.169	0.000	0.000	0.000	8.169	
Environment & regulatory - cremation, cemetery and mortuary services/Excess deaths	6.158	6.158	0.012	0.012	0.500	12.840	0.000	0.000	0.000	12.840	Temporary mortuary facilities, Support for Funeral Directors for Storage Facilities BCC, security at temporary body storage facilities, additional hours for staff at the Register Office
Environment & regulatory - waste management	0.737	0.737	0.737	0.737	0.840	3.788	0.000	0.000	0.000	3.788	Additional agency costs due to delays in Waste management restructure
Environment & regulatory - other	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Environment & regulatory - total	6.895	6.895	0.749	0.749	1.340	16.628	0.000	0.000	0.000	16.628	
Planning and development	0.016	0.000	0.000	0.000	0.000	0.016	0.000	0.000	0.000	0.016	Purchase of supplies plus redirected staff
Police, fire and rescue services	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Finance & corporate - ICT & remote working	0.886	0.000	0.000	0.000	0.000	0.886	0.000	7.200	7.200	8.086	Purchase of IT equipment and licences to support agile working and risks associated with slippage of ERP replacement in 2021/22
Finance & corporate - Revenue & benefits expansion	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Finance & corporate - other	0.415	0.608	0.282	0.441	2.450	4.196	2.117	0.000	2.117	6.313	Finance borrowing costs, local welfare provision and business support for Dolman Street, hand sanitiser units for council buildings
Finance & corporate - total	1.301	0.608	0.282	0.441	2.450	5.082	2.117	7.200	9.317	14.399	
Other - Shielding	0.050	0.008	0.000	0.000	0.000	0.058	0.000	0.000	0.000	0.058	Resources for call handling for shielded citizens
Other - PPE (non-Adult Social Care and HRA)	0.416	0.369	0.369	0.461	0.000	1.617	0.000	0.000	0.000	1.617	PPE for Homeless centres and Street scene Operations
Other - costs associated with unachieved savings/delayed projects	0.424	0.424	0.397	0.397	0.708	2.352	0.161	0.000	0.161	2.513	Potential undeliverable savings within Neighbourhood services
Other - excluding service areas listed above	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
Other total (includes Shielding)	0.891	0.802	0.767	0.859	0.708	4.026	0.161	0.000	0.161	4.187	
TOTAL SPENDING PRESSURE (General Fund)	43.103	38.219	4.729	7.161	23.172	116.384	5.878	7.200	13.078	129.462	
Housing Revenue Account (HRA) - workforce pressures	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
HRA - supplies and materials including PPE	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
HRA other	0.000	0.000	0.000	0.000	5.580	5.580	0.000	0.000	0.000	5.580	Risk that HRA budgets will not absorb all COVID related pressures
HRA total spending pressure	0.000	0.000	0.000	0.000	5.580	5.580	0.000	0.000	0.000	5.580	

There is also

£1.131m of additional costs in 2019/20

Income

Service area	2020/21						2021/22			Total Across both years	Breakdown of figure
	Apr - Jun	Jul - Sept	Oct - Dec	Jan - Mar	Risks	Total	Cost	Risk	Total		
	£m	£m	£m	£m	£m	£m	£m	£m	£m		
Business Rates cash receipt losses	0.000	0.000	0.000	0.000	0.000	0.000	0.000	44.120	44.120	44.120	Assumed 10% reduction in budgeted business rates income . These potential impacts will impact on the budget process for 2021/22.
Council Tax receipt losses due to actual and forecasted increase in Local Council Tax Support (LCTS) caseload due to Covid-19	0.000	0.000	0.000	0.000	0.000	0.000	0.000	8.811	8.811	8.811	Assume 10% increase in households requiring Council Tax support
Council Tax receipt losses due to actual and forecasted failure by the council taxpayer to make payment due to Covid-19	0.000	0.000	0.000	0.000	0.000	0.000	0.000	7.350	7.350	7.350	2% Increase in the average non-collection rate (from 2.9% to 4.9%)
Council Tax receipt losses due to any other reason	0.000	0.000	0.000	0.000	0.000	0.000	4.250	0.000	4.250	4.250	Slippage in implementing a new CTS scheme and Council tax hardship
Council Tax receipt losses total	0.000	0.000	0.000	0.000	0.000	0.000	4.250	16.161	20.411	20.411	
Highways and Transport Sales Fees & Charges (SFC) losses	7.108	7.108	3.554	1.777	0.000	19.547	0.000	0.000	0.000	19.547	Loss of income associated with car parking and enforcement
Cultural & Related SFC losses	0.898	1.643	0.487	0.401	0.000	3.429	0.000	0.000	0.000	3.429	Loss of income in relation to Leisure and community centres, Museums Trust, and Film Birmingham
Planning & Development SFC losses	0.271	0.321	0.322	0.322	0.000	1.235	0.000	0.000	0.000	1.235	Loss of income in relation to local land charges, pre-application and planning fees
Other SFC income losses	8.224	7.422	2.554	3.204	0.000	21.404	0.000	0.000	0.000	21.404	Loss of income across a range of services for eg. education services, bereavement, advertising income, trade and garden wastes, education safeguarding etc. This assumes a reduction in income for a 6 month period.
Sales, fees and charges	16.501	16.494	6.917	5.704	0.000	45.615	0.000	0.000	0.000	45.615	
Commercial Income	5.987	5.341	1.395	1.341	0.000	14.064	2.246	0.000	2.246	16.310	Risks associated with the non- delivery of commercial income targets and savings
Other	0.320	5.220	0.269	0.269	3.964	10.042	7.470	0.000	7.470	17.512	Loss of dividends and related income/ profit share, non-repayment of loans, potential loss of funding from Police and Crime Commissioner for Violence Interrupters
TOTAL INCOME LOSS (General Fund)	22.807	27.055	8.581	7.314	3.964	69.720	13.966	60.281	74.247	143.968	

There is also £1.370m loss of income in 2019/20

Analysis of Movements since 22/05/2020

	19/20	20/21	21/22
	£m	£m	£m
<u>New costs</u>			
EC042 TAWS Grant - additional activity in Food Provision, unable to start on savings initiative	0.000	0.054	
EC045 IG Covid-19 costs - equipment & supplies purchases	0.000	0.009	
EC044 IG Covid-19 costs - redirected staff	0.000	0.007	
BC020 Hitachi Vulnerable People Solution		0.008	
BC019 Supply of IT kit to support safe homeworking	0.000	0.003	
	0.000	0.081	0.000
<u>Revision of previous estimates</u>			
EC037 Estimated Claims from External contractors		4.683	
EC002 Loss of commercial advertising income from outdoor digital advertising, lamp posts, roundabouts etc		(2.358)	
BC016 Delay in Street Scene re-structure will mean increased costs for Agency	0.000	0.748	
HW048 PPE - Requirements for Street Scene Operations (incl Waste Collection) as a result of COVID		(0.742)	
EC010 Loss of income due to closure of services in Waste management Services (Bulky Waste, Trade Waste)		(0.071)	
EC035 Parks Loss of income from Bowls/Cricket/Car Parks/Shop Sales/catering income		0.547	
EC011 Loss of income due to closure of Leisure Centres and Community services		0.540	
EC040 Loss of income Community Centres and delay in transfer of Oddingley		0.327	
EC029 Markets (revised more detailed analysis)		0.163	
EC041 Service Delivery Neighbourhood Advice		0.120	
HW016 Provision of food supplies for vulnerable - Super Shielded		0.180	
TC002 Finance borrowing costs		0.009	0.085
	0.000	4.147	0.085
<u>Review of risks</u>			
Financial Sustainability for Leisure Service Providers - Financial challenge due to lockdown - risk removed		(1.702)	
Due to current COVID activities - normal services due to be delivered against Public Health Funding is at risk - Neighbourhoods - Leisure and Community services - risk removed		(0.800)	
Financial Claim made from Birmingham Museum Trust - Financial challenge due to lockdown - risk reduced		(0.800)	
	0.000	(3.302)	0.000
Total change from 26/05/2020 reporting	0.000	0.926	0.085

Appendix 2

Financial Risks

Cell	Risk	Assumptions	Mitigations	Likelihood %	Medium Term Potential Impact	Weighted Medium Term Potential Impact	RAG Rating	MHCLG Category
					£m	£m		
					361.331	100.197		
Tactical	Any Belwin funding over and above £38.7m may not be successful	Current funding gap above grant received with an assumption that 20% may not be eligible spend for Belwin criteria						
Tactical	Cash is not readily available to support decision making or may not be able to obtain short term affordable borrowing	Assumed additional cost of borrowing requirement of £500k (£10m at worse case 5%) but likelihood we would have to do that of 30%		30%	0.500	0.150	A	Finance & corporate - other
Tactical	The provision of support to businesses, the voluntary sector and individuals gives rise to unforeseen tax implications, either through the Council directly or its subsidiaries in the delivery of services for the Council.	The Council may overclaim VAT on expenditure, undercharge VAT on income or risk its 5% partial exemption limit c£8m – assumed 5% likelihood/impact	The Council contracts with external advisors to provide support on tax issues to ensure compliance	5%	8.000	0.400	R	Finance & corporate - other
Tactical	Loss of Business Rates					44.120	R	Business Rates cash receipt losses
Tactical Business Continuity	Loss of Council Tax Due to Emergency COVID19 - delay in introduction of Staffing Re-design and deliver savings in Neighbourhoods	Re-design proposals for Street Scene c£1.0m and Housing Options c£2.0m - deliver of savings. Assumed 5% impact on savings due to slippage		25%	4.244	1.061	R	Council Tax Housing - other excluding HRA
Business Continuity	A range of measures being considered for agency staff including that Local Authority may be required to pay agency workers upto 80% salary capped at £2.5k per month along the same principles as Furlough			Not yet quantified				
Business & Economic Recovery	Additional costs, including borrowing, incurred for re-commenced capital activity if schemes such as construction and IT are stopped or incur delay	Assumed £1m additional spending with a 50% likelihood.		50%	1.000	0.500	R	Finance & corporate - other
Business & Economic Recovery	Contributions from business can no longer be provided as a result of economic shock e.g. BID levy collection	78% of the BID cashflow is paid out by BCC before it is recovered from businesses as accountable body - there is a high risk that this income due will not be recovered	None identified	78%	3.800	2.964	A	Other income losses
Business & Economic Recovery	Borrowing requirement in place of £93.5m capital receipts (virtually all disposals) over the next 12 months as a result of economic downturn causing slippage, reduced sales volumes and prices	Assumed 6 month slippage: Borrowing half this for a year would cost us nearly £1m a year at 1.84%. Reduced receipt assumed at 20% would cost us £0.4m	Pursue disposals and negotiate best price possible or delay sales until market stabilises. Reduce capital spend to reduce funding requirements but this will have an impact on service delivery and costs	100%	1.400	1.400	R	Finance & corporate - other

Business & Economic Recovery	Inclusive Growth: Transportation & Major Projects: Where capital programmes are ceased this will result in employee related costs not being capitalised and will result in the costs needing to be funded from the revenue position	Transportation Projects income budget of £4.569m. Failure to generate income would result in a pressure of approximately £0.4m per month, therefore assumes £1.1m based on 1st 1/4 (3 months). Work ongoing to establish accurate level of loss as some project officers may still be in a position to carry out works and recharge some time.		50%	1.100	0.550	R	Highways and Transport
Business & Economic Recovery	Hydrogen Bus project on hold as a result of COVID-19. The successful bus operator will not commit to the expenditure in the current climate. Whilst the intent from all parties is that this will be re-considered later in the year there is a risk that the impact of COVID-19 on the business model would result in project cessation.	To date only £1m of grant has been expended via a grant to a third party hydrogen production company. There is a risk that this may be clawed back by European funders if the project does not progress. It should be noted that there is a COGA in place to mitigate the risk on the Council but this does still remain a risk should the company not be in a position to repay.		100%	1.000	1.000	R	Other income losses
Business & Economic Recovery	Private Rented Sector - Payment of Licences by landlords will be impacted despite mortgage holidays	Assumption on % of mandatory licences	availability of staff to chase outstanding debt from those landlords that are able to pay	50%	1.000	0.500	R	Housing - other excluding HRA
Business & Economic Recovery	Financial Claim made from Birmingham Museum Trust - Financial challenge due to lockdown	Financial statement from Org received, Sales income lost and Staff currently furloughed	Likely to be cashflow rather than grant - further risk of business recovery	60%	2.000	1.200	R	Cultural & related - other
Health & Welfare	Operational activity now costs more e.g. resources redirected towards critical services and agency staff backfill required - additional staff costs approximately £1m per month after August	Assumed additional staff costs to August as will need to resolve reviews etc in the period immediately after Covid 19	Assumed to August	50%	4.000	2.000	G	Adult Social Care - workforce pressures
Health & Welfare	Covid 19 requires ongoing change to proposed EICT model, extending the period of support required from Newton. Newton are creating a business case for the additional support being delivered.	Assumed that additional costs of support from Newton will be funded through CCG Covid 19 provision as this relates to Hospital Discharge.	Discussion with CCG indicates that they will pick this cost up.					
Health & Welfare	Covid 19 requires ongoing change to proposed EICT model, extending the period of support required from Newton and reducing assumed benefits and delivery of 2020/21 savings targets. Each month that the Packages of Care savings are not achieved costs approximately £1m.	Currently assumed that packages of care savings will still be achieved.		30%	12.000	3.600	R	Adult Social Care - additional demand
Health & Welfare	Potential that the end of "lock down" for the more vulnerable groups may take far longer than the general population requiring ongoing care packages, food and other hardship support. Total food costs are approx £50k per month.	Current costs for food supply etc are only to end June.		80%	0.225	0.180	G	Adult Social Care - other

Health & Welfare	Demand levels increase above operational planning levels e.g. patients discharged early from hospital into social care creating supply issues driving up costs. Currently assumed short term costs met by CCG but longer term impact mitigated by deaths.	Currently 400+ discharges taking place for those in hospital with no ongoing care needs - these are being funded by Health Covid 19 funding.	Range of measures being developed to support the Social Care Market built into cost tracker. This is likely to be mitigated by deaths in BCC/Self Funded placements which would reduce overall demand, particularly for residential and nursing placements.	25%	20.000	5.000	G	Adult Social Care - additional demand
Health & Welfare	Ongoing cost to Council of short term care decisions. Health are funding all discharges at the moment		Discharge to Assess pathways being applied - in the majority of cases this will mean ongoing care is correct	50%	5.000	2.500	G	Adult Social Care - additional demand
Health & Welfare	There is a risk that community grants for vulnerable families and children (HW018) may duplicate other support for these same groups due to a lack of clarity in the targeting of the additional support	The proposed new grants target the same groups as existing funding and services.	The same provider may be administering the various different grant funding schemes so would recognise duplication. Further development of the proposals is required.	50%	2.700	1.350	R	Children's Social Care - other
Health & Welfare	Homelessness - demand level increase in Temporary Accommodation over and above what has been approved to date	Use 100 units for B&B average cost less income for 6 months	Mitigation will be through prevention and moving on ability	60%	1.037	0.622	R	Housing - homelessness services
Health & Welfare	Savings non-delivery for Adult Social Care	MYR1 16+ / AD001 18+ / MIA7 16+ / HW317 / AD007 18+ / CC002 18+ / AD104 18+ Adult Packages of Care CC104 19+ Commercialisation		25%	0.443	0.111	R	Adult Social Care - additional demand
Health & Welfare	Savings non-delivery for Neighbourhoods	Assumed slippage of on Savings delivery planned in 2021/22	Mitigation will be through pace of recovery and implementation of plans	25%	2.832	0.708	R	Other - unachieved savings/delayed projects
Information Processing	Slippage on delivery of ERP replacement			90%	8.000	7.200	R	Finance & corporate - ICT & remote working
Information Processing	Temp Mortuary Facilities or capacity for funeral directors may extend beyond current estimates	3 months		50%	1.000	0.500	G	Environment & regulatory - cremation, cemetery and excess deaths
Environment	With Households in self isolation, there is a risk that the amount of Waste Tonnage will increase	Assume 5% cost increase on Disposal costs		80%	1.050	0.840	A	Environment & regulatory - waste management
Environment	A range of financial risks in Staffing within Street Scene (Neighbourhoods) may result in additional costs eg Agency costs required to backfil for staff who are self isolating etc	No assumptions calculated at the moment		Not yet quantified				
Business & Economic Recovery	Housing Revenue Account - ability for this ring fenced budget to be able to absorb all aspects of COVID within its ringfenced funding.	Assumption currently is that HRA will be able to absorb all costs from COVID	Full Assessment of additional cost implications - need to be checked ? Mitigation will be funding from the Council based on supplier relief principles	2%	279.000	5.580	R	HRA Other

Appendix 3

Business Grants - Payment Progress

£25k grants				£10k grants				Total			
Latest estimated eligibility		Paid to date* (cumulative)		Latest estimated eligibility		Paid to date* (cumulative)		Paid to date* (cumulative)		Grant Received	Grant Left to be spent
No. businesses	Total £m	No. businesses	Total £m	No. businesses	Total £m	No. businesses	Total £m	No. businesses	Total £m	£m	£m
2,224	55.600	1,973	49.325	16,691	166.910	11,874	118.740	13,847	168.065	231.576	63.511

