

# Birmingham City Council

## Report to Cabinet

10<sup>TH</sup> NOVEMBER 2020



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**Subject:** FINANCIAL MONITORING REPORT  
QUARTER 2 (UP TO 30<sup>TH</sup> SEPTEMBER 2020)

**Report of:** Chief Finance Officer – Rebecca Hellard

**Relevant Cabinet Member:** Councillor Tristan Chatfield – Finance & Resources

**Relevant O &S Chair(s):** Councillor Sir Albert Bore – Resources

**Report author:** Chief Finance Officer – Rebecca Hellard

Are specific wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s):		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference: 007785/2020		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, provide exempt information paragraph number or reason if confidential:		

### 1 Executive Summary

- 1.1 The comprehensive quarterly finance report attached as Appendix A is part of the City Council's robust financial management arrangements.

### 2 Recommendations

That the Cabinet:-

- 2.1 Notes the City Council's 2020/2021 forecast revenue budget position and the pressures and savings identified as at 30<sup>th</sup> September 2020 resulting in a forecast overspend of £10.8m.
- 2.2 Notes that the Medium Term Financial Plan (MTFP) Refresh (that is also on the agenda for this meeting) makes proposals on how to balance the budget for this year.
- 2.3 Notes that the Council has received to date £84.3m of un-ringfenced Covid-19 related grant funding from the government and it is estimating that the Council will receive further £19.6m from the Income loss funding scheme.
- 2.4 Notes that the forecast additional spend/loss of income to the Council on Covid-19 related general fund activities, after utilising the £84.3m un-ringfenced government grants received to date, for 2020/21 is £11.9m. We are continuing to review and assess our forecasts and risks and are seeking mitigations in year to deal with this gap.
- 2.5 On 22<sup>nd</sup> October the Council was informed it will be receiving a further £44.2m of un-ringfenced Covid-19 related grant. It is recommended that this funding is transferred to a specific Covid reserve to manage the ongoing pandemic through the higher risk winter months
- 2.6 Notes the Council is also forecasting other revenue underspends of £1.1m.
- 2.7 Notes the latest monitoring position in respect of the Council's savings programme and the risks identified in its delivery.
- 2.8 Approves the redirection of the savings programme related to Housing as set out in paragraph 4.12.
- 2.9 Notes the forecast capital expenditure in 2020/2021 of £723.3m.
- 2.10 Approves the allocation of Policy Contingency as set out in paragraph 4.14.
- 2.11 Approves the amendment to the 2019/20 reported outturn to reflect the replacement of £8.7m of Direct Revenue Financing of Capital by increasing the Council's Capital Financing Requirement, thus increasing the level of usable reserves, as proposed in Appendix A, sections 8.4 and 8.5.
- 2.12 Notes the Treasury Management and Investment Portfolio Reports that are included in Appendix A.
- 2.13 Approves the redirection of Housing Savings Targets, as proposed in section 4.2 of Appendix A.

### **3 Background**

- 3.1 At the meeting on 25th February 2020, the Council agreed a net revenue budget for 2020/2021 of £852.9m to be met by government grants, council tax and business rates payers. Appendix A sets out the full financial position at Quarter 2.

## **4 Key Issues**

- 4.1 The Council is forecasting a net revenue overspend of **£10.8m** which represents 1.3% of the £852.9m budget. **£11.9m** of the overspend relates to the Covid-19 emergency after applying the £84.3m government grant received so far and the estimated £19.6m from the Income loss funding scheme. This position does not include risks or 2021/22 onwards financial implications. While the Covid-19 impact is being presented in Directorates, the funding gap is being dealt with as a corporate issue. The Covid overspend is partially offset by **£1.1m** non-Covid related net underspends across the Council.
- 4.2 The Government has also announced £100m of national funding to support leisure centres. No details are yet available, so this has not been factored in to this report.
- 4.3 The Council has received to date £84.3m of un-ringfenced Covid-19 related grant funding from the government. The government has also announced that it will provide funding for income loss due to Covid-19, which is currently been estimated at £19.6m by the council. On top of this a further £44.2m funding for the Council was announced on October 22<sup>nd</sup>. We intend to set this aside in a specific Covid reserve to manage the ongoing pandemic through the higher risk winter months. There are also several ring-fenced grants for additional reliefs and support schemes which are being spent on the additional measures set out in government guidance.
- 4.4 The MTFP Mid-Year Refresh report, which is reported on this same agenda, incorporates the 6 month financial position as set out in this report, as well as detailed proposals to balance the budget for 2020/2021.
- 4.5 There are a range of corporate initiative in train to manage the current overspend position. These include reviewing in year savings delivery, Capitalisation of Transformation costs, and Workforce Controls being introduced to stop vacant roles being filled and reductions in agency expenditure of 10%. This is also reflected in the MTFP Refresh Report.

### **Capital Programme**

- 4.6 Capital spend is currently projected to be £723.3m for 2020/21, after projected £127.2m of slippage and £6.7m of forecasted net savings. The full multi-year capital programme is projected to be £3,290.3m.
- 4.7 The Council is currently reviewing capital financing required for both for the capital programme and the delivery plan for factoring in to the MTFP Refresh. There is a plan to utilise capital resources for funding the costs of revenue reform and transformation projects in line with the flexibilities afforded to Councils.

### **Treasury Management and investment Portfolio**

- 4.8 The Covid-19 pandemic has had a significant impact on Treasury Management decision making in the quarter. Details are set out in the Appendix A section 11 and Annex 6.
- 4.9 The Investment Portfolio is reported in Appendix A Annex 8.

### **Write-Offs**

- 4.10 There are no debts over £0.025m that require approval for write off, as set out in Annex 4 of Appendix A.

### **Policy Contingency and Use of Reserves**

- 4.11 The policy contingency budget for 2020/21 is £40.8m. Given the significant financial pressures and the need to drive the new Chief Executives delivery plan there may be a need to re-prioritise the use of the policy contingency budget. The use of Policy Contingency is covered in the MTFP Mid Year Refresh Report.
- 4.12 Cabinet is asked to note the following allocations of Specific Policy Contingency approved by the Section 151 Officer under delegated authority as shown below.

<b>Use of</b>	<b>Reason</b>	<b>Value (£m)</b>	<b>Paragraph Reference</b>
Specific Policy Contingency	Commonwealth Games Project Team	4.0	9.6
Specific Policy Contingency	Inflation Contingency	0.3	9.7

- 4.13 Cabinet is asked to note the following allocations of General Policy Contingency that were approved in the October 13<sup>th</sup> Cabinet meeting as shown below.

<b>Use of</b>	<b>Reason</b>	<b>Value (£m)</b>	<b>Paragraph Reference</b>
General Policy Contingency	European Team-Brussels Office	0.2	9.4
General Policy Contingency	Brexit Preparation	0.2	9.4

- 4.14 Cabinet is asked to approve allocations of Specific and General Policy Contingency as shown below. Further details are provided in the relevant paragraphs in Annex A.

<b>Use of</b>	<b>Reason</b>	<b>Value (£m)</b>	<b>Paragraph Reference</b>
Specific Policy Contingency	Modernisation Fund-Social Care	4.2	9.8
General Policy Contingency	Homelessness Reduction	0.9	9.9
General Policy Contingency	Whistleblowing	0.2	9.10
General Policy Contingency	Delivery Plan	2.0	9.11

- 4.15 If these uses are approved, the Policy Contingency budget will be £28.8m.
- 4.16 An assessment of the levels and use of reserves is addressed in the MTFP Mid Year Refresh Report.

## **5 Options considered and Recommended Proposal**

- 5.1 Directors, in striving to manage their budgets, have evaluated all the options available to them to maintain balance between service delivery and a balanced budget.

## **6 Consultation**

- 6.1 Cabinet Members, Directors, the City Solicitor, Human Resources and Assistant Directors of Finance have been consulted in the preparation of this report.
- 6.2 There are no additional issues beyond consultations carried out as part of the budget setting process for 2020/21.

## **7 Risk Management**

- 7.1 The monitoring of the Council's budget and the identification of actions to address issues arising, as set out in this report, are part of the Council's arrangements for the management of financial issues.

## **8 Compliance Issues:**

### **8.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?**

- 8.1.1 The budget is integrated with the Council Financial Plan, and resource allocation is directed towards policy priorities.

### **8.2 Legal Implications**

- 8.2.1 Section 151 of the 1972 Local Government Act requires the Chief Finance Officer (as the responsible officer) to ensure the proper administration of the City Council's financial affairs. Budget control, which includes the regular monitoring of and reporting on budgets, is an essential requirement placed on Directorates and members of the Corporate Management Team by the City Council in discharging the statutory responsibility. This report meets the City Council's requirements on budgetary control for the specified area of the City Council's Directorate activities.

### **8.3 Financial Implications**

- 8.3.1 The Corporate Revenue and Capital Budget Monitoring documents attached give details of monitoring of service delivery within available resources.

### **8.4 Procurement Implications (if required)**

- 8.4.1 N/A

### **8.5 Human Resources Implications (if required)**

- 8.5.1 N/A

### **8.6 Public Sector Equality Duty**

- 8.6.1 There are no additional Equality Duty or Equality Analysis issues beyond any already assessed in the year to date. Any specific assessments needed shall be made by Directorates in the management of their services.

## **9 Background Documents**

- 9.1 City Council Financial Plan 2020-2024 approved at Council 25th February 2020
- 9.2 Quarter 1 Financial Monitoring Report approved by Cabinet 21st July 2020

## Appendix A

### Quarter 2 Financial Monitoring Report

#### 1. Executive Summary

##### **Revenue Budgets**

- 1.1 The Council's net revenue budget for 2020/21 is £852.9m, after planning for savings of £27.1m.
- 1.2 At Quarter 2 the forecast revenue outturn (Table 1 below) is a net overspend of **£10.8m (column E)**. **£11.9m (column C)** of the overspend relates to the **Covid-19** emergency after applying £84.3m **(column C)** of un-ringfenced Covid-19 related grant received to date and £19.6m **(column C)** forecast income loss scheme funding from the government.
- 1.3 We are continuing to review and assess our forecasts and risks and are seeking mitigations in year to deal with this gap. There are a range of corporate initiatives in train to manage the current overspend position. These include reviewing in year savings delivery, Capitalisation of Transformation costs, and Workforce Controls being introduced to stop vacant roles being filled and reductions in agency expenditure of 10%. This is also reflected in the MTFP Refresh Report.
- 1.4 On 22<sup>nd</sup> October the Council was informed of a further **£44.2m** of un-ringfenced Covid-19 related grant. It is recommended that this is transferred to specific Covid reserve to manage the ongoing pandemic through the higher risk winter months.
- 1.5 There is a **£1.1m** underspend **(column D)** relating to non covid-19 activities and this includes £0.9m **(column D)** for the additional cost of pay award (budget was 2.5% and award was 2.75%) that has been shown as a corporate pressure.
- 1.6 This position does not include risks or 2021/22 onwards financial implications. While the Covid-19 financial impact is being presented in Directorates, the funding gap is being dealt with as a corporate issue. This can be seen in Chart 1 below.
- 1.7 Since Quarter 1, an additional **support package of £14.0m (column I of Table 2)** has been awarded to the council following the government announcement on 2 July that a further support package would be made available to the Local Authorities. The council has estimated that it could receive a further **£19.6m (column I of Table 2) from the income loss scheme funding** from the Government. The forecast extra income of £33.6m combined with a reduction in forecast Covid-19 expenditure of £29.2m has reduced the overspend on Covid-19 by £62.8m since Quarter 1. As referred to in paragraph 1.3, a further

**£44.2m** of un-ring fenced grant was announced on 22<sup>nd</sup> October. This is recommended to be transferred to specific Covid reserve to manage the ongoing pandemic through the higher risk winter months.

- 1.8 The Government has also announced £100m of national funding to support leisure centres. No details are yet available, so this has not been factored in to this report.
- 1.9 The forecast non Covid-19 position has improved by **£6.4m (Column D)** since Quarter 1. The largest improvement is in the forecast overspend related to Birmingham Children's Trust, which has reduced by £4.3m. The non-Covid-19 position is reported in more detail in section 2.
- 1.10 The government has also announced several ring-fenced grants for additional reliefs and support schemes which are being spent on the additional measures set out in government guidance.
- 1.11 There is a minor overspend forecast of £0.1m for Schools at Quarter 2. It is expected that any year end underspend or overspend will be appropriated to or from the DSG Grant Reserve. Further detail is contained in Section 6.
- 1.12 There is a forecast balanced position in the Housing Revenue Account. Further detail is contained in Section 7

### **Capital Programme**

- 1.13 Overall capital expenditure for the year 2020/21 is forecast at £723.3m against the revised quarter 2 capital budget of £857.2m. The forecast underspend comprises £127.2m of slippage and £6.7m of forecasted net savings. Of the total forecast underspend of £133.9m - £125.8m is Covid related and £8.1m non-Covid related. Expenditure to date is £154.7m which is some 21% of the year-end total forecast. The full multi-year capital programme is forecast £3,290.3m.
- 1.14 The Council is currently reviewing capital financing for the capital programme and the delivery plan for factoring in to the MTFP Refresh. There is a plan to utilise capital resources for funding the costs of revenue reform and transformation projects in line with the flexibilities afforded to Councils.

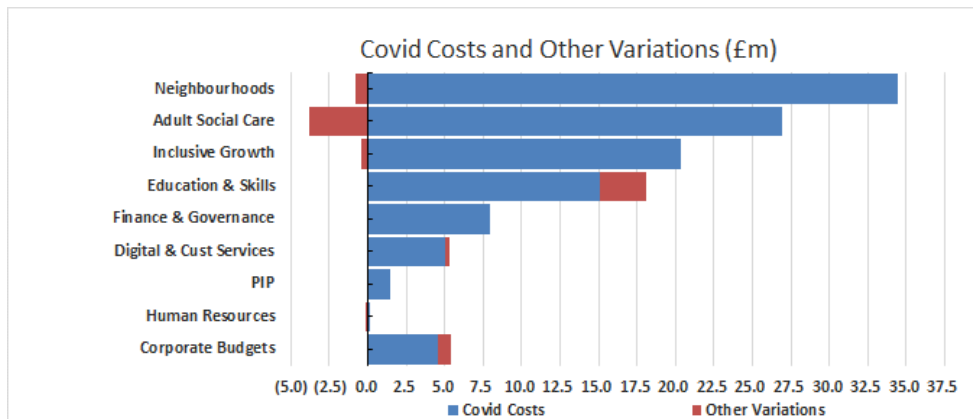
### **Treasury Management**

- 1.15 The Covid-19 pandemic has had a significant impact on Treasury Management decision making in the quarter. Further details are provided in Section 11 of this report.

Chart 1

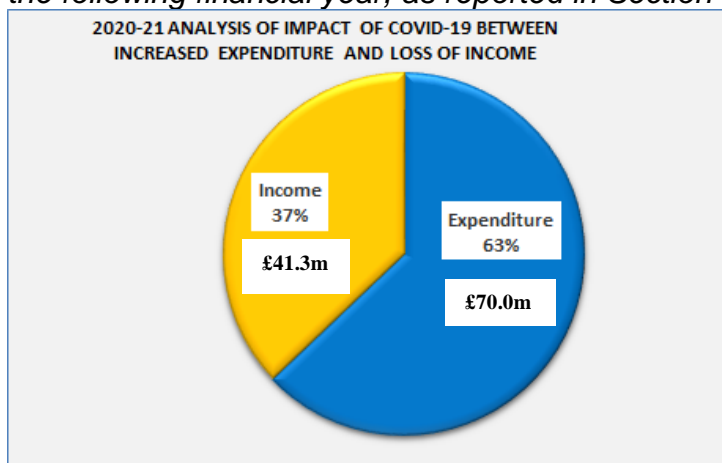


## Appendix A



**Chart 2**

*\*Note: This does not include Council Tax and Business Rates impacts, which affect the following financial year, as reported in Section 14*



**Table 1**

<b>Table 1:High Level Summary</b>	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>	<b>E</b>	<b>F</b>
<b>Directorate</b>	<b>Current Budget</b>	<b>Forecast Outturn</b>	<b>Covid 19 Financial Impact Included *</b>	<b>Over/(Under) spend Non Covid costs</b>	<b>Total Over/(Under) Spend **</b>	<b>Movement in Total Over/(Under) Spend From Q1***</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
Neighbourhoods	125.646	159.257	34.411	(0.800)	33.611	(6.588)
Adult Social Care	329.344	352.461	26.947	(3.830)	23.117	(11.221)
Inclusive Growth	105.494	125.347	20.381	(0.528)	19.852	(0.626)
Education & Skills	276.811	294.871	15.077	2.983	18.060	(15.833)
Finance & Governance	13.869	21.854	7.985	0.000	7.985	(2.102)
Digital & Cust Services	29.263	34.592	5.029	0.300	5.329	1.257
Partnerships, Insight and Prevention	7.229	8.636	1.407	0.000	1.407	(0.217)
Human Resources	6.566	6.467	0.035	(0.134)	(0.099)	(0.099)
<b>Directorate Sub Total</b>	<b>894.223</b>	<b>1,003.486</b>	<b>111.272</b>	<b>(2.009)</b>	<b>109.263</b>	<b>(35.428)</b>
Corporate Budgets	(41.291)	(35.859)	4.526	0.905	5.431	(0.130)
Covid Funding	0.000	(84.278)	(84.278)	0.000	(84.278)	(13.968)
Income Loss Scheme Funding	0.000	(19.600)	(19.600)	0.000	(19.600)	(19.600)
<b>Corporate Subtotal</b>	<b>(41.291)</b>	<b>(139.737)</b>	<b>(99.352)</b>	<b>0.905</b>	<b>(98.447)</b>	<b>(33.698)</b>
<b>City Council General Fund</b>	<b>852.933</b>	<b>863.749</b>	<b>11.920</b>	<b>(1.104)</b>	<b>10.816</b>	<b>(69.126)</b>
Financial Position as at Q1	852.933	932.875	74.695	5.247	79.942	
<b>Movement from previous Q1</b>	<b>0.000</b>	<b>(69.126)</b>	<b>(62.775)</b>	<b>(6.351)</b>	<b>(69.126)</b>	
<b>Movement from previous Q1 %</b>	<b>0.0%</b>	<b>(07)%</b>	<b>(0.840)</b>	<b>(1.210)</b>	<b>(0.865)</b>	

\* This excludes Covid-19 risk, see Annex 2.

\*\* The above table has been sorted according to the total over/under spend (largest to smallest)

\*\*\* This shows the movement from previous Quarter.

## Appendix A

Table 2: High Level Summary	A	B	C	D	E	F	G	H	I	J	K
Directorate	Current Budget	Forecast Outturn	Covid 19 Financial Impact Included *	Over/(Under) spend Non Covid costs	Total Over/(Under) Spend **	Covid 19 Financial Impact Included	Over/(Under) spend Non Covid costs Q1	Total Over/(Under) Spend Q1	Movement Covid 19 cost	Movement in Non Covid cost From Q1	Movement in Total Over/(Under) Spend From Q1***
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Neighbourhoods	125.646	159.257	34.411	(0.800)	33.611	39.928	0.271	40.199	(5.517)	(1.071)	(6.588)
Adult Social Care	329.344	352.461	26.947	(3.830)	23.117	36.935	(2.597)	34.338	(9.988)	(1.233)	(11.221)
Inclusive Growth	105.494	125.347	20.381	(0.528)	19.852	22.378	(1.900)	20.478	(1.997)	1.372	(0.626)
Education & Skills	276.811	294.871	15.077	2.983	18.060	26.650	7.243	33.893	(11.573)	(4.260)	(15.833)
Finance & Governance	13.869	21.854	7.985	0.000	7.985	10.157	(0.070)	10.087	(2.172)	0.070	(2.102)
Digital & Cust Services	29.263	34.592	5.029	0.300	5.329	1.772	2.300	4.072	3.257	(2.000)	1.257
Partnerships, Insight and Prevention	7.229	8.636	1.407	0.000	1.407	1.624	0.000	1.624	(0.217)	0.000	(0.217)
Human Resources	6.566	6.467	0.035	(0.134)	(0.099)	0.000	0.000	0.000	0.035	(0.134)	(0.099)
<b>Directorate Sub Total</b>	<b>894.223</b>	<b>1,003.486</b>	<b>111.272</b>	<b>(2.009)</b>	<b>109.263</b>	<b>139.444</b>	<b>5.247</b>	<b>144.691</b>	<b>(28.172)</b>	<b>(7.256)</b>	<b>(35.428)</b>
Corporate Budgets	(41.291)	(35.859)	4.526	0.905	5.431	5.561	0.000	5.561	(1.035)	0.905	(0.130)
Covid Funding	0.000	(84.278)	(84.278)	0.000	(84.278)	(70.310)	0.000	(70.310)	(13.968)	0.000	(13.968)
Income Loss Scheme Funding	0.000	(19.600)	(19.600)	0.000	(19.600)	0.000	0.000	0.000	(19.600)	0.000	(19.600)
<b>Corporate Subtotal</b>	<b>(41.291)</b>	<b>(139.737)</b>	<b>(99.352)</b>	<b>0.905</b>	<b>(98.447)</b>	<b>(64.749)</b>	<b>0.000</b>	<b>(64.749)</b>	<b>(34.603)</b>	<b>0.905</b>	<b>(33.698)</b>
<b>City Council General Fund</b>	<b>852.933</b>	<b>863.749</b>	<b>11.920</b>	<b>(1.104)</b>	<b>10.816</b>	<b>74.695</b>	<b>5.247</b>	<b>79.942</b>	<b>(62.775)</b>	<b>(6.351)</b>	<b>(69.126)</b>
Financial Position as at Q1	852.933	932.875	74.695	5.247	79.942						
<b>Movement from previous Q1</b>	<b>0.000</b>	<b>(69.126)</b>	<b>(62.775)</b>	<b>(6.351)</b>	<b>(69.126)</b>						
<b>Movement from previous Q1 %</b>	<b>0.0%</b>	<b>(07)%</b>	<b>(84)%</b>	<b>(121)%</b>	<b>(86)%</b>						

**Table 3: Analysis of Non covid pressure faced by Directorate**

Directorate	Non delivery of savings £m	Expenditure variations £m	Income variations £m	One-off mitigations £m	Non Covid-19 Financial Impact Included £m
Neighbourhoods	1.4	1.5	3.3	(7.0)	(0.8)
Adult Social Care	0.0	1.3	(5.1)	0.0	(3.8)
Inclusive Growth	0.6	0.0	1.3	(2.4)	(0.5)
Education & Skills	0.0	3.1	(0.1)	0.0	3.0
Finance & Governance	0.0	(0.7)	1.9	(1.2)	0.0
Digital & Cust Services	0.0	0.3	0.0	0.0	0.3
Partnerships, Insight and Prevention	0.0	0.0	0.0	0.0	0.0
Human Resources	0.0	2.0	0.4	(2.5)	(0.1)
<b>Directorate Sub Total*</b>	<b>2.0</b>	<b>7.5</b>	<b>1.7</b>	<b>(13.1)</b>	<b>(2.0)</b>

*There was no over delivery of saving identified by the directorates.*

## Appendix A

### 2 Non Covid-19 Variation

2.1 The Directorates are facing spending pressure on their business as usual activities and currently the council is forecasting a net underspend of £1.1m (**column D**), due to Non Covid-19 related costs, which is an improvement of £6.4m on Quarter 1.

2.2 **Neighbourhoods Directorate has an underspend of £0.8m (-0.6% of budget) as shown by the table below.** This is improvement of £1.1m on quarter 1.

Neighbourhoods	Budget £m	Non Covid-19 £m
Street Scene	78.7	0.1
Housing General Fund	9.2	(1.2)
Neighbourhoods	19.7	(0.7)
Regulation & Enforcement	1.0	0.9
Business Support	17.0	0.1
<b>Directorate</b>	<b>125.6</b>	<b>(0.8)</b>

**Street Scene has an overspend of £0.1m. ( 0.1% of budget).** This a deterioration of £1.3m compared to Quarter 1.

Projections indicate an overspend of £0.1m, however, within this are a number of pressures primarily being mitigated by £4.0m of an underspend on borrowing costs due to delays in procurement of the new fleet and other small savings and underspends.

The main pressures include £1.9m on maintenance and vehicle hire due to old and mechanically less reliable vehicles being past their natural life, income pressure within Trade Waste projected to be £1.5m behind budget and the waste procurement project forecasting £0.5m pressure due to the use of external legal advice. Additional pressure of £0.3m has been identified following the need to replace the heating system at Redfern Rd Depot.

**Housing General Fund has an underspend of £1.2m (-13.0% of budget).** This an improvement of £2.1m compared to Quarter 1.

The forecast has improved to an underspend of £1.2m mainly due to a reduction in charges levied by Bed and Breakfast providers. As this is the main cost driver within the service both cost and demand projections continue be monitored. Demand for temporary accommodation is expected to increase with the easing of lockdown restrictions.

The service continues to manage £1.5m savings pressure through a combination of improved rates for temporary accommodation and holding vacant posts.

A service redesign proposal is being drafted which will deliver the outstanding saving requirement through prevention activity. This is a change from the initial saving proposals put forward, but a more sustainable approach for the service. A review of the Selective Licensing scheme is underway to determine viability and a way forward following a delay to the launch following regulation changes and legal advice. The scheme has a £0.5m income target attached to it which is currently being mitigated pending outcome of the review.

**Neighbourhoods has an underspend of £0.7m (-3.6% of budget).** This an improvement of £0.3m compared to Quarter 1.

The service is forecasting a £0.7m underspend mainly due to the holding of vacant posts pending the implementation of a new operating model later in the financial year and a number of one-off underspends including below inflation grant payments and reduced operational costs within Film Birmingham.

**Regulatory and Enforcement has an overspend of £0.9m (90.0% of budget).** The position has not changed since Quarter 1.

The service is forecasting income pressure of £0.9m across Bereavement services principally due to budgeted mausoleum income, which is currently unachievable, a review of Bereavement services is underway, and Markets is currently forecasting shortfall in available funding subject to review into viability of the Markets.

**2.3 Adult Social Care underspend of £3.8m (-1.2% of the budget).** This an improvement of £1.2m compared to Quarter 1.

<b>Adult Social Care</b>	<b>Budget</b>	<b>Non Covid-19</b>
	<b>£m</b>	<b>£m</b>
Director	17.8	(0.0)
Commissioning	28.3	0.6
Packages of Care	208.4	(1.5)
Community & Operational	74.9	(2.9)
Other	(0.0)	0.0
Directorate	329.3	(3.8)

**Commissioning has an overspend of £0.6m (2.1% of the budget).** This is an improvement of £0.1m compared to Quarter 1.

This variance relates to the impact of slippage within the Neighbourhood Network Programme £1.1m, offset by mitigating savings of £0.5m identified across the Commissioning Service.

**Packages of Care has an underspend of £1.5m (-0.7% of the budget).** This is an improvement of £1.7m compared to Quarter 1.

Excluding Covid pressures there is an overall underspend of £1.5m due to CCG funding for hospital discharges and preventative packages. The

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movement from Quarter 1 is a forecast reduction of £1.7m due to increased income from the CCG.

**Community & Operational has an underspend of £2.9m (-3.9% of the budget).** The position has deteriorated by £0.6m compared to Quarter 1.

The underspend of £2.9m relates to staffing within in house services and Social Work Teams and has arisen due to the early delivery of 21/22 step up savings as part of the Customer Journey Restructure, reduced agency and overtime spend within in house day services which are closed due to Covid and reduced agency spend to cover vacancies in Social Work Teams due to the need to focus resources on Covid.

**2.4 Education and Skills £3.0m overspend (1.1% of the budget).** This an improvement of £4.3m compared to Quarter 1.

Education and Skills	Budget	Non Covid-19
	£m	£m
Education & Early Years	9.2	(0.1)
Inclusion & SEND	28.4	0.3
Children's Trust	192.2	2.8
Strategic Leadership	22.0	(0.2)
Skills & Employability	25.0	0.2
<b>Directorate</b>	<b>276.8</b>	<b>3.0</b>

**Education and Early Years underspend of £0.1m (-1.1% of the budget).** This is an improvement of £0.1m compared to Quarter 1.

Early Years is anticipating a saving of £0.1m relating to savings on employees and SLA's, partially offset by systems upgrade costs.

**Inclusion & SEND overspend of £0.3m (1.1% of the budget).** This is a deterioration of £0.3m compared to Quarter 1.

Further overspends on Travel Assist are expected of £0.3m of one-off costs relating to additional costs of interim staff to support transformation and systems implementation costs in 2020/21. Recurring savings in subsequent years from better route planning should offset this.

**Children's Trust is forecasting an overspend of £2.8m (1.5% of the budget).** This is an improvement of £4.3m compared to Quarter 1.

There continues to be a significant increase in the number of children in care requiring support by Birmingham Children's Trust, from 1,830 at the start of the Trust in April 2018 rising to an average of 1,955 by March 2020.

The number and cost of placements has risen since the Trust went live. The Trust budget for 2020/21 includes a net increase of £6.1m for demand pressures of which £5.3m is direct placement costs.

The latest forecast from the Children's Trust is a £2.8m overspend, with pressures primarily around pay (caseloads and Independent Reviewing Officers) and placement costs. Children in Care numbers have remained fairly static recently, with no spike yet (contrary to initial expectations when schools reopened, and more referrals were expected). Savings have arisen from reductions around external residential placement, the cessation of the Priory contract and reduction in external fostering placements.

The forecast pressure for 2020/21 is net of this additional funding. The number of children in high cost residential placements has reduced by 4 to 172 since April 2020 but remains 31 higher since the Trust went live. Whilst there are 36 fewer fostering placements since April there is an increase in the number of children placed with connected carers. Overall the number of children in family placements has increased since the Trust went live, but the assumed growth in the number of internal foster carers has not materialised at the level assumed in the Trust base budget. External residential and fostering placements still equate to in-year budget pressures of over £8.5m this year.

This additional pressure is being partially offset by a number of savings measures, including managing demand at the front door to ensure admissions into care are appropriate; ensuring the most appropriate cost of a placement is secured according to need; pursuing step down options for existing residential placements; ongoing review of all supported accommodation packages to ensure validity of placement; and, pursuing financial contributions to placements for children with complex needs, in addition to the specific savings highlighted above.

**Since Quarter 1**, the Trust has actively been reviewing its operation and placement costs, to ensure that it does not face similar overspend as it did last year. The Trust has continued to seek to reduce the cost of placements by:

- Managing demand at the front door to ensure admissions into care are appropriate.
- Ensuring the most appropriate cost of a placement is secured according to need.
- Pursuing step down options for existing residential placements.
- Ongoing review of all supported accommodation packages to ensure validity of placement and also the level of support per package.
- Continued development of an improved marketing and recruitment strategy to grow the number of the Trust's own foster carers.
- Pursuing financial contributions to placements for children with complex needs.

These actions and measure have allowed the Trust to reduce its current forecast by £4.3m compared to quarter 1.



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It is thought that the position should improve, notwithstanding any changes related to Covid-19.

The impact of any demographic growth is captured in the MTFP Refresh Report.

**Strategic Leadership underspend of £0.2m (-0.9% of the budget).** This is an improvement of £0.1m compared to Quarter 1.

There is a saving relating to premature retirements of (£0.2m), an improvement of (£0.1m) since quarter 1.

**Skills & Employability overspend of £0.2m (0.8% of the budget).** This is an improvement of £0.1m compared to Quarter 1.

Community Libraries are suffering from high levels of disrepair and an overspend on building maintenance costs is expected of approximately £0.1m.

The Careers Service have lost funding relating to Sexual Health from July 2020. This is expected to create an overspend of £0.1m. The service is exploring alternative sources of funding to mitigate the funding loss.

### **2.5 Inclusive Growth underspend of £0.5m as shown by the table below (0.5% of the budget).** This a deterioration of £1.m compared to Quarter 1.

Inclusive Growth	Budget	Non Covid-19
	£m	£m
P&D - City Centre, EZ, BDI	(0.7)	(0.6)
Transport & Connectivity	48.0	(0.7)
P&D - Strategy & Planning	5.2	(0.2)
Birmingham Property Services	(1.8)	1.6
Housing Development	0.4	0.0
Highways & Infrastructure	45.7	(0.6)
Inclusive Growth Director	8.7	0.0
Other Funds - Holding Accounts	0.0	0.0
<b>Directorate</b>	<b>105.5</b>	<b>(0.5)</b>

**Across P& D City Centre, Transport & Connectivity, and P& D- Strategy & Planning – there are underspends of £1.5m (-2.9% of the budget).** This is a deterioration of £0.4m compared to Quarter 1 across these services.

There are savings of £1.4m related to vacant posts across these services and minor increase in additional fees from Pre-planning applications.

**Birmingham Property Services has an overspend of £1.6m (-88% of the budget).** This is a deterioration of £1.8m compared to Quarter 1 across these services.

The Manhattan database is the Council's property information system, used to record and report on property interests and administer the raising of rent and service charge invoices.

This overspend is due to a forecast shortfall on invoiced rent and service charges of £1.4m and £0.2m respectively. This has emerged as on-going work has been carried out to refine the forecast information generated from Property Services lease database (Manhattan).

**Highways & Infrastructure has an underspend of £0.6m (-1.3% of the budget).** This is an improvement of £0.6m compared to Quarter 1.

£0.3m Expansion of City Centre Controlled Parking Zone – undeliverable as reported at Quarter 1. This has been mitigated by £0.5m of employee related savings, vacancies and staff turnover. There has also been reduction of £0.2m from security cost at car parks and parking enforcement and an increase in permit and licence income of £0.1m

**Inclusive Growth Director is forecasting a balanced budget.** This is an improvement of £0.2m compared to Quarter 1.

2.6 **Finance & Governance (Balanced budget).** This is a deterioration of £0.1m compared to Quarter 1.

<b>Finance &amp; Governance</b>	<b>Budget</b>	<b>Non Covid-19</b>
	<b>£m</b>	<b>£m</b>
Development and Commercial	(3.6)	0.4
Service Finance	7.9	(0.4)
City Solicitor	7.9	(0.0)
Birmingham Audit	1.7	0.0
<b>Directorate</b>	<b>13.8</b>	<b>(0.0)</b>

**Development & Commercial has an overspend of £0.4m (11.1% of the budget).** This is a deterioration of £0.1m compared to Quarter 1.

There is a £0.2m income pressure for Civic Cleaning inherited following transfer from Acivico. This is unchanged from Quarter 1. The service continues to work towards achieving a balanced position. It is expected that this pressure will reduce and be dealt with as part of the centralisation of Corporate Landlord budgets. This pressure could be offset by a one-off contingency of £0.2m, to be used only to fund what cannot be offset in year.

Other £0.2m of pressure is made of minor costs across the services within the directorates.

**Service Finance has an underspend of £0.4m ( -5% of the budget).** This is an improvement of £0.1m compared to Quarter 1.

£0.1m additional net cost of interims, covering vacant posts £0.7m, partly offset by vacancy savings £0.6m. There is a recruitment drive in place ready

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to begin in October to fill these vacant posts permanently. The net variation has increased by £0.1m since Quarter 1.

£0.1m overspend employees, unchanged from Quarter 1. £0.1m savings built into the original ERP business case are being revised by the reset of the ERP programme.

£0.3m underspend Schools Financial Services, this is a new variation since Quarter 1. The reduction in income from schools £0.2m has been offset by vacancy and other savings £0.5m to deliver an overall underspend against budget.

£0.7m underspend. Funding earmarked to support the transition of services in Service Finance and Development and Commercial Divisions will offset additional expenditure and income loss during transformation. This has reduced by £0.2m since Period 3 to reflect the use of transition funding in Procurement, Development and Commercial.

£0.1m underspend other minor variations, an improvement of £0.078m from Quarter 1.

### **Service Finance One-Off**

£0.4m project costs to implement the finance improvement agenda including support for recruitment into the future operating model. An increase of £0.2m since Quarter 1, this reflects an estimate of the project costs for Phase 2.

**City Solicitor of £0.4m is forecasting a balanced budgeted.** This is an improvement of £0.1m compared to Quarter 1.

### **2.7 Digital & Customer Services overspend of £0.3m (1% of the budget) as shown by the table below.** This is an improvement of £2.0m compared to Quarter 1.

Digital & Customer Services	Budget	Non Covid-19
	£m	£m
Business Improvements	10.1	(0.2)
IT & Digital Services	12.1	0.5
Customer Services	4.9	0.0
Revenues & Benefits	2.0	0.0
Director of DC&S	0.2	0.0
<b>Directorate</b>	<b>29.3</b>	<b>0.3</b>

**Business Improvements underspend £0.2m (2% of the budget).** There have been no changes since Quarter 1.

This is a result of the service holding several vacant posts.

### **IT & Digital Services has an overspend of £0.5m (4.1% of the budget).**

This is an improvement of £2.0m compared to Quarter 1.

There is an overspend of £2.5m on agency staff. This has been offset by the margin element of centralisation of asset management, ongoing project support, and mobile phones (£0.8m) as well as building in in the centralisation of the

margin element (£1.2m) of the recharges for ICT projects, which will be processed in the financial control system soon. Without this centralisation there is a risk that IT&D will over-spend in 2020-21 as it tries to deliver savings for others.

- 2.8 **Human Resources is forecasting an underspend of £0.1m (-1.5% of the budget).** This is an improvement of £0.1m compared to Quarter 1.

<b>Human Resources</b>	<b>Current Budget</b>	<b>Non Covid-19 Cost</b>
	<b>£m</b>	<b>£m</b>
Schools	0.1	(0.1)
HR Services	6.5	0.0
<b>Directorate</b>	<b>6.6</b>	<b>(0.1)</b>
Covid-19 costs included		
<b>Directorate net of Covid Costs</b>		

The underspend is a result of number of vacancies.

- 2.9 **Partnerships, Insight and Prevention currently expected to deliver a balanced budget.** There have been no changes since Quarter 1.

<b>PIP</b>	<b>Current Budget</b>	<b>Non Covid-19 Cost</b>
	<b>£m</b>	<b>£m</b>
Communication & Marketing	1.4	0.00
Public Health and Equalities	0.0	0.00
Assistant Chief Exec	3.3	0.00
Community Safety Strategy	2.5	0.00
<b>Directorate</b>	<b>7.2</b>	<b>0.00</b>

### 3. **Covid-19 Major Incident Financial Impact**

- 3.1. The Council has received £84.3m of un-ringfenced Covid-19 related grant funding from the government. The Council also is forecasting it will receive £19.6m in grants for lost income. The government has also announced several ring-fenced grants for additional reliefs and support schemes which are being spent on the additional measures set out in government guidance.

On 22<sup>nd</sup> October the Council was informed of a further **£44.2m** of un-ringfenced Covid-19 related grant. It is recommended that this is transferred to specific Covid reserve to manage the ongoing pandemic through the higher risk winter months.

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The current assumption for the financial impact of the Covid-19 major incident is based on a 6-month forecast for the duration of the incidents along with some residual costs.

- 3.2. The forecast additional spend/loss of income to the Council on Covid-19 related general fund activities, after utilising the un-ringfenced government grant, for 2020/21 is **£11.9m**. There are further financial risks which have been quantified and assessed for likelihood, which are reported through emergency cells on a weekly basis. Details on Directorate Covid-19 financial impacts are included in Annex 1 and the schedule of further financial risks is included in Annex
- 3.3. The Medium Term Financial Plan (MTFP) Refresh (that is also on the agenda for Cabinet this month) addresses how the budget gap will be addressed.

#### 4. Overview of the Saving Programme

- 4.1 The approved savings programme for 2020/21 is £27.1m, comprising the approved savings plan of £22.1m plus £5.0m of savings that were only delivered on a one-off basis in 2019/20. Savings of £14.4m are on track, £8.6m at risk and £4.0m are classed as undeliverable or non-delivered, as shown in Charts 3, 4 and 5.

Chart 3

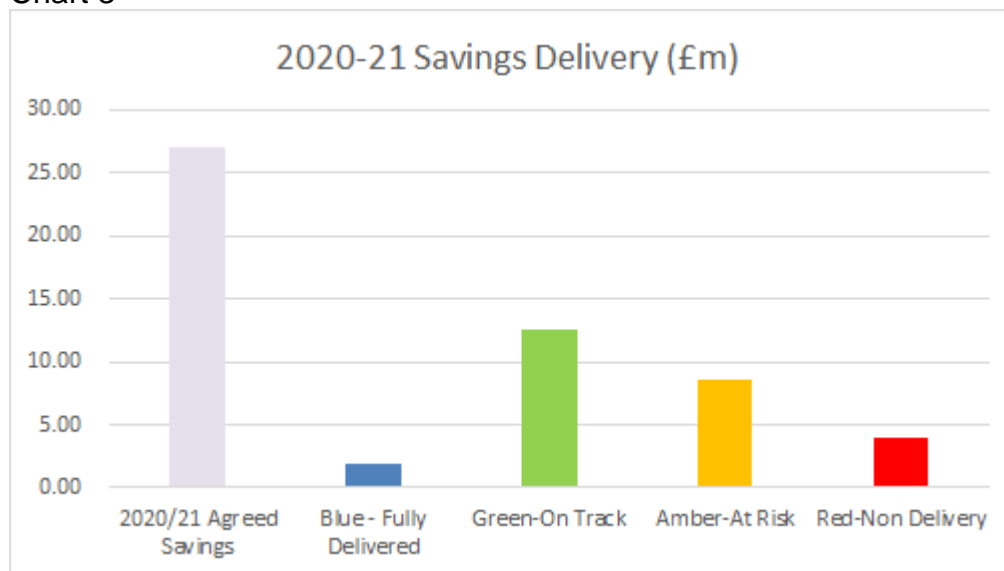
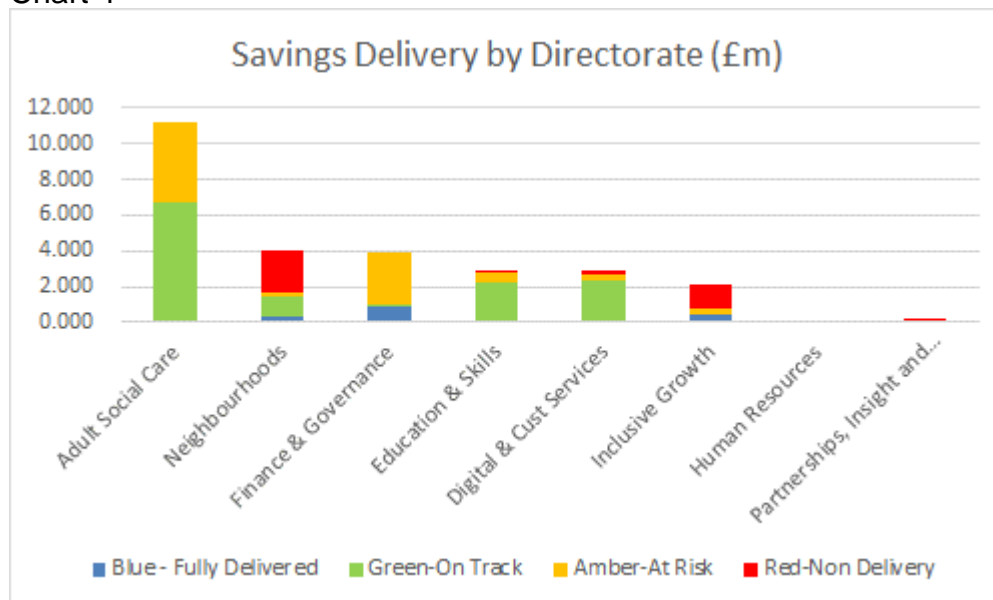
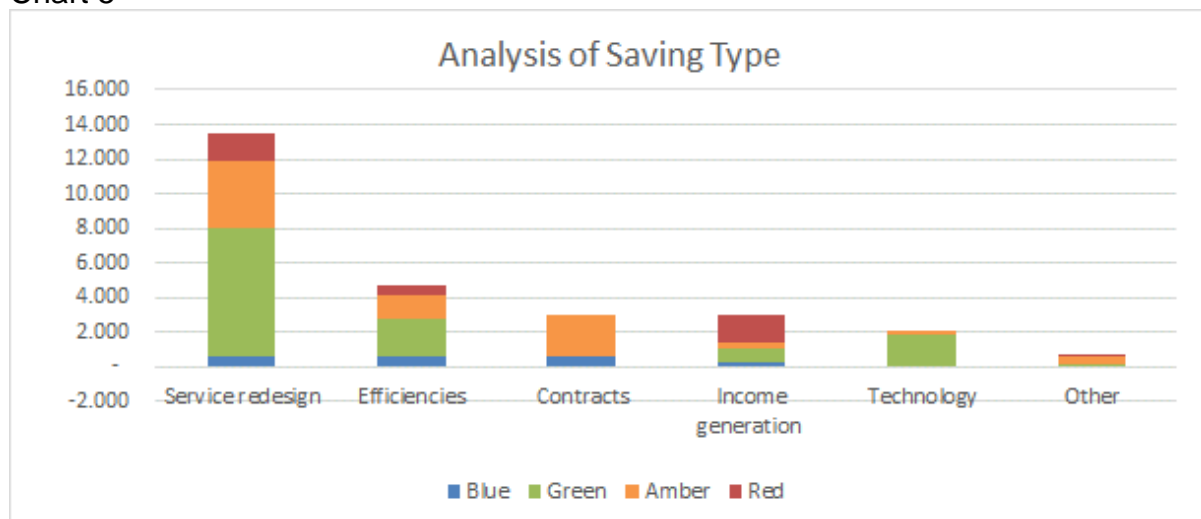


Chart 4



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Chart 5



- **Adult Social Care has £4.4m** savings that are at risk due to Covid-19, particularly regarding Packages of Care. However, these are now considered likely to be achieved.
- **Neighbourhoods has £0.2m** savings that are at risk and **£2.3m** savings that are unlikely to be achieved. About half of the non-delivery is related to Covid. Of the remainder, £1.0m relate to Housing. It is requested that these savings are redirected, as covered in paragraph 4.2 below.
- **Contract** savings, whilst sitting in Finance & Governance. This is a corporate saving that cuts across all directorates. The target is **£3.0m** of which **£0.6m** has been delivered so far, and there is a further £0.15m in the pipeline. There have been issues due to covid and delays in re-letting of contracts. While a delivery plan exists, this is now considered a risk as Covid-19 has caused services to reappraise their planned procurements.
- **Education & Skills has £0.5m** savings at risk - these largely relate to an increased commercialisation target for the Adult Education Service that was set in 2019/20 at £1.2m and reduced this year to £0.8m, but which is still unlikely to be fully delivered. It is being partly mitigated this year through a restructure of the service and savings from elsewhere in Skills & Employability.
- **Digital & Customer Services has £0.3m** savings at risk mainly due to delays and potential income losses related to Covid-19. It also has **£0.2m** of savings that are unlikely to be achieved related to Debt Collection costs, also due to Covid-19.
- **Inclusive Growth has £0.3m** savings at risk and **£1.4m** that are unlikely to be achieved, mainly due to delays and risks to income caused by Covid-19

### 4.2 Housing Savings Target Redirection

The savings within the Housing General Fund Service are currently rated as red, however one-off mitigations have been identified in 2020/21 to fully meet this

target. For 2021/22 onwards the service is proposing to implement these savings after the completion of the Housing Service Redesign. This will enable the service to realign resources to focus on robust support plans and prevent homelessness.

Approval is sought from Cabinet to redirect the previous £1.0m savings, which were going to be delivered through a review of managerial and workforce savings, strategic housing function and PRS. These will now be amalgamated into a new savings target of £1.0m which will reduce the level of dependency on bed & breakfast accommodation.

- Annex 3 provides a breakdown of all savings in 2020/21.
- 4.3 Where a saving has been identified as red, Directorates are expected to identify recovery plans to identify alternative savings to mitigate this and where there is a policy implication bring it to Cabinet for approval. Where savings are identified as amber, Directorates are expected to take actions to manage this to bring down the risk of non-delivery



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### 5. Risks not in the forecast (all Covid-19 risks covered by Annex 2 so only non Covid-19 risks are shown below)

#### 5.2 Education & Skills

##### **School Deficits**

There is a growing concern around schools with financial deficits. The number of schools in deficit has only grown by a small amount (from 38 to 40), but the total deficit amount has risen substantially from £7.2m to £9.0m; where maintained schools convert to Academy status with a sponsor the licenced deficit falls to the Council. The Local Authority has contacted all schools with deficits and will review the robustness of deficit recovery plans in October (when the plans are due to be returned). In addition, specific actions (including regular monitoring, meetings with schools, implementation of Interim Executive Boards, negotiations with Department for Education and alternate funding sources) are all being implemented to minimise the impact on the Council's budget.

##### **SEND / High Needs**

The Education and Skills Directorate together with Birmingham and Solihull Clinical Commissioning Group published a 'written statement of action' in July 2019, in response to the DfE, to make improvements to the special educational needs and disability (SEND) service. At this stage it is anticipated that any financial impact on the Local Authority will be met from the Dedicated Schools Grant (DSG). The provisional 2021/22 DSG settlement has indicated another substantial funding increase (12%) for High Needs. There are substantial pressures from both demography (pupil numbers) and increased complexity of provision, but the additional funding provides scope to also address the improvements necessary and outlined in the '*written statement of action*'. A programme of transformation projects designed to meet the written statement of action is being implemented within High Neds Block funding, including building SEND health and education local teams and local provision in mainstream schools; developing responsive, flexible and effective local specialist provision; and, improving early identification and intervention for SEND.

Education Psychology - There remains a potential pressure relating to premises savings arising from utilisation of space in a Council Administrative Building (CAB) building, as this has not yet been implemented.

##### **Skills & Employability**

Birmingham Adult Education Service - Work is currently ongoing within the Birmingham Adult Education Service to calculate the potential impact on loss of income due to Covid. There remains considerable uncertainty regarding the public demand for such services under Covid conditions. Where possible, costs have been mitigated through the temporary furloughing of staff and a review of the service offer. As noted earlier, there remains a longer term concern around the service's ability to meet its income target on an ongoing basis, which was partially reduced for 2020/21 by £0.4m, but in 2019/20 the service was unable to meet the target and was £0.7m overspent.

#### 5.3 Neighbourhoods

The main risks to the forecast are set out below:

- Any prolonged closure of the Waste ERF facility for maintenance will lead to additional costs through landfill.
- As a result of an Environment Agency review and instruction additional Health & Safety work is required at Lifford Depot of c£0.1m.
- As a result of a disputed utility bill at Cannon Hill Park there is a potential outstanding bill of c£0.250m
- There is a potential opportunity of receiving windfall electricity income of up to £0.5m as a result of electricity generated at the Tyseley Plant

## **5.4 Inclusive Growth**

### **Property Services Commercial Property rental income**

The current year-end forecast from the Manhattan database is significantly lower than expected based upon the last financial year and known/anticipated movements. Further work has been carried out to establish a year-end forecast which has been identified in paragraph 2.5 at £1.6m under-recovery. However, further work is continuing to refine the accuracy of data and processes for updating the system in order that a reliable methodology is established. This is being supported by officers from ICT&D and Trimble (system designers of Manhattan). Additionally, external consultants Avison Young have been commissioned to provide detailed sector by sector analysis of the likely short and medium term impact of Covid-19 on the existing rent roll.

### **Property Services Service Charge Income**

An exercise to review the industrial portfolio service charges has commenced to include back-dated expenditure over a number of preceding financial years. Early indications suggest a small number of estates potentially require significant refunds to tenants, which may amount to circa £1m. Further work is required to finalise the service charges, which requires agreement on the level of planned expenditure which may influence the level of any likely refunds due to tenants.

### **Clean Air Zone (CAZ)**

Due to delays experienced in implementation of the CAZ there are variances to budgeted income, expenditure and reserve movements which when brought together result in an overall balanced position which therefore does not impact on the forecast net outturn.

## **5.5 Digital & Customer Services**

### **Revenues & Benefits**

There is a £0.9m risk relating to slippage of Business Rates revaluation costs from 19/20 funding in 20/21 dependant on reserve carry forward being approved.

## **5.6 ERP**

The programme, as a result of an assurance process, is going through a reset phase to establish and quantify financial and non-financial risks. A report to Cabinet is scheduled on the Forward Plan for December 2020.

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### 6. Dedicated Schools Grant (DSG)

#### 6.1 Summary

The total Dedicated Schools Grant (DSG) funding for Birmingham in 2020/21 of £1,238m, comes through four blocks of funding. The Education & Skills Funding Agency (ESFA) currently recoups £582.3m of the DSG allocation to directly passport to academies, free schools, FE colleges and independent learning providers.

The Council is responsible for the remaining budget of £655.7m in conjunction with the local Schools' Forum. Schools and academies also receive additional grant funding allocations from the Department for Education (DfE) relating to Pupil Premium, Post 16 Funding, Primary PE and Sports Premium, Universal Infant Free School Meals, Year 7 Catchup Premium, Free School Meal Supplementary Grant, Teachers Pay Grant, Teachers Pension Grant, Coronavirus (Covid-19) Catchup Premium and Coronavirus (Covid-19) Schools Fund. The budget shifts during the course of the year as schools convert to academy status and as the Department for Education updates funding allocations based on updated pupil counts (particularly in early years).

At the end of Quarter 2 the high-level forecast for the (DSG) is as follows:

<b>Dedicated Schools Grant</b>	<b>Budget</b>	<b>Forecast Outturn</b>	<b>Variance</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Schools Delegated	385.9	385.9	0.0
Early Years	90.2	90.2	0.0
High Needs	161.9	162.0	0.1
Central Schools Services	17.7	17.7	0.0
<b>Birmingham City Council</b>	<b>655.7</b>	<b>655.8</b>	<b>0.1</b>
Academies & other recoupment	582.3	582.3	0.0
<b>Total DSG</b>	<b>1,238.0</b>	<b>1,238.1</b>	<b>0.1</b>

(NB there are no Covid costs directly related to the use of the Dedicated Schools Grant).

#### 6.2 Key Service Highlights Non Covid-19

There are no major variations being reported on the DSG at Quarter 2, primarily because the majority of the budget is delegated to schools and early years providers and has been distributed according to plan, in line with DfE expectations (irrespective of whether establishments were fully open and / or delivering a service). The only exception to this is a forecast overspend of £0.1m on the Early Years Inclusion Service within High Needs, as the service have been unable to achieve their savings on staff turnover target this year. Patterns of demand and spend for the Autumn and Spring terms are less certain because of Covid, but generally in areas of potential volatility (in early

years and high needs) funding from DfE has remained constant, whilst demand has generally been suppressed. Therefore, assuming a minor variance is very prudent at this point in time and, overall, there is more likely to be an underspend by year end.

Further detail is given below.

DSG is a highly prescribed and ring-fenced grant and is the primary source of funding that is delegated or allocated to schools and other educational providers for their revenue costs as well as funding certain prescribed centrally managed provision. There are no major variations being reported on the DSG at Period 6. This is primarily because of the following reasons:

- The majority of the budget is delegated to schools and early years providers and variations tend only to appear during the start of the new academic year (in September).
- The Summer term was not representative of most academic years due – of course - to Covid, but generally although activity reduced, payments to providers continued to plan, as part of advice from Department for Education to maintain funding streams to schools and other settings.
- Patterns of demand and spend for the Autumn and Spring terms are less certain because of Covid. However, exceptionally this term's Early Years funding from DfE is being based on the January 2020 census count, despite the likelihood, in light of the coronavirus (COVID-19) outbreak, that the number of children attending childcare is unlikely to have returned to "normal" levels. Therefore, assuming a zero variance is very prudent (as there is much more likely to be an underspend).

Demand led pressures in the High Needs Block have in the past led to overspends. However, an additional £26 million was received in 2020/21 High Needs Block DSG. The forecast for 2021/22 is for a further 12% increase. The Birmingham Schools Forum in the January 2020 meeting agreed to repay back £5 million of the outstanding £14 million High Needs Block deficit in 2020/21. Schools Forum anticipates that the remaining £9 million of High Needs Block deficit will be repaid at a rate of £5 million in 2021/22 and the remaining deficit in 2022/23. Some of the time limited projects funded from the £26 million have been delayed due to Covid, so again a zero variance is very prudent (as there is much more likely to be an underspend).

A more substantial update will be provided at period 9 when the new academic year placement of pupils will be known, and the financial costs evaluated.

The Education and Skills Directorate together with Birmingham and Solihull Clinical Commissioning Group published a 'written statement of action' in July 2019, in response to the DfE, to make improvements to the special educational needs and disability (SEND) service. At this stage it is anticipated that any financial impact on the Local Authority will be met from the Dedicated Schools Grant.

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There should not be any financial risk to the Council arising from any negative variance as it is a condition of the grant from the Department for Education that any overspends are carried forward and plans are submitted to the DfE for bringing the DSG account back into balance annually. Nonetheless, potential risks and mitigations are detailed below.

### **6.3 Key Risks (not reflected in the financial forecast)**

As noted above, the key risk is around the efficacy of proposals to use additional High Needs Block funding to address previous overspends and predicted future demands, but also provide capacity for significant investment for the future. While increases are welcome, it is important that money is used strategically rather than reacting solely to existing pressures and demands. Proposals involve organising High Needs funding and resources around geographical areas aligned closely with existing secondary school networks and primary consortia. The Authority's plan is to build on and strengthen school partnership working and local capacity, providing a greater level of financial flexibility locally, to better match funding to local need. The project Developing Local Provisions with mainstream schools currently has £7m budgeted for 2020/21. It is very unlikely that it will be fully spent in 2020/21 due to Covid-19 but as it is a 2 year project, all underspends will be ringfenced within DSG Reserve to deliver the project in 2021/22.

### **6.4 Savings Tracker:**

There is no specific savings tracker for the Dedicated Schools Grant, but as highlighted above, the plan to repay the High Needs block cumulative deficit is on track.

## 7. Housing Revenue Account (HRA)

	Current			Movement
	Budget	Forecast	Variance	from
	£m	£m	£m	Quarter 1
Rent Income	(253.8)	(253.6)	0.2	0.2
Service Charges	(14.4)	(14.4)	0.0	0.0
Other Income	(11.7)	(10.2)	1.5	1.7
<b>Total Income</b>	<b>(279.9)</b>	<b>(278.2)</b>	<b>1.7</b>	<b>1.9</b>
Repairs	65.0	64.2	(0.8)	0.0
Estate Services	19.8	18.8	(1.0)	(0.1)
General Management	68.3	65.9	(2.4)	(1.4)
Bad Debt	5.6	10.3	4.7	(0.4)
Capital Financing	66.4	64.2	(2.2)	0.0
Capital Programme Funding	54.8	54.8	0.0	0.0
<b>Total Expenditure</b>	<b>279.9</b>	<b>278.2</b>	<b>(1.7)</b>	<b>(1.9)</b>
<b>Net Expenditure</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

### 7.1 Income Variances

A net under recovery of £1.7m is forecast.

The forecast variation on rent of £0.2m is due to the number of voids being held for longer in addition to a lower than estimated average rent. The pressure on Other Income of £1.5m relates to commercial income and garages pressure, £0.8m, reduced court cost income, £0.3m and various other sources of income, £0.4m. The majority of these pressures are due to Covid-19.

### 7.2 Expenditure Variances

A net underspend on expenditure of (£1.7m) is forecast.

The main overspend is on the bad debt provision which is forecast to overspend by £4.7m due to the severe economic effects of Covid-19 on HRA tenants. This budget is being closely monitored due to the difficulty in predicting the complex variables which affect the provision. Based on the current scenario forecasting the overspend could be as high as £6.0m.

The net underspend on Repairs (£0.8m) is largely due to the reduced number of voids (£1.7m) and lower than budgeted performance on the main contracts (£0.4m). This is offset by increased legal costs on disrepair litigation based on current due to the level of ongoing cases, £0.8m, and increased activity on Multi-Storey surveys and repairs, £0.5m.

The underspend on Estate Services and General Management of (£3.4m) relates to high levels of vacancy due to turnover and difficulties with recruitment. The large increase in the underspend this period is primarily due to a large underspend forecast on the rent team recharge (£1.1m) as a result of

## Appendix A

the high levels of turnover on this team and reduced legal costs due to Covid-19.

The underspend on capital financing of (£2.2m) is due to savings of (£1.8m) resulting from a lower interest rate than budgeted, in line with the rate charged in 2019/20; and a reduction in the debt repayment of (£0.4m) in order to achieve a net nil budget position for 2020/21.

### 7.3 Covid\_19 pressures

The HRA is currently reporting Covid-19 related pressures of £5.6m. The key risk on the HRA is the level of current arrears which has increased due to Covid-19. The current forecast is an overspend of £4.7m on bad debt provision, but this could increase if the economic impacts worsen. Current scenario forecasting indicates this could be as high as £6.0m.

Additional costs on other areas of expenditure resulting from Covid-19 include personal protective equipment and signage, current forecast of £0.4m, and commercial rents under recovery of £0.9m. Due to the HRA ring-fence, budget overspends will need to be met from underspends elsewhere on the HRA. If savings are not identified on operational budgets there might be a further reduction on the debt repayment in 2020/21, currently forecast at £13.1m.

### 7.4 Key Service Highlights

The HRA is a ring-fenced account which means that asset management and tenancy management costs relating to the Birmingham's council housing can only be funded from income earned from HRA assets, primarily income from council housing rent and service charges. The HRA is not allowed to subsidise General Fund expenditure, and likewise, the General Fund cannot subsidise HRA expenditure.

The HRA is a self-financing account which is required to have long term sustainability. HRA tenants are able to acquire their properties through Right to Buy, which has resulted in an ongoing net reduction in properties, with over 3,100 sold in the last 5 years. Sustainability of the HRA will be achieved through the HRA new build programme, budgeted at over 1,400 properties in the next 5 years.

At 1st April there were 60,106 HRA properties. Budgeted average rent on these properties is £82.33 per week.

During the year there are budgeted to be 134 demolitions and 620 Right to Buy sales. The current forecast of new build completions is 117. On average the budgeted number of voids at any point in time is 659, 1.1% of stock.

### 7.5 Key Risks for 2020/21

The key risk on the HRA is the level of current rent arrears which has increased due to Covid-19. The current forecast is an overspend of £5.3m, but this could increase if the economic impacts worsen. Additional costs on other areas of expenditure resulting from Covid-19 include personal protective equipment. Due to the HRA ring-fence, budget overspends will need to be met from

underspends elsewhere on the HRA. If savings are not identified on operational budgets there might be a further reduction on the debt repayment in 2020/21, currently forecast at £13.1m.

## 7.6 Long Term Risks

The long term risks on the HRA are principally with the level of capital investment required on HRA properties, mainly its high-rise blocks. Capital Investment continues to be prioritised to support Fire Prevention Works on communal properties as a result of the Hackitt report, as well as ongoing structural Improvements.

## 8. Reserves

- 8.1 The Council operates a policy of not using reserves unless they have been set aside for specific purposes; they will not be used to mitigate the requirement to make savings or meet on-going budget pressures, except in exceptional circumstances. The main, use of reserves relates to grant reserves where funding has been received prior to the requirement to spend the resource. The Council also has earmarked reserves where it has made a decision to set money aside to fund specific costs when they occur in later years.
- 8.2 The Council anticipated the net contribution of £18.4m to reserves in setting the 2020/21 budget. This is summarised in Table 5 together with the current forecast outturn balance. No changes were requested at Quarter 1. At Quarter 2, a net change in use of reserves of £31.7m is forecast. The Quarter 2 forecast assumes that these reserves changes will be approved at year end. Details of the forecast changes are set out in Table 5. Specific forecast changes in reserves since Quarter 1 are set out in Annex 5.

Table 5: Reserves	Balance as at 31st March 2020 *	Original Budgeted (Use) / Contribution	Changes Forecast Period 3	Changes Forecast Since Period 3	Forecast Proposed (Use) /Contribution at Month 6	Forecast Outturn Balance at 31st March 2021
	£m	£m	£m	£m	£m	£m
General Reserve	141.674	(18.565)	0.000	0.000	(18.565)	123.109
Corporate Reserve	153.746	(0.553)	0.000	4.217	3.664	157.410
<b>Subtotal Corporate Reserves</b>	<b>295.420</b>	<b>(19.119)</b>	<b>0.000</b>	<b>4.217</b>	<b>(14.902)</b>	<b>280.518</b>
Other Reserves						
Grant	271.945	10.465	0.000	(1.806)	8.660	280.605
Earmarked	44.745	27.057	0.000	(34.074)	(7.017)	37.728
Schools	40.537	0.000	0.000	0.000	0.000	40.537
Non Schools DSG	5.580	0.000	0.000	0.000	0.000	5.580
<b>Subtotal Other Reserves</b>	<b>362.807</b>	<b>37.522</b>	<b>0.000</b>	<b>(35.879)</b>	<b>1.643</b>	<b>364.450</b>
<b>Grant total</b>	<b>658.227</b>	<b>18.403</b>	<b>0.000</b>	<b>(31.662)</b>	<b>(13.259)</b>	<b>644.968</b>

- The Opening Reserves Balances in the Financial Outturn Report reported to Cabinet in June 2020 is subject to confirmation when the Accounts have been finalised. Following the completion of the accounts, the opening balance has been increased by £8.4m
- 8.3 As stated above, it is proposed that the Opening Balance is increased by £8.4m, almost all due to the following proposed change.



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- 8.4 As part of the reported outturn to Cabinet on 23 June 2020, the Council had funded £8.7m of capital expenditure from Direct Revenue Financing (DRF) of capital expenditure. The Council's financial statements for 2019/20 are being audited by Grant Thornton and it is proposed that, given the financial pressures faced as a result of the demands placed on the Council in its response to Covid-19, the Council replace the DRF incurred by increasing the Capital Financing Requirement (CFR). This will increase the level of usable reserves available to the Council to meet future funding pressures.
- 8.5 The increase in CFR will be met through an annual increase in the Minimum Revenue Provision over the life of the relevant assets. The proposed change will amend the financial statements currently being audited through an adjusting post balance sheet event.
- 8.6 There are uses of £1.1m of Corporate Reserves, relating to use of the Library of Birmingham Cyclical Maintenance Reserve, as approved by Cabinet in September 2020.
- 8.7 It is expected that £38.7m of Corporate Reserves relating to the Covid Grant received from the Government at the end of 2019-2020 financial year will be utilised in 2020-2021. This is part of the £84.3m grant funding described in paragraph 1.2 of this report.
- 8.8 It is recommended that £44.2m of Covid Grant announced by the Government on 22<sup>nd</sup> October be transferred to a specific Covid reserve to manage the ongoing pandemic through the higher risk winter months, as described in paragraph 1.3.
- 8.9 Within Corporate Reserves, there are also forecast uses of £0.1m of Policy Contingency Reserves, mainly to fund projects that were delayed in 2019-20 due to Covid-19.
- 8.10 The Council holds Earmarked Reserves where resources have been set aside to support future years' service delivery. Since Quarter 1, there are net forecast uses of £34.1m of earmarked reserves. However, this includes a reduction in planned contributions to reserves of £28.2m related to the Clean Air Zone (CAZ), where delays due to Covid-19 have meant that income will not be received when originally planned, thus reducing contributions to reserves in this financial year. This and the other forecast net uses of £5.9m are in line with the Reserves Policy approved by Cabinet in July 2020.
- 8.11 The Council holds Grant Reserves for the unused element of grant support for which the conditions of the grant are expected to be met. The reserves will be used to meet future years' expenditure for the service for which the grant was awarded. Since Quarter 1, there are net forecast uses of £1.8m of grant reserves. The forecast contributions to and uses of grant reserves are in line with the Reserves Policy approved by Cabinet in July 2020.
- 8.12 Given the significant financial pressures facing the Council due to the Covid-19 emergency it may become necessary to utilise reserves in 2020/21 to support the budget, but only as a last resort. Policy Contingency Budget

## 9. **Policy Contingency Budget**

- 9.1 The Council Financial Plan and Budget 2019-2023 approved by Council on 25<sup>th</sup> February 2020 reflected £35.3m for Specific Policy contingency budget in 2020/21 and £5.5m for General Policy Contingency budget. A breakdown of the specific contingency items is set out below:

<b>Table 6: Policy Contingency 2020/21</b>	<b>Budget</b>	<b>Committed</b>	<b>Not yet committed</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Modernisation Fund - Social Care	18.000	4.200	13.800
Modernisation Fund - Other	3.865		3.865
Inflation Contingency	5.446	0.292	5.154
Commonwealth Games Project Team Costs	4.000	4.000	0.000
Apprenticeship Levy	1.093		1.093
Potential Additional Interim Staff	0.750		0.750
Highways Maintenance	0.500		0.500
National Living Wage	0.365		0.365
Superannuation - Auto-enrolment Pension Fund	0.300		0.300
Short-term Improvement in the Council House	0.300		0.300
HR Additional Temporary Resources	0.300		0.300
Loss of Income from Car Park Closures	0.252		0.252
Corporate Funding for ODP	0.129		0.129
General Policy Contingency	5.474	3.517	1.957
<b>Total</b>	<b>40.774</b>	<b>12.009</b>	<b>28.765</b>

- 9.2 As part of the Council's simplification of processes, the Cabinet meeting of 23 June 2020, approved that the Section 151 Officer be given delegated authority for the verification and allocation of Specific Policy contingency to fund expenditure which is in line with the approval given as part of the Council Financial Plan and Budget 2020-2024.
- 9.3 Any requests for funding from Specific Policy Contingency that are not in line with the original application in the Council Financial Plan and Budget 2020-2024 will require approval by Cabinet.

### **Brexit**

- 9.4 Cabinet of 13 October 2020 approved the release of £0.2m of General Policy Contingency to fund the Brexit Readiness Programme and a further £0.2m to fund to transition the Brussels Office into a financial sustainable operation effective from April 2021.
- 9.5 The Council will continue to review and monitor costs associated with the impact of the Brexit outcome and will reflect in future updates of the MTFP.

### **Commonwealth Games Project Team**

## **Appendix A**

- 9.6 The Section 151 Officer has approved the release of £4.0m of Specific Policy contingency to fund the Commonwealth Games Project Team costs, in line with the Council Financial Plan and Budget.

### **Inflation**

- 9.7 The Section 151 Officer has approved the release of £0.3m of Specific Policy contingency to fund inflationary pressures, in line with the Council Financial Plan and Budget.

### **Modernisation Fund-Social Care**

- 9.8 It is recommended that £4.2m of the Modernisation Fund within Specific Policy Contingency is released to fund the Birmingham Children's Partnership (BCP) Early Help (EH) programme in 2020/2021. The business case was approved by the Modern Council Delivery Board.

### **General Policy Contingency - Homelessness Reduction**

- 9.9 It is recommended that £0.9m of General Policy Contingency is released to fund a number of preventative and early intervention plans designed to reduce homelessness to ensure the service remains on target to deliver on its prevention agenda.

### **General Policy Contingency - Whistleblowing**

- 9.10 It is recommended that £0.2m of General Policy Contingency is released to provide the Professional Standards Team with sufficient funding to enable them to robustly investigate allegations received.

### **General Policy Contingency – Delivery Plan**

- 9.11 It is recommended that up to £2.0m of General Policy Contingency is released to provide funding for the associated costs of the development and implementation of the Delivery Plan over two years.

- 9.12 If the above proposals are approved, the balance on Policy Contingency will be £28.8m.

- 9.13 Given the significant financial pressures facing the Council due to the Covid-19 emergency and the need to drive delivery there may be a need to re-prioritise the use of the policy contingency budget.

- 9.14 The Medium Term Financial Plan (MTFP) Refresh (that is also on the agenda for Cabinet this month) considers the use of Policy Contingency.

## **10. Capital**

- 10.1 Overall capital expenditure for the year 2020/21 is forecast at £723.3m against the revised quarter 2 capital budget of £857.2m. The forecast underspend

comprises £127.2m of slippage and £6.7m of forecasted net savings. Of the total forecast underspend of £133.9m - £125.8m is Covid related and £8.1m non-Covid related. Expenditure to date is £154.7m which is some 21% of the year-end total forecast. The full multi-year capital programme is forecast £3,290.3m.

- 10.2 The proposed Quarter 2 budget of £857.2m has increased from the Quarter 1 budget approved by Cabinet in July 2020 by £7.6m. The major increases are:
- £1.5m (Finance & Governance) for the purchase of Acivico shares
  - £1.5m (Inclusive Growth) for the Emergency Active Travel Fund
  - £8.5m (Education & Skills) acceleration of Basic Needs provision
  - £4.8m reduction in the school condition allocations budget reallocated to Basic Needs provision.
- 10.3 The overall capital programme has been adversely affected by Covid-19 and many uncertainties remain which are yet to be quantified but are expected to impact on the capital spend for the year.
- 10.4 Most construction work paused at the end of March 2020 whilst safe working practices were introduced for the Major Projects (for example, Commonwealth Games (CWG), Paradise, Birmingham Municipal Housing Trust (BMHT), Transport schemes). Work on several sites has subsequently restarted whilst adhering to social distancing guidelines. The impact of this on delivery timescale and costs is being quantified as the situation evolves. A second wave of Covid could cause further disruption; however, it is hoped that the measures now put in place to achieve social distancing will prevent a second period of full closure although there may be a further impact on imports and material costs.
- 10.5 One significant scheme, relating to the disposal of Brasshouse to the Council's wholly owned company, InReach, for housing redevelopment, will not now proceed and alternative disposal options for the site are therefore being considered. The InReach scheme was originally intended to be financed through a £43m loan from the Council to InReach on commercial terms, and alternative schemes that are financially attractive to both the Council and InReach are being sought for evaluation in accordance with the strategic plans for InReach and the Council's financial regulations for the provision of loans.
- 10.6 The Alexander Stadium project as part of the Commonwealth Games remains in line with the approved budget. However, Covid has adversely impacted on the Perry Barr regeneration scheme, and a decision has been made in conjunction with the Commonwealth Games Organising Committee that the Athletes Village will no longer be completed in time for the Games.

## Appendix A

Alternative accommodation options for athletes and games officials are now in place and the scheme will continue but as a legacy project. The scheme will deliver regeneration and housing transformation for the area.

- 10.7 Early impacts of Covid across the broader Commonwealth Games programme have been identified and mitigations put in place where possible to offset costs of enhanced welfare provisions resulting in a net forecast reduction in expenditure of £23.6m over all years (£6.7m in 2020/21). The scope and forecast spend is likely to change further as a result of this ongoing review and will be reported as and when quantified.
- 10.8 Phase 2 Paradise Circus continues to progress and a change request to reflect a share of additional Covid costs is expected once verified and will be presented to the GBSLEP as funding approvers. Positive talks continue to be held with prospective occupiers and announcements will be made as these are confirmed.
- 10.9 Movements between Quarter 1 and the revised forecast at Quarter 2 are summarised by Directorate in the table below:

Directorate	(a)	(b)	(c)	(d)	(e)	(f)
	Quarter 1 Approved Budget £m	New Schemes, Resources & Slippage £m	Revised Budget Quarter 2 c=a+b £m	Forecast (Slippage) / Acceleration £m	Forecast Overspend / (Underspend) £m	Forecast Outturn Quarter 2 f=c+d+e £m
Adult Social Care	12.751	0.000	12.751	0.000	0.000	12.751
Education & Skills	67.701	3.813	71.514	0.000	0.000	71.514
Neighbourhoods						
Neighbourhood Other	43.850	0.565	44.415	(16.094)	0.000	28.321
Housing Revenue Account	114.919	0.000	114.919	(3.471)	(1.952)	109.496
<b>Directorate Total</b>	<b>158.769</b>	<b>0.565</b>	<b>159.334</b>	<b>(19.565)</b>	<b>(1.952)</b>	<b>137.817</b>
Inclusive Growth						
Planning & Development	43.242	0.000	43.242	(0.865)	1.383	43.760
Transportation	103.614	1.373	104.987	(50.167)	0.106	54.926
Highways	3.463	0.362	3.825	0.000	0.000	3.825
Housing Development	1.218	0.000	1.218	0.000	0.000	1.218
Property Services	63.823	0.000	63.823	(52.458)	0.000	11.365
<b>Directorate Total</b>	<b>215.360</b>	<b>1.735</b>	<b>217.095</b>	<b>(103.490)</b>	<b>1.489</b>	<b>115.093</b>
Finance & Governance	38.863	1.500	40.363	(5.068)	0.000	35.295
Digital & Customer Services	10.280	0.000	10.280	(0.813)	0.448	9.915
Commonwealth Games	345.566	0.000	345.566	1.711	(6.661)	340.616
Assistant Chief Executive	0.250	0.000	0.250	0.000	0.000	0.250
<b>Overall Total</b>	<b>849.540</b>	<b>7.613</b>	<b>857.152</b>	<b>(127.225)</b>	<b>(6.676)</b>	<b>723.251</b>

### Covid Related Rephasing & Slippage

- 10.10 The details for the Covid related slippage of £125m against the revised budget are as follows:

#### Inclusive Growth

- 10.11 Property Strategy – Slippage of £52.5m. External consultants have recently reviewed the commercial portfolio and have made recommendations in terms

of asset disposals to support the investment fund. Opportunities, however, to acquire new commercial property are totally dependent on the right opportunities coming to market and this is difficult to forecast. Currently it is assumed that £52.5m of the budget will slip into future years. This could change if the right opportunities to acquire and invest come forward. However, no acquisition opportunities are currently being considered.

#### 10.12 **Transportation**

**Air Quality & Climate Control** – The slippage of £27.2m is mainly due to the CAZ operational date being postponed until early 2021. Despite this delay there is a focus to complete as much of the work as soon as possible. The CAZ mitigations budget has been reprofiled as a result of the later expected start of the CAZ with most of the expenditure now expected in the next financial year.

The contracts for the manufacture and operation of 20 Hydrogen Buses have now been signed between the Bus Operator and the Bus Manufacturer. The spend has now been accelerated from future years to 2020-21 with the deposit of £3.496m being paid at the end of September, along with the claim to GBSLEP for the grant of £2.154m. All but £0.339m of the £11.000m cost will be paid in 2020/21, the remaining £0.329m paid in 2021/22. The 20 Hydrogen buses will be manufactured between October 2020 and March 2021, with delivery to National Express taking place throughout March and June 2021. The buses are expected to be operational from July 2021.

**A457 Dudley Road** - £2.3m slippage. The scheme is being redesigned for greater non-motor use (cycling, walking and bus usage). The redesign has changed the scheme and the majority of the funding awarded from Local Growth Fund (LGF) via the GBSLEP for this project has been returned and approved for reallocation within the LEP. In-year spend is expected on land acquisitions, fees and junction scheme and will be met by retained LGF funding.

**Snow Hill Public Realm**- £3.4m slippage. The scheme commenced in June 2020 instead of the expected start date in April 2020. There is the potential that costs may increase which may require additional funding, but this is as yet unquantified.

**Wharfedale Bridge** - £2.6m slippage. This scheme is currently being delivered by Network Rail and has been put on hold. The slippage relates to a BCC contribution to Network Rail to widen the bridge.

**Birmingham City Centre Public Realm** - £9.3m forecast slippage. The scheme is currently in the development phase and no works have been halted. Opportunities to accelerate certain works have now been delayed until January 2021 but these do not detract from the overall timescale for delivery. The cost and delay of material from overseas suppliers is a key concern and

## Appendix A

anticipated construction cost increases are foreseen based on social distancing measures.

### **Commonwealth Games**

- 10.13 **Perry Barr Regeneration Scheme** - The 2020/21 budget was increased by £120.9m as part of a rephasing of expenditure between years to reflect the revised Full Business Case approved by Cabinet in March 2020 and slippage from 19/20. Covid has subsequently impacted on the works and the scheme will no longer form part of the CWG but will continue to be delivered for Perry Barr as a legacy regeneration and housing programme. A detailed review is under way to consider the costs and delivery timelines including potential mitigation plans. Early impacts have been identified including scope reductions offset by costs of enhanced welfare provisions in response to the Covid pandemic, resulting in a net forecast reduction in expenditure of £23.6m over all years (£6.7m in 2020/21). The scope and forecast spend is likely to change further as a result of this ongoing review and will be reported as and when quantified, with an update on the current approved FBC currently scheduled for consideration by Cabinet in December 2020.

### **Neighbourhoods**

- 10.14 **Waste Management Services** – Slippage of £9.2m There is slippage of £1.2m at Tyseley ERF Plant works due to site closure over Covid. The delayed works have been re-scheduled and will now be implemented next year. There is a £2m slippage at Perry Barr Depot Works due to the impact of COVID-19 on the programme and delays in the submission of planning (surveys were unable to be completed). This has now led to a delay in the confirmation of the start date. Covid19 has affected the delivery of the Waste Depot Vehicles with now only half being delivered before April. The remaining vehicles will be delivered by June 2021. This results in £5.9m slipping into next financial year.
- 10.15 **Parks & Nature Conservation**: Slippage of £36.9m. Covid-19 has led to a 6-month delay on delivery of Grounds Maintenance Vehicles and only £2.5m of vehicles can be delivered before April 2020.
- 10.16 **Redevelopment** - A large part of the slippage (£1.8m) relates to Covid related delays as well as having to operate at 70-80% pre-Covid levels once work restarted. Kings Norton Post Demo (£1m) work has restarted however Monmouth Rd start is anticipated start in Q4. There are procurement delays to Birchfield Phase 2 and Abbey Fields Phase 4 leading to a slippage of £2m. There is also a £1m of accelerated spend where works have completed earlier than anticipated, e.g. Pool Farm Site and The Poplars and where work is starting earlier than originally expected, such as Houldey Road.

### **Non – Covid Related Rephasing & Slippage of £3.0m**

### **Inclusive Growth**

- 10.17 Tame Valley - The slippage of £3.0m is mainly due to delays in completion of the Procurement Award contract which may be further impacted by Covid regarding the availability of resources and material within the supply chain. These risks will be closely monitored and managed as part of the scheme procurement and delivery. The provisional funding allocation from the Department for Transport will be confirmed once a Full Business Case has been approved. Department for Transport (DfT) is still supportive of this project.

### **Finance & Governance**

- 10.18 Gateway/Grand Central Residual Costs £5.1m slippage. It is unlikely that costs will be agreed until the next financial year.

### **Risks and Issues**

- 10.19 The impact of Brexit on the construction industry is still an unknown and together with the impact of Covid and economic recovery casts greater uncertainty particularly about the supply and import of materials and labour if there is a no deal exit. This applies to most projects within the capital programme and the impact of this situation will continue to be monitored closely during the coming months.

### **Education & Skills**

- 10.20 Basic Needs – Additional School Places - All sites for Basic Need Projects have been operational throughout the initial lockdown period. Consequently, it is anticipated that projects due for completion for 2020 will be completed in line with programmes. The full impact on any costs associated with COVID-19 against projects is not yet known but will be included in a future report.

### **Inclusive Growth**

- 10.21 Several schemes stopped due to Covid and have or are about to restart such as Iron Lane, Journey Reliability Phase 2 and Selly Oak New Rd Phase B. There will be delays to these projects although some should be completed within the financial year. There are likely to be cost increases, and these are expected to be absorbed within current budgets and contingencies however the position overall will be closely monitored.

### **Neighbourhoods**

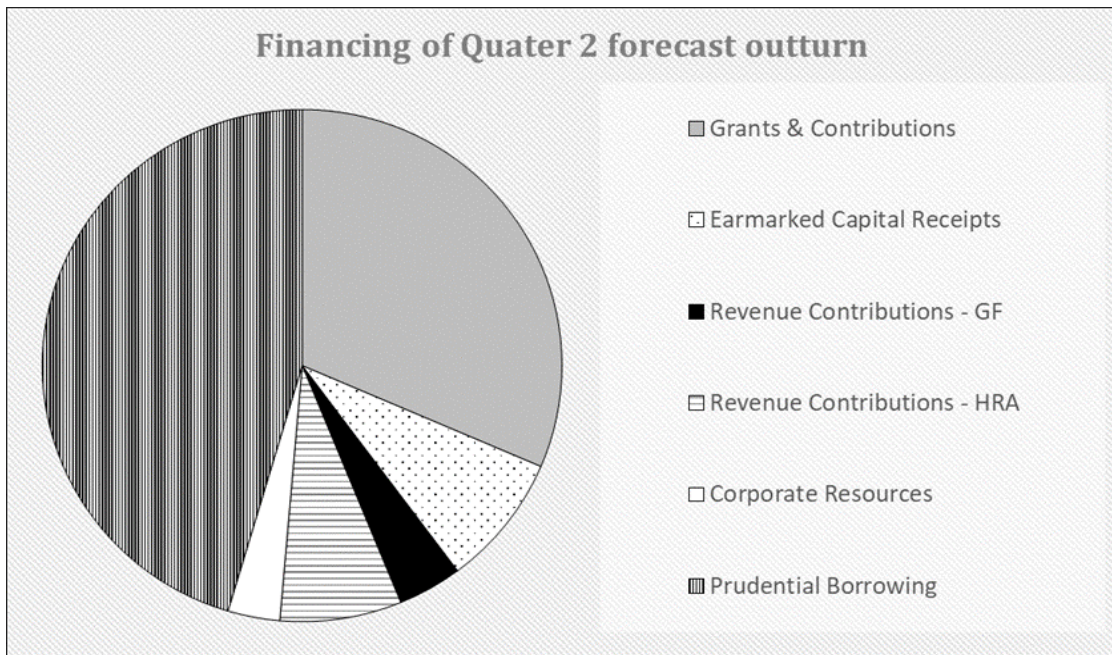
- 10.22 Clearance Programme - there is potential slippage within the Acquisitions programme due to delays in negotiations with owner occupiers, because of Covid and the demolition of Heather House is now likely to take place in 2021/22, as it is currently being used for Temporary Accommodation. The financial impacts of the above will be reflected in future months monitoring once quantified.

### **Financing the Quarter 2 forecast outturn**

- 10.23. The quarter two forecast outturn will be financed as shown in the pie chart and the table below.



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	Quarter 1 £m	Quarter 2 £m
<b>Use of Specific Resources:</b>		
Grants & Contributions	224.421	227.440
Earmarked Capital Receipts - RTB & Revenue Reform	65.403	60.391
Revenue Contributions - Departmental	25.004	28.954
Revenue Contributions - HRA	54.747	54.747
<b>Use of Corporate or General Resources:</b>		
Corporate Resources	23.353	23.439
Prudential Borrowing	357.679	328.277
<b>Forecast Use of Resources</b>	<b>750.607</b>	<b>723.248</b>

10.24. The two key changes made to the financing assumptions from quarter 1 to quarter 2 are:

- The Council will need to borrow £29.4m less than anticipated in Quarter 1 – this will have a beneficial impact on the Council's revenue budget in 2021/22.
- £5m of earmarked capital receipts will now not need to be used in this financial year.

## 11. Treasury Management

11.1 Treasury management monitoring information is provided at Annex 6.

11.2 The COVID-19 pandemic continues to impact Treasury Management decision making. Capital slippage as a result of COVID and the receipt of COVID

grants in advance have had a temporary positive impact on the Council's cashflow.

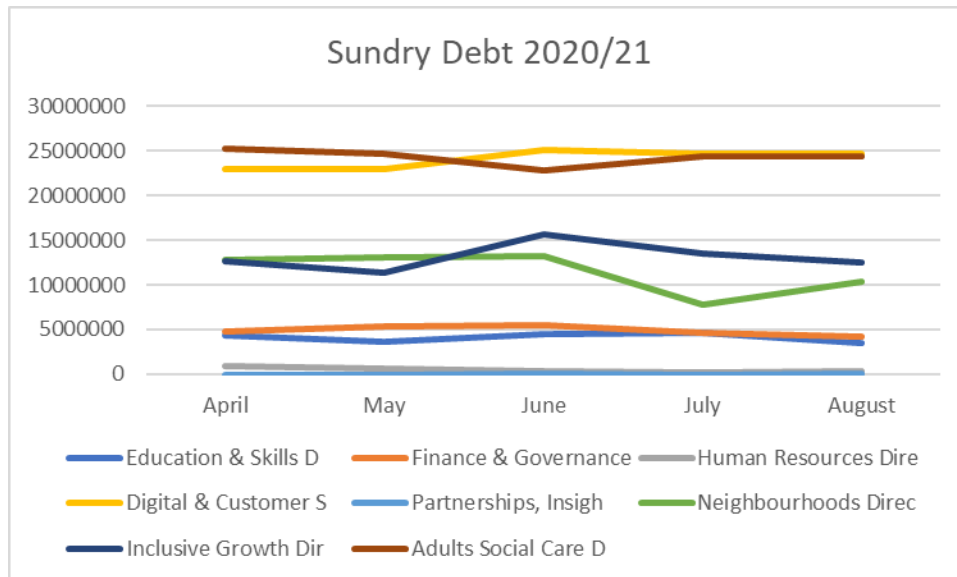
- 11.3 Gross loan debt is currently £3,454m which remains lower than that expected at this stage in the original budget.
- 11.4 The positive cash flows mean that the Council's treasury investments remain temporarily higher at £153m against a planned level of £40m. This has meant the Council has been able to delay its short term and long term borrowing needs.
- 11.5 The reduction in interest rates since setting the budget, as well as the above positive cashflows, means interest costs are currently lower than expected. Average short term borrowing this quarter has been achieved at 0.79%% compared to the 1.5% assumed in the budget.
- 11.6 However the forecast adverse impact of Covid-19 in terms of increased costs and reduced income is expected to increase the Council's gross loan debt needs and could reach the original planned level of £3,832m by year end. Ongoing discussions with Government over freedoms and flexibilities may impact the treasury and debt position. Any changes will be reported.
- 11.7 The monitoring of the Council's full set of prudential indicators is provided at Annex 6.

## **12. Level of Debt and Provision**

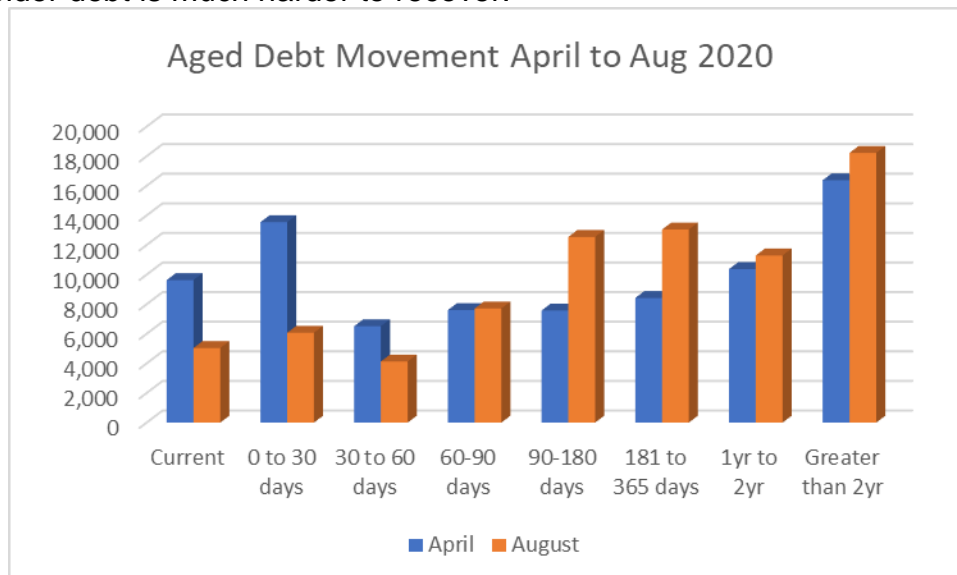
- 12.1 The outturn for 2019/20 showed short-term net debt at £401m, higher than the £331m in the previous year. The net debt is made up of £577m owed to the Council less £176m set aside as a bad debt provision to cover the risk of non-collection. An additional £13m was included in the £176m bad debt provision to cover the increased risk of non-collection brought about by Covid-19.
- 12.2 Debt can be broken down into a number of key categories: Council Tax, Business Rates, Housing Repair Account (HRA), National Government, Other Local Authorities, NHS bodies, and Sundry Debt.
- 12.3 Finance are implementing deep dive reviews on debt to ensure we are effectively managing the overdue debt we have, minimising any future overdue debt and, wherever possible, avoiding debt all together by ensuring payment at point of order.
- 12.4 This Quarter's Report is focussing on Sundry Debt.

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- 12.5 Sundry Debts covers debts raised across a number of different services across all directorates, including from Adult Care, Commercial Rents, Trade Waste and Markets.
- 12.6 Since April 2020, the level of debt has remained broadly consistent, ranging between £85.001m and £78.023m, with the current position being £78.064m.



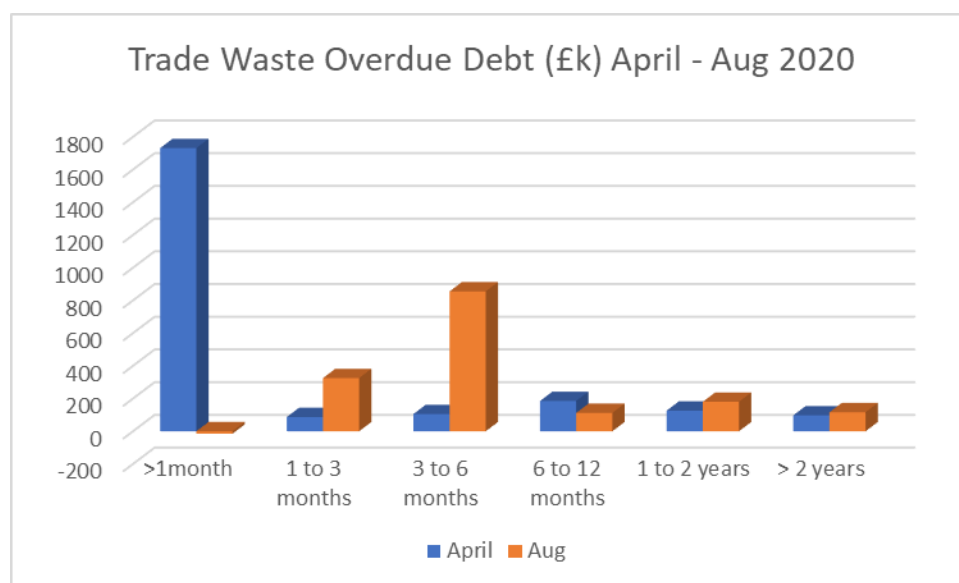
Whilst the numbers have changed little in total, the age profile of the debt has significantly changed. The graph below shows the volumes based on due date. There has been a significant reduction in the debt being raised, however debt greater than 90 days has increased significantly. This is a concerning trend as older debt is much harder to recover.



- 12.7 Both the reduction in debt raised and the profile changes can be explained by COVID. We are selling less of our services therefore less invoices are being raised. However, due to a number of the avenues through which we can pursue overdue debts being unavailable to us (i.e. debt collection agencies and courts),

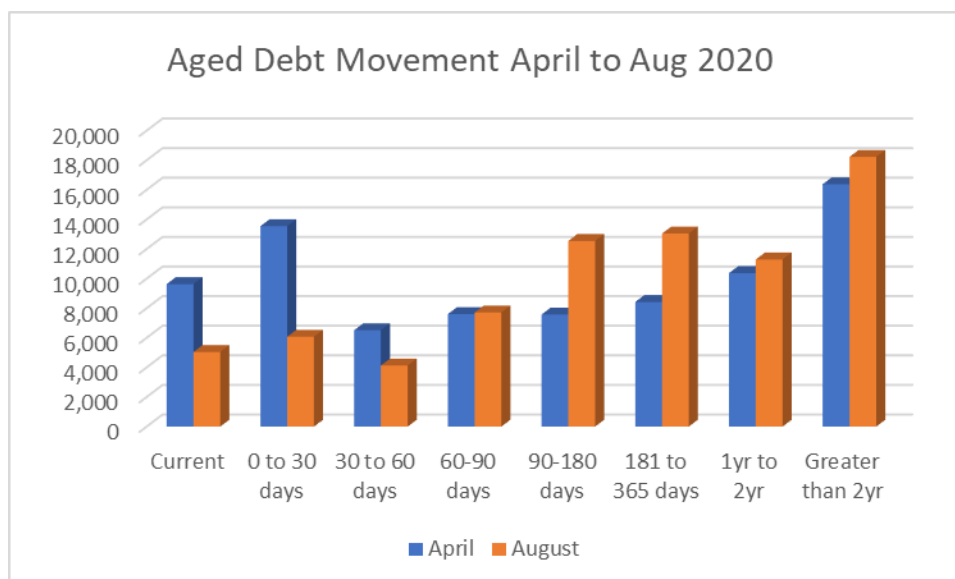
we have been unable to pursue older debts until recently and will need to Council permission to use third parties in some instances due to local decisions. It is worth noting whilst Court activity is starting again, there is an enormous backlog in cases across all courts. There has been discussion about the creation of additional courts to deal with debt cases (amongst others) but nothing has been confirmed as yet.

- 12.7 To take a specific example of the impact of the decision to not pursue debt, the graph below shows whist Trade Waste as seen an overall reduction in overdue debt (£1.575m in August from £2.333m in April), however the profile has changed significantly as shown below. We are now at unprecedented overdue debt levels which increases the risk of non-collection.



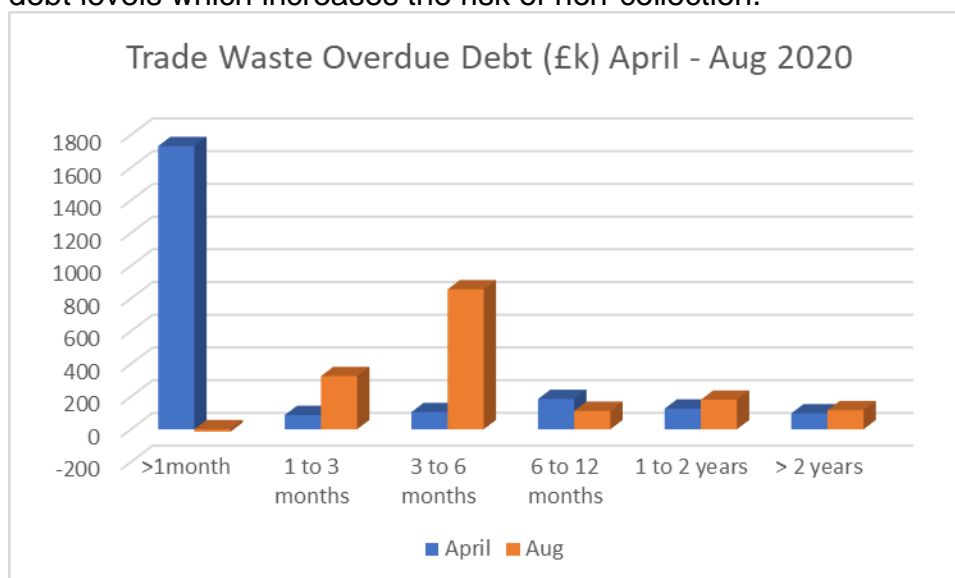
- 12.9 Commercial Rent is also holding significant debt, although the reason to stop collection was a central Government decision. However, debts over 180 days can now be pursued if BCC wishes to enforce this. To support the drive to encourage greater recovery we are taking specific targeted actions. For the top 50 debtors over 90 days we will be developing action plans to drive debt recovery. These top 50 count for 17% (£9.188m) of the total debt over 90 days at the end of August. We will also be putting concentrated focus on the debt up to 90 days. This is the debt we are most likely to recovery and we need to ensure directorates support this targeted approach. This debt accounts for 9% (£4.822m) of the Council's current sundry debt. We will also use this as an opportunity to challenge service around different ways to operate to reduce recurring debt levels such as payment at point of service.

## Appendix A



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### **13. Interests in Companies**

- 13.1. A review of the material group company interests of the council is an ongoing process to understand the impact of Covid-19 on their business plans and performance. This review was first undertaken over the initial weeks of lockdown and is refreshed as further information becomes available both nationally, within the industry categories and within each organisation. This review will continue to be updated and a snapshot reported to each meeting of the Group Company Governance Committee. Where an interest of the council is or may become materially impacted then that company will be invited to attend Group Company Governance Committee. Where it is indicated that there is a risk of a financial impact to the council then that will be reported within the regular revenue and capital monitoring reports to Cabinet.
- 13.2. At its two meetings since Lockdown the Committee has received attended updates and presentations from the Birmingham Museums Trust and the Children's Trust; Acivico Group Ltd are to present to the November meeting. At each meeting the CCGCG receives a detailed private report on the impact of Covid-19 on the council's material company and Trust interests.

### **14 Collection Fund**

- 14.1 The monitoring arrangements for the Collection Fund include reporting on the in-year position for Council Tax and Business Rates. However, for the most part, the impact on the budget is as set out in the Financial Plan 2020 - 2024, with any surplus or deficit being required to be carried forward and taken into account as part of the 2021/22 budget setting process.

#### **Council Tax**

- 14.2 The overall net budget for Council Tax income including Parish and Town Council Precepts is £367.6m in 2020/21. In addition, the Council collects the precepts on behalf of the Fire and Police Authorities.
- 14.3 There is a deficit forecast for the year of which the Council's share is £19.1m. This is made up of a cumulative deficit brought forwards from 2019/20 of £3.1m of which Council's share is £2.7m, (comprised of £3.9m final surplus

## Appendix A

position for 2019/20 compared with a £7.0m deficit anticipated when the budget was set for 2020/21) plus an additional in year deficit relating to 2020/21 of £16.4m. This in year deficit is primarily due to a forecast deficit of £13.9m in Council Tax Support of which £8.7m is funded from Hardship Fund. In addition there is forecast of higher non collection rate as a result of COVID-19. There may be further worsening of non-collection rate as the furlough scheme ends and the number of working age people being made redundant. The total net deficit for the year including brought forward deficit from 2019/20 is, therefore, forecast to be £10.4m. (forecast deficit of £19.1m less £8.7m funded from Hardship Fund)

The position for Council Tax is set out in the table below:

**Council Tax Summary Table ( BCC Share)**

	Budget	Forecast Outturn	Forecast Surplus/(Deficit)
	£m	£m	£m
Gross Debit	538.037	539.554	1.518
Non Collection	(10.979)	(16.180)	(5.201)
<b>Net Budget</b>	<b>527.058</b>	<b>523.374</b>	<b>(3.684)</b>
Council Tax Support	(91.037)	(104.947)	(13.910)
Other Reliefs and Discount	(66.495)	(65.936)	0.559
<b>Total in year Debit</b>	<b>369.527</b>	<b>352.491</b>	<b>(17.035)</b>
Prior Year Adjustment	(1.951)	(1.276)	0.675
<b>Total In Year Surplus/(Deficit)</b>	<b>367.575</b>	<b>351.216</b>	<b>(16.360)</b>
Total Deficit Brought Forward	0.000	(2.708)	(2.708)
<b>Grand Total Surplus/(Deficit)</b>	<b>367.575</b>	<b>348.508</b>	<b>(19.068)</b>
Hardship Fund	0.000	(8.655)	(8.655)
<b>Grand Total Net Surplus/(Deficit)</b>	<b>367.575</b>	<b>357.163</b>	<b>(10.413)</b>

### Business Rates

- 14.4 Under the 100% Business Rates Pilot that came into effect on 1st April 2017 the Council continues to retain 99% of all Business Rates collected under the Business Rates Retention Scheme with 1% being paid over to the West Midlands Fire Authority. The overall budgeted level of Business Rates in 2020/21 is £445.7m (excluding the Enterprise Zone), of which the Council's retained share is £441.2m.
- 14.5 There is a deficit anticipated, in year, of which the Council's share is £211.5m. This is mainly due to reliefs of £182.7m of which primarily relates to Small Business Reliefs that the Council granted to small businesses in the leisure, retail and nursery sectors which were affected by COVID-19. The forecast gross rate yield is £14.0m lower than the budget relating to a lower growth in businesses. To be prudent the original growth which was assumed when the budget was set has not been factored in the forecast due to economic

uncertainties. In addition, an increase in bad debt provision of £10.0m is forecast as a result of COVID-19.

- 14.6 The total additional grants compare to budget anticipated to offset this deficit is £176.8m. However, this will be received into the General Fund in 2020/21 and so will be required to be set aside as a contribution to reserves in the current year to be used to offset the £211.5m forecast deficit in the Collection Fund.
- 14.7 As a result of the above a total in year deficit of £34.7m is assumed to be carried forward and taken into account in setting the budget for 2021/22 made up of £211.5m deficit relating to the Council's share offset by £176.8m compensatory grants.
- 14.8 In addition to the in-year position and as previously reported in the 2019/20 Outturn report, a cumulative deficit was brought forward from 2019/20 of £1.4m due to the final deficit position for 2019/20 being £16.8m compared with a £15.4m deficit anticipated when setting the budget for 2020/21. Therefore, an overall forecast Deficit of £36.1m relating to the Council's share of Business Rates (£34.7m in year Deficit plus £1.4m Deficit brought forward) is anticipated.

The position for Business Rates is shown in the table below:

**Business Rates Summary Table (BCC Share)**

	Net Budget £m	Forecast Outturn £m	Forecast Surplus/(Deficit) £m
Gross Rate Yield	572.393	558.417	(13.976)
Total Reliefs	(102.516)	(285.218)	(182.702)
<b>Gross rate yield after reliefs</b>	<b>469.877</b>	<b>273.199</b>	<b>(196.678)</b>
Increase in Bad Debts Provision	(9.398)	(19.420)	(10.023)
Other	(19.275)	(24.070)	(4.795)
<b>Total Net Rate Yield</b>	<b>441.204</b>	<b>229.708</b>	<b>(211.496)</b>
Compensatory Section 31 Grant (BCC Share)	55.617	232.474	176.857
<b>Grand Total In Year Surplus/(Deficit)</b>			<b>(34.640)</b>
BR Deficit Brought Forward		(1.434)	(1.434)
<b>Grand Total Surplus/(Deficit)</b>			<b>(36.074)</b>

## Overall

- 14.9 Taken together, the anticipated position for the Collection Fund and related income streams is a deficit of £46.5m to be carried forward and taken into account in setting the budget for 2020/21 (£10.4m deficit for Council Tax and a £36.1m deficit for Business Rates).



## **Appendix A**

### **Annexes**

#### **List of Annexes**

- 1. Directorate Costs of Covid-19**
- 2. Covid-19 Risks**
- 3. Savings Programme Tables**
- 4. Write off details**
- 5. Reserves Policy**
- 6. Treasury Management**
- 7. Capital Programme tables**
- 8. Investment Property Portfolio Monitoring Dashboard**

## **Annex 1 Directorate Covid-19 Costs**

1.1 Directorates are facing an overspend of £111.3m, due to the Covid-19 pandemic. This is an improvement of £28.2m compared to the Quarter 1 forecast of £139.4m.

1.2 **Neighbourhoods Directorate has an overspend of £34.4m, as shown by the table below.**

**This is an improvement of £5.5m compared to Quarter 1**

<b>Neighbourhoods</b>	<b>Covid-19 Quarter 2 forecast £m</b>	<b>Covid-19 Quarter 1 forecast £m</b>	<b>Movement £m</b>
Street Scene	10.5	12.4	(1.9)
Housing General Fund	6.0	7.9	(1.9)
Neighbourhoods	10.2	9.4	0.8
Regulation & Enforcement	7.7	10.2	(2.5)
Business Support	0.0	0.0	0.0
<b>Directorate</b>	<b>34.4</b>	<b>39.9</b>	<b>(5.5)</b>

### **Street Scene has an overspend of £10.5m (12.4m at Quarter 1)**

£2.8m loss of income relating to trade waste and fleet customers (£5.5m at Quarter 1).

£2.5m staffing costs as a result of delay in launching Street Scene Redesign (£3.0m at Quarter 1).

£2.4m cost of safety measure to protect the staff and public from Covid-19, this include safety signage at recycling centres and daily sanitisation in the cabs of vehicles, additional cleaning at the Queslett Landfill site as well as additional hand sanitisers and PPE for staff. (£1.9m at Quarter 1)

£1.4m loss of income from hiring of parks pitches, car parking income, catering concessions, as a result of the initial lockdown measure which saw Parks closed. (£1.4m at Quarter 1)

£0.7m additional cost due to delay in the implementation of the new operating model for Waste Management Services. (£0.6m at Quarter 1)

£0.7m – Prolonged shut down of the ERF resulting in additional costs due to diverted waste to landfill/ERFs (£0.7m at Quarter 1)

### **Housing General Fund has an overspend of £6.0m (£7.9m at Quarter 1)**

£2.7m additional cost covering accommodation & support of rough sleepers, food packages and additional staffing through agency. It is anticipated that the exit strategy cost for those individuals identified as rough sleepers as part of Covid-19 response will continue for the full financial year.-(£3.3m at Quarter 1)

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£3.3m is a result of potential increase in number of homeless people and domestic violence cases combined with the additional cost of providing accommodation due to the implementation of social distancing, which has led to the reduced capacity at our hostel, Bushmere. Also, there is a limited scope to move people on from temporary accommodation due to the lockdown, which has increased the forecast cost. (£3.4m at Quarter 1)

### **Neighbourhoods has an overspend of £10.2m (£9.4m at Quarter 1)**

Sports and Wellbeing, £9.1m (£8.0m at Quarter 1), consisting of a loss of income from the closure of leisure and wellbeing facilities £2.2m (was £2.3m), and supplier relief claims from external Leisure contractors £6.7m (was £5.7m) all driven from Covid-19 emergency measures. The remaining balance, £0.1m (no change) relates to non-delivery of savings.

Other impacts due to Covid-19 emergency measures across Culture Development and Community Services include a loss of income upon the closure of Community facilities, £0.6m (was £0.5m), and Film Birmingham £0.1m (no change), and £0.1m for additional equipment to enable staff to provide advice services (new pressure)

It is currently projected that Birmingham Museums Trust will potentially require financial support of £0.3m (was £0.8m), however the final amount could be as high as £2.5m depending upon the timing and nature of any re-opening, which has not been included in the current forecast.

### **Regulatory and Enforcement has an overspend of £7.7m (£10.2m at Quarter 1)**

£4.8m overspend is due to additional costs forecast for Regional Mortuary and the Support for local Funeral Directors storage capacity and the projected loss of income from non-sale of memorials and the cost of ground maintenance & cleaning charges. (£6.9m at Quarter 1)

Markets overspend, £0.9m, due to the market closure and a proposed potential phased re-opening cost following Covid-19. Traders have requested a rent/service charge free period which would cause a significantly larger pressure than forecast, something the Council has refused due to the availability of grants and rate rebates from the Government. (£1.0m at Quarter 1)

The City Centre Operations Team have been unable to hire out public spaces in the city centre due to Covid-19 restrictions, as well as a pause on café street furniture licences being imposed, £0.1m (was 0.3m).

The Registration Service, £0.9m, has seen significant reduction in income opportunities following Covid-19 restrictions on weddings and other celebratory

events and increase in the workload. Additional staffing cost as part time staff, working more hours to ensure all of death are registered and additional measures taken to make the Register Office Covid-19 secure. (was £1.1m)

Loss of income from Pest control £0.4m (was £0.5m), £0.3m loss of income from issuing environmental health fixed penalty notices (FPN) (was £0.2m) and £0.3m lost income from new licencing applications (was £0.3m).

**1.3 Adult Social Care overspend of £26.9m as shown by the table below.**  
**This is an improvement of £10.0m on Quarter 1.**

<b>Adult Social Care</b>	<b>Covid-19 Quarter 2 forecast</b>	<b>Covid-19 Quarter 1 forecast</b>	<b>Movement</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Director	0.0	1.8	(1.8)
Commissioning	0.0	0	0.0
Packages of Care	10.1	16.7	(6.6)
Community & Operational	0.0	7.2	(7.2)
Other	16.8	11.2	5.6
<b>Directorate</b>	<b>26.9</b>	<b>36.9</b>	<b>(10.0)</b>

**Director now has no overspend (£1.8m at Quarter 1).** – There has been a reduction in forecast level of Community Equipment spend.

**Packages of Care has an overspend of £10.1m (£16.7m at Quarter 1)** – The overspend £10.1m is due to pressures arising from anticipated increased number and cost of care packages, loss of income and support provided to the Care Market.

**Community & Operational has no overspend (£7.2m at Quarter 1).** – The cost of additional agency social workers is now shown within Other

**Other has an overspend of £16.8m (£11.2m at Quarter 1)** - The overspend is caused by additional Social Work team agency capacity, providing support to the Care Market with additional costs, increased spend on PPE and Food for vulnerable people.

**1.4 Education and Skills overspend of £15.1m as shown by the table below.**  
**This is an improvement of £11.6m on Quarter 1.**

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<b>Education &amp; Skills</b>	<b>Covid-19 Quarter 2 forecast</b>	<b>Covid-19 Quarter 1 forecast</b>	<b>Movement</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Education & Early Years	0.2	0.2	0.0
Inclusion & SEND	1.5	1.2	0.3
Children's Trust	3.5	11.0	(7.5)
Strategic Leadership	8.8	12.8	(4.0)
Skills & Employability	1.1	1.5	(0.4)
<b>Directorate</b>	<b>15.1</b>	<b>26.7</b>	<b>(11.6)</b>

**Education & Early Years has an overspend of £0.2m (no change from Quarter 1).**

£0.2m income from Education Safeguarding and nursery premises rental loss

**Inclusion & SEND has an overspend of £1.5m (£1.2m at Quarter 1)** due to loss of income from: Travel Assist £0.1m (no change), Education Psychology service £0.9m (no change) and Access to Education £0.5m (was £0.2m), reduction in income from schools and other local authorities due to a reduction in the number of referrals.

**Children's Trust has an overspend of £3.5m (£11.0m at Quarter 1)** due to cost increase for residential placement cost £2.0m, £0.5m for care leavers and £1.0m other social care cost. The forecast has reduced from previous expectations as the Trust took a decision to reduce the amount of contingency accommodation (following the Quarter 1 forecast), and due to the fact that most of the PPE costs have been met directly by the Council.

**Strategic Leadership has an overspend of £8.8m (12.8m at Quarter 1),** which relates to increased demand for child support services. Therefore, it is forecasting an overspend for following services:

Financial sustainability of early years and childcare providers £4.0m (was £8.0m).

Birmingham Children's Partnership grants and support £3.0m (no change)

School meal voucher scheme during the Easter holiday period £1.4m (no change).

Delay in construction has resulted in additional security and boarding cost £0.2m on School capital projects (no change).

Other Covid-19 related costs amount to £0.2m (was £0.1m).

**Skills & Employability has an overspend of £1.1m (£1.5m at Quarter 1)**

The impact of loss in income within Skills & Employability has reduced from Quarter 1, largely because of the forecast reduction in net income lost from Libraries and Unique Venues Birmingham profit share, from £0.8m to £0.4m (as some compensating savings have arisen from temporary library closures). As a result of loss of demand for courses and training (over and above

reductions in associated expenditure in providing these services), the Youth Service is still anticipating a loss of £0.3m in income and Birmingham Adult Education Service (BAES) is also forecasting a £0.4m loss of income.

**1.5 Inclusive Growth £20.4m overspends as shown by the table below. This is an improvement of £2.0m on Quarter 1.**

<b>Inclusive Growth</b>	<b>Covid-19 Quarter 2 forecast</b>	<b>Covid-19 Quarter 1 forecast</b>	<b>Movement</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
P&D - City Centre, EZ, BDI	0.6	0.5	0.1
Transport & Connectivity	0.3	0.3	0.0
P&D - Strategy & Planning	0.0	0.0	0.0
Birmingham Property Services	6.8	6.8	0.0
Housing Development	0.0	0.0	0.0
Highways & Infrastructure	12.2	14.5	(2.3)
Inclusive Growth Director	0.5	0.3	0.2
Other Funds - Holding Accounts	0.0	0.0	0.0
<b>Directorate</b>	<b>20.4</b>	<b>22.4</b>	<b>(2.0)</b>

**P& D - City Centre has an overspend of £0.6m (£0.5m at Quarter 1)** due to loss in fees from Planning application fees.

**Transport & Connectivity has an overspend of £0.3m (no change from Quarter 1)** due to income loss from Local Land Charges and the cost of staff being diverted to Covid-19 related work.

**Birmingham Property Services has an overspend of £6.8m (no change from Quarter 1)**

which is forecasting that it will lose the following income as result:

£4.3m lost commercial rent

£0.5m non achievement of commercial rent growth strategy

£0.6m decrease in income from service charges

The pandemic will also impact on the services ability to deliver the saving projected for the financial year:

£0.3m non-delivery of savings from implementation of Hub facility.

£1.1m potential loan repayments default due to impact of Covid-19 on borrowing entity's resources.

**Highways & Infrastructure has an overspend of £12.2m (£14.5m at Quarter 1)**, Majority of the overspend has been caused by loss of income from parking enforcement:

£8.5m of **On / Off street** parking income to be lost during the year (was £11.1m)

## Appendix A

£2.7m loss of income from civil parking enforcements (was £3.3m)

£0.9m Local Car Parking income under-recovery (not forecast at Quarter 1)

Additional £0.1m cost has been forecast to cover the cost of temporary highways works to facilitate safer pedestrian movement to reduce risk of Covid-19 spread (no change).

**Inclusive Growth Director has an overspend of £0.5m (£0.3m at Quarter 1)** due to increased cost for additional health and safety costs to procure/deploy hand sanitiser units in Council buildings to reduce the risk of spreading of Covid-19 and the effect of the deployment of staff to Covid-19 activities where this reduced how much of their time could be charged to projects.

### **1.6 Finance & Governance £8.0m overspends as shown by the table below. This is an improvement of £2.2m since Quarter 1.**

<b>Finance &amp; Governance</b>	<b>Covid-19 Quarter 2 forecast</b>	<b>Covid-19 Quarter 1 forecast</b>	<b>Movement</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Development and Commercial	7.9	10.2	(2.3)
Service Finance	0.0	0.0	0.0
City Solicitor	0.1	0.0	0.1
Birmingham Audit	0.0	0.0	0.0
<b>Directorate</b>	<b>8.0</b>	<b>10.2</b>	<b>(2.2)</b>

**Development & Commercial has an overspend of £7.9m (£10.2m at Quarter 1).** which has been broken down below:

£4.1m City Serve - loss of school's income and increased costs in emergency provision (was £6.8m).

£2.4m Outdoor Advertising - loss of commercial advertising income from outdoor digital advertising, lampposts, roundabouts and City Dressing (no change).

£1.0m Civic Catering - loss of functions income, closure of Pause cafes and unavoidable costs (was £0.6m).

£0.1m Birmingham City Labs - loss of income (no change).

£0.3m Other loss of income in City Cleaning and Civic Catering (was £0.1m)

**City Solicitor has an overspend of £0.1m (£0.0m at Quarter 1)** for additional expenditure to facilitate efficient homeworking.

### **1.7 Digital & Customer Services, £5.0m overspend as shown by the table below. This is a deterioration of £3.2m**

<b>Digital &amp; Customer Services</b>	<b>Covid-19 Quarter 2 forecast</b>	<b>Covid-19 Quarter 1 forecast</b>	<b>Movement</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
IT & Digital Services	2.1	0.9	1.2
Revenues & Benefits	2.5	0.8	1.7
Business Improvements	0.0	0.0	0.0
Customer Services	0.4	0.1	0.3
Director of DC&S	0.0	0.0	0.0
<b>Directorate</b>	<b>5.0</b>	<b>1.8</b>	<b>3.2</b>

£2.1m relates to **IT & Digital service**, for Agency staff, projects and cost for additional IT Equipment (was £0.9m).

£2.5m relates to **Benefits Services**, £1.7m Loss of Courts Income (new pressure) £0.5m cost of providing Local Welfare provision (no change) and £0.3m additional costs due to 6.8 FTE staff that have been kept on without budget in 20/21 to support extra Covid-19 workload (no change).

£0.4m relates to **Customer Services**, Contact Centre additional licences, Business Support at Dolman Street and call handing for shielded citizens to full provision of support, and loss of income for Digital Mail due to reduction in external postage volumes (was £0.1m).

**1.8 Partnerships, Insight and Prevention (PIP) £1.4m overspend as shown by the table below. This is an improvement of £0.2m since Quarter 1**

<b>PIP</b>	<b>Covid-19 Quarter 2 forecast</b>	<b>Covid-19 Quarter 1 forecast</b>	<b>Movement</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Communication & Marketing	0.0	0.0	0.0
Public Health and Equalities	0.0	0.0	0.0
Assistant Chief Exec	1.4	1.6	(0.2)
Community Safety Strategy	0.0	0.0	0.0
<b>Directorate</b>	<b>1.4</b>	<b>1.6</b>	<b>(0.2)</b>

**Assistant Chief Exec has an overspend of £1.4m (£1.6m at Quarter 1).**

The overspend has been forecast due to increase in cost of providing food supply to Shielded vulnerable people £1.2m (was £1.4m), £0.2m relate to additional cost due to Public Health (PH) activities and the cost of providing CCTV at the Sutton Hall Cemetery for the temporary body storage facility (no change).

**1.9 Corporate overspend £4.5m. This is an improvement of £1.1m since Quarter 1**

There is a £4.5m pressure on corporate budgets due to an expected shortfall in investment income and increased borrowing costs (was £5.6m at Quarter 1).



## Appendix A

### Annex 2: Covid-19 Risks

Cell	Risk	Assumptions	Mitigations	Likelihood %	Medium Term Potential Impact	Weighted Medium Term Potential Impact	RAG Rating	MHCLG Category
					£m	£m		
					89.746	64.163		
<b>GENERAL FUND</b>								
Tactical	Loss of Business Rates			100%	34.640	34.640	R	Business Rates cash receipt losses
Tactical	Loss of Council Tax			100%	11.294	11.294	R	Council Tax
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	14%	3.800	0.532	A	Other income losses
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	30%	2.000	0.600	R	Cultural & related - other
Business & Economic Recovery	Bus Lane Enforcement	Loss of Income due to reduced traffic flows	Traffic flows continue to increase as lock-down is lifted which may lead to a corresponding increase in bus lane infringements	100%	3.475	3.475	A	SFC - Highways other
Business & Economic Recovery	Loss of Income from Housing Benefit Overpayment Recovery	All Overpayment recovery suspended in Q1 following central government directive	None identified	100%	4.500	4.500	A	Other income losses
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	25%	4.000	1.000	G	Adult Social Care - workforce pressures
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	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

## Annex 3 Savings Programme

			Month 6 2020/21				
Savings Description			Budgeted Saving (£m)	Blue	Green	Amber	Red
Directorate:	Savings Reference						
Adult Social Care	HW4 17+ / AD002 18+ / WOC1	Effective and efficient workforce	(1.518)	0.000	(0.759)	(0.759)	0.000
Adult Social Care	MYR1 16+ / AD001 18+ / MIA7 16+ / HW317 / AD007 18+ / CC002 18+ / AD104 18+	Adult Packages of Care	(9.366)	0.000	(5.766)	(3.600)	0.000
Adult Social Care	AD005 18+	Corporate Director	(0.070)	0.000	(0.070)	0.000	0.000
Adult Social Care	CC104 19+	Commercialisation	(0.218)	0.000	(0.145)	(0.073)	0.000
Total Savings in Financial Plan			(11.172)	0.000	(6.740)	(4.432)	0.000
One-off savings			0.000	0.000	0.000	0.000	0.000
Total Savings Adult Social Care			(11.172)	0.000	(6.740)	(4.432)	0.000
Digital & Customer Services	CC1 17+ CC23 16+ / E23 16+	Implementation of ICT & D strategy to reduce spend on core IT infrastructure and development projects	(0.810)	0.000	(0.810)	0.000	0.000
Digital & Customer Services	SS008 18+	Customer Services Team	(0.088)	0.000	(0.088)	0.000	0.000
Digital & Customer Services	WOC1	Allocation of Workforce Savings	(0.183)	0.000	(0.183)	0.000	0.000
Digital & Customer Services	DCS001 20+	Brum Account - Phase 3	(0.135)	0.000	(0.135)	0.000	0.000
Digital & Customer Services	DCS006 20+	Brum Account Payments	(0.024)	0.000	(0.024)	0.000	0.000
Digital & Customer Services	DCS008 20+	Consolidation of support services into Customer Services and Business Support	(0.060)	0.000	(0.060)	0.000	0.000
Digital & Customer Services	DCS009 20+	Cease handling planning queries at the corporate contact centre and make all enquiries online only	(0.060)	0.000	(0.060)	0.000	0.000
Digital & Customer Services	DCS010 20+	Implementation of SMS and Customer Payment Journey for the Revenues Service	(0.015)	0.000	(0.015)	0.000	0.000
Digital & Customer Services	DCS011 20+	Application Platform Modernisation	(0.505)	0.000	(0.405)	(0.100)	0.000
Digital & Customer Services	DCS012 20+	Wide Area Network Review and Redesign	0.000	0.000	0.000	0.000	0.000
Digital & Customer Services	DCS013 20+	Corporate voice and mobile telephony rationalisation.	(0.033)	0.000	(0.033)	0.000	0.000
Digital & Customer Services	DCS014 20+	Utilisation of corporate Microsoft Enterprise Agreement	(0.400)	0.000	(0.400)	0.000	0.000
Digital & Customer Services	DCS015 20+	ITDS Organisation Structure Review	(0.200)	0.000	0.000	(0.200)	0.000
Digital & Customer Services	DCS016 20+	Contract Supplier Review and Rationalisation	(0.150)	0.000	(0.150)	0.000	0.000
Digital & Customer Services	DCS020 20+	Renewal of bulk printing contract including Revenues and Benefits	0.000	0.000	0.000	0.000	0.000
Digital & Customer Services	ADD SAP 20+	Additional SAP savings	0.000	0.000	0.000	0.000	0.000
Digital & Customer Services	DEBT COLL 20+	Debt Collection Costs	(0.208)	0.000	0.000	0.000	(0.208)
Digital & Customer Services	CC104 19+	Commercialisation	(0.013)	0.000	(0.013)	0.000	0.000
Total Savings in Financial Plan			(2.884)	0.000	(2.376)	(0.300)	(0.208)
One-off savings			0.000	0.000	0.000	0.000	0.000
Total Savings Digital & Customer Services			(2.884)	0.000	(2.376)	(0.300)	(0.208)
Education & Skills	P22 16+	Early Years	(0.981)	0.000	(0.981)	0.000	0.000
Education & Skills	PL016D 18+	Youth Service	0.000	0.000	0.000	0.000	0.000
Education & Skills	PFS	Corporate funding of pension fund strain	0.002	0.000	0.002	0.000	0.000
Education & Skills	CC104 19+	Commercialisation	(0.040)	0.000	(0.040)	0.000	0.000
Education & Skills	PL126 19+	Review of managerial arrangements across the Directorate	(0.031)	0.000	0.000	(0.031)	0.000
Education & Skills	PL130 19+	Reduce the number of books purchased for the Library Service	(0.004)	0.000	(0.004)	0.000	0.000
Education & Skills	ESS008 20+	Generation of income from legal process training to provided to schools and alternative providers; and fees payable from education providers for advice and guidance following Ofsted outcomes. This proposal relates to the General Fund only (Education Welfare Service teams)	(0.020)	0.000	0.000	0.000	(0.020)
Education & Skills	ESS010 20+	Education Infrastructure	(0.137)	(0.137)	0.000	0.000	0.000
Education & Skills	ESS011 20+	Service redesign (General Fund only)	(0.052)	0.000	0.000	0.000	(0.052)
Education & Skills	ESS013 20+	School & Governor Support - fully traded service	(0.050)	0.000	(0.050)	0.000	0.000
Education & Skills	ESS014 20+	Development of a traded service to sit alongside (and complement) the required service delivery to meet statutory duties.	(0.019)	0.000	0.000	(0.019)	0.000
Education & Skills	ESS015 20+	SENDIASS Income	(0.020)	0.000	0.000	(0.020)	0.000
Education & Skills	ESS019 20+	Birmingham Careers Service - Employee reduction	(0.050)	0.000	(0.050)	0.000	0.000
Education & Skills	ESS026 20+	Savings in the Children Trust budget from initiatives on the supply and demand side for services which will generate savings from 2021/22 onwards.	0.000	0.000	0.000	0.000	0.000
Total Savings in Financial Plan			(1.402)	(0.137)	(1.123)	(0.070)	(0.072)
Savings delivered on a one-off basis in 2019/20							
Education & Skills	CC002 18+	Efficiency Target	(0.563)	0.000	(0.563)	0.000	0.000
Education & Skills	WOC1	Allocation of Workforce Savings	(0.283)	0.000	(0.283)	0.000	0.000
Education & Skills	CY109 19+	Management Review and Structure	(0.164)	0.000	(0.164)	0.000	0.000
Education & Skills	EC104 19+	Employment and Skills Cross Directorate Rationalisation	(0.036)	0.000	0.000	(0.036)	0.000
Education & Skills	CC104 19+	CC104 19+ Commercialisation	(0.429)	0.000	0.000	(0.429)	0.000
One-off savings			(1.475)	0.000	(1.010)	(0.465)	0.000
Total Savings Education & Skills			(2.877)	(0.137)	(2.133)	(0.535)	(0.072)

## Appendix A

Directorate:	Savings Reference	Savings Description	2020/21				
			Budgeted Saving (£m)	Blue	Green	Amber	Red
Finance & Governance	CC23 16+	Reduction in costs relating to the SAP investment plan	(0.050)	(0.050)	0.000	0.000	0.000
Finance & Governance	FG001 18+ / FG002 18+	City Finance	(0.090)	(0.030)	(0.060)	0.000	0.000
Finance & Governance	WOC1	Allocation of Workforce Savings	(0.185)	(0.185)	0.000	0.000	0.000
Finance & Governance	PFS	Corporate funding of pension fund strain	0.063	0.063	0.000	0.000	0.000
Finance & Governance	CC104 19+	Commercialisation	(0.137)	0.000	(0.017)	(0.120)	0.000
Finance & Governance	FG101A 19+	Delivery of further efficiency savings following the implementation of a new Finance and HR I.T. system.	(0.100)	0.000	0.000	(0.100)	0.000
Finance & Governance	FG102 19+	Reduced external legal spend	(0.100)	0.000	0.000	(0.100)	0.000
Finance & Governance	FGS003 20+	Procurement Savings Opportunity Assessment	(3.000)	(0.582)	0.000	(2.418)	0.000
Finance & Governance	ESS022 20+	Schools Financial Services Budget Savings	(0.049)	(0.049)	0.000	0.000	0.000
		<b>Total Savings in Financial Plan</b>	<b>(3.648)</b>	<b>(0.833)</b>	<b>(0.077)</b>	<b>(2.738)</b>	<b>0.000</b>
		<b>Savings delivered on a one-off basis in 2019/20</b>					
Finance & Governance	FG102 19+ CF	Reduced external legal spend	(0.200)	0.000	0.000	(0.200)	0.000
Finance & Governance	SS002 17+ CF	Corporate Procurement Services	(0.030)	(0.030)	0.000	0.000	0.000
		<b>One-off savings</b>	<b>(0.230)</b>	<b>(0.030)</b>	<b>0.000</b>	<b>(0.200)</b>	<b>0.000</b>
		<b>Total Savings Finance &amp; Governance</b>	<b>(3.878)</b>	<b>(0.863)</b>	<b>(0.077)</b>	<b>(2.938)</b>	<b>0.000</b>
Human Resources	WOC1	Allocation of Workforce Savings	(0.074)	(0.074)	0.000	0.000	0.000
Human Resources	HR105 19+	Apprenticeship Levy – one provider of all training and administration	(0.023)	(0.023)	0.000	0.000	0.000
Human Resources	HR107 19+	Post implementation of ERP system	0.000	0.000	0.000	0.000	0.000
Human Resources	HRS001 20+	Deletion of part-time vacancy. Amalgamation of two management posts, in Health and Safety and Occupational Health to be one management post.	(0.035)	(0.035)	0.000	0.000	0.000
		<b>Total Savings in Financial Plan</b>	<b>(0.132)</b>	<b>(0.132)</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
		<b>One-off savings</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
		<b>Total Savings Human Resources</b>	<b>(0.132)</b>	<b>(0.132)</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
Inclusive Growth	JS4A	Reduce West Midlands Combined Authority Transport Levy	0.001	0.001	0.000	0.000	0.000
Inclusive Growth	SN9A NEW	Civil parking Enforcement	(0.010)	(0.003)	0.000	(0.007)	0.000
Inclusive Growth	WOC1	Allocation of Workforce Savings	(0.195)	(0.195)	0.000	0.000	0.000
Inclusive Growth	CC104	Commercialisation	(0.090)	(0.090)	0.000	0.000	0.000
Inclusive Growth	EC016 18+/EC103A 19+ & 20+	Property Strategy/Commercial Income Growth	(0.472)	0.000	0.000	0.000	(0.472)
Inclusive Growth	EC103B	Operational Hub Programme	(0.322)	0.000	0.000	0.000	(0.322)
		<b>Total Savings in Financial Plan</b>	<b>(1.088)</b>	<b>(0.287)</b>	<b>0.000</b>	<b>(0.007)</b>	<b>(0.794)</b>
		<b>Savings delivered on a one-off basis in 2019/20</b>					
Inclusive Growth	SN35 16+ CF	Expansion of City Centre on-street parking, concessions and restrictions	(0.463)	(0.154)	0.000	0.000	(0.309)
Inclusive Growth	CC26 16+CF	Council administrative buildings reduction	(0.536)	0.000	0.000	(0.286)	(0.250)
Inclusive Growth	Inreach	Inreach	(0.007)	0.000	0.000	0.000	(0.007)
		<b>One-off savings</b>	<b>(1.006)</b>	<b>(0.154)</b>	<b>0.000</b>	<b>(0.286)</b>	<b>(0.566)</b>
		<b>Total Savings Inclusive Growth</b>	<b>(2.094)</b>	<b>(0.441)</b>	<b>0.000</b>	<b>(0.293)</b>	<b>(1.360)</b>
Neighbourhoods	SN21 16+	Removal of universal superloos	0.000	0.000	0.000	0.000	0.000
Neighbourhoods	WOC1a	Allocation of Workforce Savings - Street Scene	(0.292)	0.000	0.000	0.000	(0.292)
Neighbourhoods	PFS	Corporate funding of pension fund strain	0.032	0.032	0.000	0.000	0.000
Neighbourhoods	PL126a 19+	Review of managerial arrangements Street Scene	(0.158)	0.000	0.000	0.000	(0.158)
Neighbourhoods	PL128 19+	Garden and bulky waste fees and charges review	(0.150)	0.000	0.000	(0.150)	0.000
Neighbourhoods	NE01 20+	Revenue savings from Waste Management Replacement Strategy capital project	0.000	0.000	0.000	0.000	0.000
Neighbourhoods	CC105 19+	Consolidation Programme – Transport workstream	0.000	0.000	0.000	0.000	0.000
Neighbourhoods	WOC1b	Allocation of Workforce Savings - Housing General Fund	(0.084)	0.000	0.000	0.000	(0.084)
Neighbourhoods	PL123 19+	Housing, Private Rented Sector and Voids redesign	(0.400)	0.000	0.000	0.000	(0.400)
Neighbourhoods	PL126b 19+	Review of managerial arrangements Housing General Fund	(0.117)	0.000	0.000	0.000	(0.117)
Neighbourhoods	PL016E	Neighbourhoods and Communities - Community	0.000	0.000	0.000	0.000	0.000
Neighbourhoods	WOC1c	Allocation of Workforce Savings - Neighbourhoods	(0.065)	(0.065)	0.000	0.000	0.000
Neighbourhoods	PL104 19+	Transfer management of community centres to third parties	(0.030)	(0.030)	0.000	0.000	0.000
Neighbourhoods	PL118 19+	Reduction in grant to the Active Wellbeing Society	(0.108)	0.000	0.000	0.000	(0.108)
Neighbourhoods	PL126c 19+	Review of managerial arrangements Neighbourhoods	(0.025)	(0.025)	0.000	0.000	0.000
Neighbourhoods	PL126d 19+	Review of managerial arrangements Reg & Enforcement	(0.169)	0.000	(0.169)	0.000	0.000
Neighbourhoods	WOC1d	Allocation of Workforce Savings - Reg & Enforcement	(0.124)	0.000	(0.118)	0.000	(0.006)
		<b>Total Savings in Financial Plan</b>	<b>(1.690)</b>	<b>(0.088)</b>	<b>(0.287)</b>	<b>(0.150)</b>	<b>(1.165)</b>

			2020/21				
Directorate:	Savings Reference	Savings Description	Saving	Blue	Green	Amber	Red
		Savings delivered on a one-off basis in 2019/20					
Neighbourhoods	PL003 18+	Parks and Nature Conservation	(0.200)	0.000	0.000	0.000	(0.200)
Neighbourhoods	PL126a 19+CF	Review of managerial arrangements Street Scene	(0.158)	0.000	0.000	0.000	(0.158)
Neighbourhoods	PL129 19+CF	Parks Fees and Charges Review	(0.180)	0.000	0.000	0.000	(0.180)
Neighbourhoods	SN45 16+ CF	Disposal of unwanted/under utilised parks land (8 acres per year)	(0.200)	0.000	(0.200)	0.000	0.000
Neighbourhoods	PL124 19+	Strategic Housing Functions	(0.300)	0.000	0.000	0.000	(0.300)
Neighbourhoods	PL126b 19+CF	Review of managerial arrangements Housing General Fund	(0.117)	0.000	0.000	0.000	(0.117)
Neighbourhoods	SN26 16+	Discontinue Non Framework Contract at Health and Wellbeing Centres	(0.047)	(0.047)	0.000	0.000	0.000
Neighbourhoods	PL112 19+	Redesign of Birmingham BID Support	(0.055)	0.000	(0.055)	0.000	0.000
Neighbourhoods	PL126c 19+CF	Review of managerial arrangements Neighbourhoods	(0.056)	(0.056)	0.000	0.000	0.000
Neighbourhoods	PL126d 19+CF	Review of managerial arrangements Reg & Enforcement	(0.169)	(0.169)	0.000	0.000	0.000
Neighbourhoods	PL127 19+	Bereavement Services Fees and Charges Review	(0.594)	0.000	(0.594)	0.000	0.000
Neighbourhoods	SN24 16+ CF	Provide above ground mausoleums and vaults	(0.209)	0.000	0.000	0.000	(0.209)
		One-off savings	(2.285)	(0.272)	(0.849)	0.000	(1.164)
		Total Savings Neighbourhoods	(3.975)	(0.360)	(1.136)	(0.150)	(2.329)
Partnerships, Insight and Prevention	WOC1	Allocation of Workforce Savings	(0.039)	(0.028)	0.000	0.000	(0.011)
Partnerships, Insight and Prevention	CC104 19+	Commercialisation	(0.003)	0.000	0.000	0.000	(0.003)
Partnerships, Insight and Prevention	PL113 19+	Phased reduction of salaried staffing at the Hall of Memory to be replaced with appropriate voluntary staffing	(0.008)	(0.008)	0.000	0.000	0.000
		Total Savings in Financial Plan	(0.050)	(0.036)	0.000	0.000	(0.014)
		Savings delivered on a one-off basis in 2019/20					
Partnerships, Insight and Prevention	CC002 18+	CC002 18+ Efficiency Target	(0.016)	0.000	(0.016)	0.000	0.000
		One-off savings	(0.016)	0.000	(0.016)	0.000	0.000
Partnerships, Insight and Prevention		Total Savings Partnerships, Insight and Prevention	(0.066)	(0.036)	(0.016)	0.000	(0.014)
		Grand Total savings	(27.078)	(1.969)	(12.478)	(8.648)	(3.983)

**Annex 4: Write offs****a. Irrecoverable Housing Benefit**

In circumstances where Housing Benefit overpayments are identified as not being recoverable, or where recovery is deemed uneconomic, the City Council's Financial Regulations and delegated powers allow for these overpayments and income to be written off. All possible avenues must be exhausted before such write offs are considered. Amounts already written off will still be pursued should those owing the Council money eventually be located or return to the city.

The cost to the council of writing off these irrecoverable sums will be charged to the City Council's provision set up for this purpose, which includes sums set aside in previous years to meet this need. It is, therefore, the appropriate account to be charged. There is no effect on the revenue account.

In 2020/21, from 1st July up to 30th September 2020, further items falling under this description in relation to Benefit overpayments have been written off under delegated authority. The Table below details the gross value of amounts written off, which members are asked to note.

<b>Age analysis</b>	<b>Over 6 years</b>	<b>3 to 6 years</b>	<b>Under 3 years</b>	<b>Total</b>
	£m	£m	£m	£m
Benefit Overpayments	0.072	0.041	0.103	0.215
<b>Total</b>	<b>0.072</b>	<b>0.041</b>	<b>0.103</b>	<b>0.215</b>

Section d to this report gives a more detailed age analysis of overpayments and income written off.

**b. Irrecoverable Council Tax & Business Rates**

Due to the support packages put in place by the Government to assist small businesses with the impact of the COVID-19 pandemic the Revenues Service had to divert resources to ensure this vital payment was authorised and paid as quickly as possible. Unfortunately, this has meant that the Service was not in a position to put forward any Council Tax or Business Rates write-offs for Quarter 2.

**C. Summary 01.7.20 – 30.9.20**

**Age Analysis of Overpayments and Debts Written-off Under delegated authority by Revenues and Benefits Division**

Detail	Pre 2010	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	Total	No of Debtors
Housing Benefit debts written off under delegated authority	£34,443.09	£7,640.80	£8,608.93	£3,758.34	£9,287.05	£8,294.97	£10,136.25	£7,042.58	£23,428.91	£32,740.90	£38,514.98	£31,373.20	£215,270.00	860
<b>TOTAL</b>	£34,443.09	£7,640.80	£8,608.93	£3,758.34	£9,287.05	£8,294.97	£10,136.25	£7,042.58	£23,428.91	£32,740.90	£38,514.98	£31,373.20	£215,270.00	860

Debt Size	Small		Medium		Large
Cases	>£1,000	Cases	£1,001- £5,000	Cases	£5,000- £25,000
804	£93,995.85	55	£114,155.51	1	£7,118.46

## Annex 5: Forecast Uses of Reserves

Detailed Breakdown of Proposed (Use of )/ Contribution to Reserves					
Directorate making forecast	Reserve	Reason for forecast (use)/contribution	Budget Approved Period 3 £m	Changes forecast Since Period 3 £m	Forecast (Use) /Contribution at Month 6 £m
Corporate	Financial Resilience Reserve		(5.910)	0.000	(5.910)
Corporate	Net borrowing from General Reserves		(12.655)	0.000	(12.655)
	<b>Subtotal Use of General Reserves</b>		<b>(18.565)</b>	<b>0.000</b>	<b>(18.565)</b>
Education & Skills	Cyclical maintenance reserve -LoB	Drawdown funding from the Library of Birmingham's Cyclical Maintenance Reserve for the replacement of large plant items	1.800	(1.100)	0.700
Corporate	Covid-19 Local Authority Support Grant	Drawdown of Government Grant received at the end of 2019/20 to fund expenditure related to Covid-19	0.000	(38.744)	(38.744)
Corporate	Covid-19 Local Authority Support Grant	Contribution to reserve of un-ringfenced government grant to support covid-19 cost to the Council during the winter months and any second wave of Covid-19.	0.000	44.200	44.200
PIP	Use of underspend from 19/20 Policy Contingency allocation to complete CCTV decommissioning delayed as a result of Covid 19.	Use of underspend from 19/20 Policy Contingency allocation to complete CCTV decommissioning delayed as a result of Covid 19.	0.000	(0.093)	(0.093)
PIP	Use of underspend from 19/20 Policy Contingency allocation for Assurance Framework for completion of project work.	Use of underspend from 19/20 Policy Contingency allocation for Assurance Framework for completion of project work.	0.000	(0.030)	(0.030)
PIP	Use of underspend from 19/20 Policy Contingency allocation for Covid to fund continued spend.	Use of underspend from 19/20 Policy Contingency allocation for Covid to fund continued spend.	0.000	(0.016)	(0.016)
	Other Net Uses of Corporate Reserves		(2.353)	0.000	(2.353)
	<b>Subtotal Use of Corporate Reserves</b>		<b>(0.553)</b>	<b>4.217</b>	<b>3.664</b>
Adult Social Care	Controlling Migration Fund (CMF)	Appropriation of reserve required to enable continuation of project into 2020/21. Original budgeted reserve overstated due to increase in expenditure at the end of 2019/20.	(0.530)	0.180	(0.350)
Adult Social Care	Mi Friendly Cities	Appropriation of reserve required to enable continuation of project into 2020/21	0.000	(0.048)	(0.048)
Adult Social Care	PURE - ESF	Appropriation of reserve required to enable continuation of project into 2020/21	0.000	(0.052)	(0.052)
Adult Social Care	Rough Sleeping Initiative	Appropriation of reserve required to enable continuation of project into 2020/21	0.000	(0.191)	(0.191)
Adult Social Care	Syrian Refugee Programme	Funding received from Home office in 2020/21 to support the Syrian Programme where refugees will receive support over a 5 year period up to 2025.	0.000	0.492	0.492
Education & Skills	Section 106 Children's Directorate	To support the Basic Need Capital Programme providing additional school places for children in Birmingham.	0.000	(0.386)	(0.386)
Inclusive Growth	BCR1 Monitoring TA-01758-01	Fund project expenditure	0.000	(0.006)	(0.006)
Inclusive Growth	CIL - Bournville & Cotteridge Ward	NEW CIL receipted to date	0.000	0.007	0.007
Inclusive Growth	CIL - City Wide Projects	NEW CIL receipted to date	0.000	0.144	0.144
Inclusive Growth	CIL - Harborne Ward	NEW CIL receipted to date	0.000	0.003	0.003
Inclusive Growth	CIL - Ladywood Ward	NEW CIL receipted to date	0.000	0.015	0.015
Inclusive Growth	CIL - North Edgbaston Ward	NEW CIL receipted to date	0.000	0.001	0.001
Inclusive Growth	Clean Air Zone Grant Allocation	Increase use of CAZ Grant as Reported	(3.756)	(0.489)	(4.244)
Inclusive Growth	Clean Air Zone TA-01849-01,02,03	Fund project expenditure	0.000	(0.126)	(0.126)
Inclusive Growth	Climate KIC TA-01801-07	Fund project expenditure	0.000	(0.047)	(0.047)
Inclusive Growth	Easyrights EU 870980 (TA-02337-01)	Project now being delivered	0.000	(0.073)	(0.073)
Inclusive Growth	Section 106's	New S106 receipted to date	0.000	0.035	0.035
Neighbourhoods	Access Programme	Meet project costs	0.000	(0.148)	(0.148)
Neighbourhoods	Controlling Migration Fund	grant funding to meet project costs	0.000	(0.277)	(0.277)
Neighbourhoods	High Rise Cladding Survey	High Rise Blocks Surveys	0.000	(0.016)	(0.016)
Neighbourhoods	Housing Assistance Payment Grant	Funding specific project	0.000	(0.025)	(0.025)
Neighbourhoods	Modern Slavery	Funding specific project	0.000	(0.047)	(0.047)
Neighbourhoods	New Burdens	Used for preventative work	0.000	(0.048)	(0.048)
Neighbourhoods	Regional Intelligence Team	Meet commitments and repay funding organisation following completion of audit	0.000	(0.022)	(0.022)
Neighbourhoods	Section 106 Place Directorate	Wilton Festive Lights	(0.016)	(0.016)	(0.032)
PIP	Brexit funding	To fund project spend from grant received in 2019/20.	0.000	(0.143)	(0.143)
PIP	Community Safety Strategy - BCSP	To fund project spend from grant received in 2019/20.	0.000	(0.245)	(0.245)
PIP	EU migration fund	To fund project spend from grant received in 2019/20.	(0.342)	(0.030)	(0.372)
PIP	INLOGOV	To fund project spend from grant received in 2019/20.	0.000	(0.019)	(0.019)
PIP	Prevent	To reduce budgeted project spend in line with lower grant underspend brought forward from 2019/20.	(0.150)	0.045	(0.104)
PIP	Prevent - admin	To fund project spend from grant received in 2019/20.	0.000	(0.010)	(0.010)
PIP	Prevent - Out of School (OSS)	To fund project spend from grant received in 2019/20.	0.000	(0.075)	(0.075)
PIP	Public Health - Obesity Trailblazers	To fund project spend from grant received in 2019/20.	0.000	(0.075)	(0.075)
PIP	Strategic Migration Partnership	To fund project spend from grant received in 2019/20.	0.000	(0.114)	(0.114)
Various	Other Net Uses of Grant Reserves		15.259	0.000	15.259
	<b>Subtotal Use of Grant Reserves</b>		<b>10.465</b>	<b>(1.806)</b>	<b>8.660</b>
Digital & Customer Service	Benefits Service Transformation 2	Funds BCC staff costs in view of reduced funding from DWP. Safe guards citizens from homelessness by ensuring Housing Benefits is paid in a timely manner.	0.000	(0.439)	(0.439)
Digital & Customer Service	Customer Services Access Strategy Programme	To fund acceleration of the new customer programme in order to improve the customer experience council wide.	0.000	(0.247)	(0.247)
Digital & Customer Service	Project Support	To fund in year variations in third party costs (circa 400+ suppliers) following transition from Capita.	(2.280)	(1.017)	(3.297)
Digital & Customer Service	ICT&D Transition Reserve	This is being used to fund staff who are currently in post to assist in the transition from Capita.	(0.052)	(0.270)	(0.322)
Digital & Customer Service	Landing Team TA-01930-01	To Fund slippage of Business rate revaluation costs from 19/20 due to be released in year.	0.000	(0.938)	(0.938)
Digital & Customer Service	Revenues NNDR Revaluations & Project Developments	To cover the costs of providing the service which is funded by income generation. Income is expected to be low in 19-20 due to Covid effect.	0.000	(0.098)	(0.098)
Education & Skills	EWS Fixed Penalty	Audit Total Impact Assessment and Audit Committee Effective reviews delayed due to Covid19.	0.000	(0.030)	(0.030)
Finance & Governance	Audit - PWC	Unidentified Income carried forward from 2019/20 to be allocated to Directorates	0.000	(1.130)	(1.130)
Finance & Governance	Unidentified Income	JADU Development	(0.324)	(0.088)	(0.412)
Human Resources	Schools HR IT	Delay in implementation of CAZ	28.228	(28.228)	0.000
Inclusive Growth	CAZ Income and CAZ FPN income	Contract Payment Goodmans Development "Steamhouse" made	0.000	(1.500)	(1.500)
Inclusive Growth	Fire Insurance (old CO-OP Building)	Required to fund Graduate/Apprentice expenditure	0.000	(0.100)	(0.100)
Inclusive Growth	New TA-01741-01 Graduate Hub	Expansion of Speed Camera Site	(0.027)	0.025	(0.002)
Inclusive Growth	Speed Camera (TA-00543-11)	Complete Repairs to Old Rep building	0.000	(0.015)	(0.015)
Neighbourhoods	Old Rep Theatre		1.512	0.000	1.512
Various	Other Net Uses of Earmarked Reserves				
	<b>Subtotal Use of Earmarked Reserves</b>		<b>27.057</b>	<b>(34.074)</b>	<b>(7.017)</b>
	<b>Total Use of Reserves</b>		<b>18.403</b>	<b>(31.662)</b>	<b>(13.259)</b>

## TREASURY MANAGEMENT MONITORING DASHBOARD: SEPTEMBER 2020

	value	comparator	difference
<b>1 gross loan debt</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
at month end	<b>3,454</b>		
year end Forecast (vs Plan)	3,655	3,832	-177
year end Forecast (vs Pru Limit for loan debt*)	3,655	4,085	-430
<i>*monitoring of the full set of prudential indicators is reported quarterly to Cabinet</i>			
<i>Forecast year end debt is well below the year end plan and prudential limit. This is partly because of increased capital programme slippage due to Covid and Covid grants received in advance. Considerable uncertainty remains about the impact of Covid on cashflows over the coming months.</i>			
<b>2 short term borrowing</b>			
at month end (vs Guideline)	<b>505</b>	600	-95
interest rate year to date on outstanding deals (vs assumption)	<b>0.79%</b>	1.50%	-0.71%
<i>Short term borrowing resumed towards the end of the quarter as the Council utilised more of the COVID grants received in advance. Interest rates achieved for new short term borrowing are lower than anticipated in the Plan.</i>			
<b>3 Treasury investments</b>			
at month end (vs Guideline)	<b>153</b>	40	113
interest rate year to date on outstanding deals (vs assumption)	<b>0.10%</b>	1.01%	-0.91%
<i>Investments remain significantly higher than the Strategy's guideline of £40m, due to the favourable cashflows noted in 1 above.</i>			
<b>4 Long term loans taken</b>			
year to date (vs plan for year)	<b>35</b>	415	-380
ave. interest rate obtained (vs assumption)	<b>1.66%</b>	4.20%	-2.54%
<i>Very little long term borrowing has been taken in the year to date, due to favourable cashflows deferring the need for long term borrowing. £35m of planned long term borrowing was taken to support the funding of the advance payment of pension contributions in April.</i>			
<b>5 Assurance</b>			
were Credit criteria complied with?	<b>yes</b>		
were investment defaults avoided?	<b>yes</b>		
was the TM Code complied with?	<b>yes</b>		
were prudential limits complied with?	<b>yes</b>		

*These are key performance indicators for treasury management which in normal circumstances should all be yes. Investment quality is kept under continual review with support from the Council's treasury advisers.*



**Treasury Management: portfolio overview**

*This appendix summarises the council's loan debt and treasury management investments*

	this quarter £m 30/09/2020	last quarter £m 30/06/2020
PWLB	2,454	2,454
Bonds	373	373
LOBOs	71	71
Other long term	50	52
Salix	1	1
Short term	505	424
<b>Gross loan debt</b>	<b>3,454</b>	<b>3,375</b>
less treasury investments	- 153	- 126
<b>Net loan debt</b>	<b>3,300</b>	<b>3,249</b>
Budgeted year end net debt	3,792	3,792
Prudential limit (gross loan debt)	4,085	4,085

*Long term loans remained relatively steady during Q2. The Council's short term loans started to increase in the final month of the quarter as the Council utilised COVID grants received in advance.*

**Treasury investments by source**

	£m
UK Government	25
Money Market Funds	123
Banks and Building Societies	5
	<b>153</b>

**Treasury investments by credit quality**

	£m
AAA	25
AAAmmf	123
AA	5
A	0
	<b>153</b>

*In line with the Strategy, the Council holds its treasury investments in liquid funds of high credit quality. The COVID grants received in advanced have been retained in liquid funds due to uncertainty over the timing of needs.*

**Investments as Accountable Body**

*These are investments made as Accountable Body on behalf of on behalf of others, and are not the Council's own money.*

	Growing Places Fund £m	AMSCI £m	Regional Growth Fund £m	Local Growth Fund £m	LGF3 £m	LOGRO £m	NMCL £m	Total £m
UK Government	9	15	5	0	0	10	0	39
Birmingham City Council <sup>1</sup>	0	0	0	10	0	0	0	10
Money Market Funds	2	24	10	0	4	51	0	91
	<b>11</b>	<b>39</b>	<b>15</b>	<b>10</b>	<b>4</b>	<b>61</b>	<b>0</b>	<b>140</b>

<sup>1</sup> These funds have been lent to the Council by agreement at a commercial rate

**Treasury management: summary of delegated decisions in the quarter**

*This appendix summarises decisions taken under treasury management delegations to the Corporate Director of Finance and Governance during the quarter*

1. Short term (less than 1 year)	borrowing	investments
	£m	£m
opening balance	424	-126
new loans/investments	216	-617
loans/investments repaid	-135	590
closing balance	505	-153

*These loans and investments are for short periods from one day up to 365 days. There has been a lower turnover in loans than normal due to the take up of new loans being delayed by remaining COVID grants received in advance. The value of transactions for investments has decreased from the first quarter as COVID grants have been utilised.*

**2. Long term borrowing:**

date	lender	£m	rate	maturity
20/04/2020	Cornwall Council	20	1.70%	20/04/2022
24/04/2020	Lancashire Fire Authority	5	1.45%	25/04/2022
24/04/2020	LB of Barking & Dagenham	10	1.70%	22/04/2022

*Planned long term borrowing was taken to support the funding of the advance payment of pension contributions in April.*

**3. Long term loans prematurely repaid:**

date	lender	£m	rate	maturity
------	--------	----	------	----------

*No long term loans were prematurely repaid. In line with treasury management practices, the Council will only repay long term loans prematurely if this provides a financial benefit to the Council.*

**4. Long term treasury investments made:**

date	borrower	£m	rate	maturity
------	----------	----	------	----------

*No long term investments were made. The Council is a substantial net borrower and usually has cash to invest for relatively short periods.*

## DEBT AND PRUDENTIAL INDICATORS

WHOLE COUNCIL		20/21 Indicators £m	20/21 Forecast £m	21/22 Indicators £m	21/22 Forecast £m	22/23 Indicators £m	22/23 Forecast £m	23/24 Indicators £m	23/24 Forecast £m
<b>Capital Finance</b>									
1	Capital Expenditure - Capital Programme	710.1	723.2	481.9	549.6	327.0	369.9	223.1	236.5
2	Capital Expenditure - other long term liabilities	38.2	38.3	37.8	37.9	33.1	33.2	33.3	33.4
3	Capital expenditure	748.3	761.5	519.7	587.4	360.1	403.1	256.4	269.9
4	Capital Financing Requirement (CFR)	4,839.3	4,717.5	4,941.7	4,788.4	5,135.1	4,725.7	4,834.4	4,523.4
<b>Planned Debt</b>									
5	Peak loan debt in year	3,849.9	3,673.1	3,932.9	3,751.8	3,852.3	3,670.8	3,719.5	3,519.1
6	+ Other long term liabilities (peak in year)	415.5	416.8	396.7	397.3	373.4	373.7	348.2	348.3
7	= Peak debt in year	4,265.4	4,089.9	4,329.6	4,149.1	4,225.7	4,044.5	4,067.7	3,867.4
8	does peak debt exceed year 3 CFR?	no	no	no	no	no	no	no	no
<b>Prudential limit for debt</b>									
9	Gross loan debt	4,084.5	3,673.1	4,203.3	3,751.8	4,026.6	3,670.8	3,951.8	3,519.1
10	+ other long term liabilities	415.5	416.8	396.7	397.3	373.4	373.7	348.2	348.3
11	= Total debt	4,500.0	4,089.9	4,600.0	4,149.1	4,400.0	4,044.5	4,300.0	3,867.4
<b>Notes</b>									
1	There is a net increase in forecast capital expenditure due mainly to slippage from previous years.								
4	The Capital Financing Requirement represents the underlying level of borrowing needed to finance historic capital expenditure (after deducting debt repayment charges). This includes all elements of CFR including Transferred Debt.								
5-7	These figures represent the forecast peak debt (which may not occur at the year end). The Prudential Code calls these indicators the Operational Boundary.								
8	It would be a cause for concern if the City Council's loan debt exceeded the CFR, but this is not the case due to positive cashflows, reserves and balances. The Prudential Code calls this Borrowing and the Capital Financing Requirement.								
11	The Authorised limit for debt is the statutory debt limit. The City Council may not breach the limit it has set, so it includes allowance for uncertain cashflow movements and potential borrowing in advance for future needs.								

DEBT AND PRUDENTIAL INDICATORS

Annex 6.4b

HOUSING REVENUE ACCOUNT		20/21	20/21	21/22	21/22	22/23	22/23	23/24	23/24
		Indicators	Forecast	Indicators	Forecast	Indicators	Forecast	Indicators	Forecast
		£m	£m	£m	£m	£m	£m	£m	£m
<b>Capital Finance</b>									
1	Capital expenditure	125.8	109.5	129.4	141.9	145.1	157.5	129.5	136.5
<b>HRA Debt</b>									
2	Capital Financing Requirement (CFR)	1,097.1	1,080.4	1,090.6	1,073.8	1,105.7	1,089.0	1,109.5	1,092.8
<b>Affordability</b>									
3	HRA financing costs	97.2	95.1	98.7	96.0	100.5	96.6	101.4	96.9
4	HRA revenues	279.9	278.2	286.2	285.7	293.3	292.8	301.2	300.7
5	HRA financing costs as % of revenues	34.7%	34.2%	34.5%	33.6%	34.3%	33.0%	33.7%	32.2%
6	HRA debt : revenues	3.9	3.9	3.8	3.8	3.8	3.7	3.7	3.6
7	Forecast Housing debt per dwelling	£18,423	£18,015	£18,446	£18,098	£18,785	£18,460	£18,914	£18,597

Notes

- 3
- Financing costs include interest, and depreciation rather than Minimum Revenue Provision (MRP), in the HRA.
- 6
- This indicator is not in the Prudential Code but is a key measure of long term sustainability. This measure is forecast to fall below 2.0 by 2026/27, which is two years later than previously forecast.
- 7
- This indicator is not in the Prudential Code but is a key measure of affordability: the HRA debt per dwelling should not rise significantly over time.

DEBT AND PRUDENTIAL INDICATORS

Annex 6.4c

GENERAL FUND

		20/21	20/21	21/22	21/22	22/23	22/23	23/24	23/24
		Indicators	Forecast	Indicators	Forecast	Indicators	Forecast	Indicators	Forecast
		£m	£m	£m	£m	£m	£m	£m	£m
<b>Capital Finance</b>									
1	Capital expenditure (including other long term liabilities)	622.5	652.0	390.4	445.5	215.0	245.6	126.8	133.4
2	Capital Financing Requirement (CFR)	3,742.2	3,637.2	3,851.1	3,714.6	4,029.3	3,636.7	3,724.9	3,430.6
<b>General Fund debt</b>									
3	Peak loan debt in year	2,752.8	2,592.7	2,842.3	2,678.0	2,746.6	2,581.8	2,610.0	2,426.3
4	+ Other long term liabilities (peak in year)	415.5	416.8	396.8	397.3	373.5	373.7	348.2	348.3
5	= Peak General Fund debt in year	3,168.3	3,009.5	3,239.1	3,075.3	3,120.1	2,955.5	2,958.2	2,774.6
<b>General Fund Affordability</b>									
6	Total General Fund financing costs	255.6	256.0	260.0	250.4	250.2	232.2	272.1	252.8
7	General Fund net revenues	852.9	852.9	872.4	872.4	890.7	890.7	909.8	909.8
8	General Fund financing costs (% of net revenues)	30.0%	30.0%	29.8%	28.7%	28.1%	26.1%	29.9%	27.8%
9	General Fund financing costs (% of gross revenues)	23.0%	22.7%	22.6%	22.7%	21.2%	21.5%	22.5%	22.5%

Note

- 4
- Other long term liabilities include PFI, finance lease liabilities, and transferred debt liabilities.
- 6
- Financing costs include interest and MRP (in the General Fund), for loan debt, transferred debt, PFI and finance leases.
- 8
- This indicator includes the revenue cost of borrowing and other finance, including borrowing for the Enterprise Zone and other self-supported borrowing.
- 9
- This is a local indicator measuring finance costs against relevant gross income including revenues from sales, fees, charges and rents, which are available to support borrowing costs.

PRUDENTIAL INDICATORS

Annex 6.4d

TREASURY MANAGEMENT		20/21	20/21	21/22	21/22	22/23	22/23	23/24	23/24
		Indicators	Forecast	Indicators	Forecast	Indicators	Forecast	Indicators	Forecast
1	General Fund impact of an unbudgeted 1% rise in interest rates	£3.8m	£4.5m	£4.1m	£5.9m	£4.2m	£4.1m	£4.0m	£2.6m
2	Variable rate exposures vs upper limit 30%	19%	19%	22%	22%	23%	20%	21%	19%
Maturity structure of borrowing		Limit	Forecast	Limit	Forecast	Limit	Forecast	Limit	Forecast
(lower limit and upper limit)			Year End		Year End		Year End		Year End
3	under 12 months	0% to 30%	18%	0% to 30%	22%	0% to 30%	18%	0% to 30%	16%
4	12 months to within 24 months	0% to 30%	2%	0% to 30%	1%	0% to 30%	2%	0% to 30%	2%
5	24 months to within 5 years	0% to 30%	4%	0% to 30%	5%	0% to 30%	7%	0% to 30%	9%
6	5 years to within 10 years	0% to 30%	16%	0% to 30%	16%	0% to 30%	14%	0% to 30%	16%
7	10 years to within 20 years	5% to 40%	20%	5% to 40%	20%	5% to 40%	21%	5% to 40%	20%
8	20 years to within 40 years	10% to 60%	36%	10% to 60%	34%	10% to 60%	35%	10% to 60%	36%
9	40 years and above	0% to 40%	4%	0% to 40%	2%	0% to 40%	2%	0% to 40%	2%
Investments longer than 364 days									
upper limit on amounts maturing in:									
		Limit	Forecast	Limit	Forecast	Limit	Forecast	Limit	Forecast
10	1-2 years	400	0	400	0	400	0	400	0
11	2-3 years	100	0	100	0	100	0	100	0
12	3-5 years	100	0	100	0	100	0	100	0
13	later	0	0	0	0	0	0	0	0

Note

- 1
- Based on year end debt borrowing less investments, with less than one year to maturity.
- 2-9
- These indicators assume that LOBO loan options are exercised at the earliest possibility, and are calculated as a % of net loan debt.
- 2
- The limit on variable rate exposures is a local indicator.

## Overview

Annex No	Description
7a	Overview
7b	Capital Monitoring Summary
7c	Capital Budget Movements
7d	Capital Budget Movements Commentary
7e	Capital Forecast Variations
7f	Capital Forecast Variations Commentary
7g	Prudential Borrowing - Additions or Reductions Quarter 2
7h	Capital Expenditure 10-year+ Plan

This report takes each Directorate in turn, in the format;  
a) capital budget changes  
b) forecast variations from budget  
c) commentary on major risks/issues

The capital budget is a resource and expenditure planning to proceed. Individual approvals are sought through Business Case reports under the Gateway process.

## Capital Monitoring Summary

Annex 7b

### Expenditure

	2020/21 £m	2021/22 £m	2022/23 £m	Later Years £m	Total Plan £m
Quarter 1 Approved Budget	849.540	502.959	363.974	1,593.248	3,309.721
Slippage/(Acceleration) - Quarter 2	0.128	0.000	(0.128)	0.000	0.000
New Resources / (Reductions) & Rephasing Quarter 2	7.481	0.748	(42.222)	42.320	8.326
<b>Budget Quarter 2</b>	<b>857.149</b>	<b>503.706</b>	<b>321.624</b>	<b>1,635.568</b>	<b>3,318.047</b>
Forecast Slippage Quarter 2	(127.225)	62.041	34.384	30.800	0.000
Forecast Overspend / (Underspend) Quarter 2	(6.675)	(16.159)	13.920	(18.825)	(27.739)
<b>Forecast Outturn at Quarter 2</b>	<b>723.248</b>	<b>549.589</b>	<b>369.928</b>	<b>1,647.543</b>	<b>3,290.308</b>

### Resources

#### **Use of Specific Resources:**

Grants & Contributions	227.440	164.557	73.004	88.882	553.883
Earmarked Capital Receipts - RTB & Revenue Reform	60.391	58.622	68.517	167.159	354.690
Revenue Contributions - Departmental	28.954	24.329	10.597	27.114	90.995
Revenue Contributions - HRA	54.747	62.623	68.521	539.600	725.491

#### **Use of Corporate or General Resources:**

Corporate Resources	23.439	1.756	0.434	0.000	25.628
Prudential Borrowing	328.277	237.701	148.856	824.788	1,539.621

#### **Forecast Use of Resources**

<b>723.248</b>	<b>549.588</b>	<b>369.928</b>	<b>1,647.543</b>	<b>3,290.309</b>
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				Budget Movements			
				Current Year		All Years	
Ref.	Quarter 1 Budget £m	Quarter 2 Budget £m	Change £m	Quarter 1 Budget £m	Quarter 2 Budget £m	Change £m	
<b>ADULT SOCIAL CARE DIRECTORATE</b>							
<b>Adult Care &amp; Health</b>							
Property Schemes	0.364	0.364	0.000	0.364	0.364	0.000	
Adults IT	0.981	0.981	0.000	0.981	0.981	0.000	
Improvements To Social Care Delivery	0.000	0.000	0.000	0.000	0.000	0.000	
Independent Living	11.406	11.406	0.000	16.906	16.906	0.000	
<b>Total Adult Social Care Directorate</b>	<b>12.751</b>	<b>12.751</b>	<b>0.000</b>	<b>18.251</b>	<b>18.251</b>	<b>0.000</b>	
<b>EDUCATION AND SKILLS DIRECTORATE</b>							
<b>Education &amp; Early Years</b>							
Devolved Capital Allocation to Schools	3.861	3.861	0.000	5.475	5.475	0.000	
ES1 School Condition Allocations	17.811	13.021	(4.790)	30.811	26.021	(4.790)	
ES2 Basic Need - Additional School Places	45.238	53.713	8.475	66.352	75.556	9.204	
Other Minor Schemes - Schools	0.013	0.013	0.000	0.013	0.013	0.000	
EarlyYrs&Childcare	0.136	0.136	0.000	0.136	0.136	0.000	
IT Investment	0.576	0.576	0.000	1.776	1.776	0.000	
S106 Woodlinton Road	0.000	0.000	0.000	0.000	0.000	0.000	
<b>Total Education &amp; Early Years</b>	<b>67.635</b>	<b>71.320</b>	<b>3.685</b>	<b>104.563</b>	<b>108.977</b>	<b>4.414</b>	
<b>Skills &amp; Employability</b>							
Adult Ed & Youth	(0.128)	0.000	0.128	0.713	0.713	0.000	
Birmingham Libraries	0.194	0.194	0.000	4.231	4.231	0.000	
<b>Total Skills &amp; Employability</b>	<b>0.066</b>	<b>0.194</b>	<b>0.128</b>	<b>4.944</b>	<b>4.944</b>	<b>0.000</b>	
<b>Total Education and Skills Directorate</b>	<b>67.701</b>	<b>71.514</b>	<b>3.813</b>	<b>109.507</b>	<b>113.922</b>	<b>4.414</b>	
<b>NEIGHBOURHOODS DIRECTORATE</b>							
<b>Street Scene</b>							
Waste Management Services	26.474	26.474	0.000	80.204	80.204	(0.000)	
Parks & Nature Conservation	11.335	11.869	0.534	14.412	14.954	0.542	
<b>Total Street Scene</b>	<b>37.809</b>	<b>38.343</b>	<b>0.534</b>	<b>94.616</b>	<b>95.158</b>	<b>0.542</b>	
<b>Housing Services</b>							
Housing Options Service	0.064	0.064	0.000	2.384	2.384	0.000	
Private Sector Housing	0.979	0.979	0.000	1.789	1.789	0.000	
<b>Housing Revenue Account</b>							
Housing Improvement Programme	73.562	73.562	0.000	620.352	620.352	0.000	
Redevelopment	30.662	30.662	0.000	473.320	473.320	0.000	
Other Programmes	10.695	10.695	0.000	92.079	92.079	0.000	
<b>Total Housing Revenue Account</b>	<b>114.919</b>	<b>114.919</b>	<b>0.000</b>	<b>1,185.751</b>	<b>1,185.751</b>	<b>0.000</b>	
<b>Total Housing Services</b>	<b>115.962</b>	<b>115.962</b>	<b>0.000</b>	<b>1,189.924</b>	<b>1,189.924</b>	<b>0.000</b>	
<b>Neighbourhoods</b>							
Community, Sport & Events	1.106	1.106	0.000	3.606	3.606	0.000	
Neighbourhoods	0.000	0.030	0.030	0.000	0.030	0.030	
Cultural Development	0.611	0.611	0.000	3.861	3.861	0.000	
<b>Total Neighbourhoods</b>	<b>1.717</b>	<b>1.747</b>	<b>0.030</b>	<b>7.467</b>	<b>7.497</b>	<b>0.030</b>	
<b>Regulation &amp; Enforcement</b>							
Bereavement	0.249	0.249	0.000	0.249	0.249	0.000	
Markets Services	0.300	0.300	0.000	1.059	1.059	0.000	
Environmental Health	0.000	0.000	0.000	0.000	0.000	0.000	
Mortuary/Coroners	2.734	2.734	0.000	2.734	2.734	0.000	
Illegal Money Lending	0.000	0.000	0.000	0.000	0.000	0.000	
<b>Total Regulation &amp; Enforcement</b>	<b>3.282</b>	<b>3.282</b>	<b>0.000</b>	<b>4.041</b>	<b>4.041</b>	<b>0.000</b>	
<b>Total Neighbourhoods Directorate</b>	<b>158.769</b>	<b>159.334</b>	<b>0.565</b>	<b>1,296.048</b>	<b>1,296.620</b>	<b>0.572</b>	
<b>INCLUSIVE GROWTH DIRECTORATE</b>							
<b>Planning &amp; Development</b>							
<b>Major Projects</b>							
Enterprise Zone - Paradise Circus	28.123	28.123	0.000	42.957	42.957	0.000	
Enterprise Zone - Eastside Locks	0.000	0.000	0.000	2.500	2.500	0.000	
Enterprise Zone - Connecting Economic Opportunities	0.293	0.293	0.000	139.450	139.450	0.000	
Enterprise Zone - Smithfield	0.031	0.031	0.000	150.031	150.031	0.000	
Enterprise Zone - Southside Public Realm	2.442	2.442	0.000	9.037	9.037	0.000	
Enterprise Zone - LEP Investment Fund	0.000	0.000	0.000	20.000	20.000	0.000	
Enterprise Zone - HS2-Interchange Site	0.000	0.000	0.000	20.000	20.000	0.000	
EZ Phase II - HS2 Station Environment	1.210	1.210	0.000	58.506	58.506	0.000	
EZ Phase II - HS2 Site Enabling	0.000	0.000	0.000	101.500	101.500	0.000	
EZ Phase II - Local Transport Improvements	0.000	0.000	0.000	104.800	104.800	0.000	
EZ Phase II - Metro Extension to E Bham/Solihull	0.000	0.000	0.000	183.300	183.300	0.000	
EZ Phase II - Social Infrastructure	0.000	0.000	0.000	0.000	0.000	0.000	
EZ Capitalised Interest	1.160	1.160	0.000	22.667	22.667	0.000	
Jewellery Quarter Cemetary	0.472	0.472	0.000	0.472	0.472	0.000	
Unlocking Housing Sites	3.459	3.459	0.000	3.459	3.459	0.000	
Life Sciences	0.973	0.973	0.000	0.973	0.973	0.000	
Other	0.000	0.000	0.000	0.000	0.000	0.000	
<b>Total Major Projects</b>	<b>38.163</b>	<b>38.163</b>	<b>0.000</b>	<b>859.652</b>	<b>859.652</b>	<b>0.000</b>	

		Budget Movements					
		Current Year			All Years		
Ref.		Quarter 1 Budget £m	Quarter 2 Budget £m	Change £m	Quarter 1 Budget £m	Quarter 2 Budget £m	Change £m
ERDF		2.973	2.973	0.000	4.930	4.930	0.000
Public Realm		1.091	1.091	0.000	1.091	1.091	0.000
Infrastructure/Site Enabling Programme		0.014	0.014	0.000	0.249	0.249	0.000
Grants/Loans Programme		1.000	1.000	0.000	1.000	1.000	0.000
Total Planning & Development		43.242	43.242	0.000	866.922	866.922	0.000
<u>Housing Development</u>							
In Reach		1.218	1.218	0.000	7.900	7.900	0.000
CWG-Sale To In Reach		0.000	0.000	0.000	0.000	0.000	0.000
Total Housing Development		1.218	1.218	0.000	7.900	7.900	0.000
<u>Transport Connectivity</u>							
<u>Major Schemes</u>							
Ashted Circus		0.199	0.199	0.000	0.199	0.199	0.000
Metro Extension		0.094	0.100	0.006	4.568	4.574	0.006
Iron Lane		4.990	4.990	(0.000)	5.977	5.977	(0.000)
Minworth Unlocking		0.000	0.000	(0.000)	0.000	0.000	(0.000)
Battery Way Extension		0.322	0.303	(0.019)	0.322	0.303	(0.019)
Longbridge Connectivity		0.303	0.322	0.019	0.303	0.322	0.019
A457 Dudley Road		5.839	5.839	(0.000)	27.932	27.932	(0.000)
Journey Reliability		0.705	0.705	(0.000)	0.705	0.705	(0.000)
Tame Valley Phase 2 & 3		4.544	4.544	(0.000)	87.093	87.093	(0.000)
Selly Oak New Road Phase 1B		3.278	3.278	0.000	3.278	3.278	0.000
Wharfdale Bridge		2.683	2.683	0.000	2.683	2.683	0.000
Snow Hill Station		5.884	5.884	(0.000)	6.810	6.810	(0.000)
Other (Major Schemes)		3.385	3.385	0.000	4.135	4.135	0.000
Total Major Schemes		32.225	32.232	0.007	144.004	144.011	0.007
Inclusive & Sustainable Growth		13.596	13.692	0.096	30.964	31.560	0.596
Walking & Cycling		4.483	4.223	(0.260)	7.574	7.314	(0.260)
Local Measure		0.000	0.000	0.000	0.000	0.000	0.000
Infrastructure Dev		1.150	1.203	0.053	1.785	2.216	0.431
Transportation & Highways Funding Strategy		0.000	0.000	0.000	15.138	14.280	(0.858)
Air Quality & Climate		52.154	52.154	0.000	53.464	53.464	(0.000)
Emergency Active Travel Fund	IG1	0.000	1.467	1.467	0.000	1.467	1.467
Section 278/S106		0.007	0.016	0.009	0.007	0.016	0.009
Total Transport Connectivity		103.614	104.987	1.373	252.936	254.328	1.392
<u>Highways Infrastructure</u>							
Safer Routes to Schools		0.339	0.339	(0.000)	1.839	1.839	(0.000)
Network Integrity and Efficiency		1.523	1.657	0.134	3.935	4.157	0.222
S106 & S278 Schemes		0.019	0.126	0.107	0.019	0.126	0.107
Road Safety		0.991	0.991	0.000	3.616	3.616	0.000
District Schemes		0.591	0.712	0.121	0.591	0.712	0.121
Total Highways Infrastructure		3.463	3.825	0.362	10.000	10.450	0.450
<u>Property Services</u>							
Attwood Green Parks		0.059	0.059	0.000	0.059	0.059	0.000
AttwoodGreen-Holloway Head Playing Field		0.015	0.015	0.000	0.015	0.015	0.000
Attwood Green-Woodview Community Centre		0.090	0.090	0.000	0.090	0.090	0.000
Council House Major Works		0.000	0.000	0.000	0.000	0.000	0.000
Bham Crisis Centre-Nursery Extenson		0.001	0.001	0.000	0.001	0.001	0.000
Lee Bank Business Centre		0.000	0.000	0.000	0.000	0.000	0.000
Highbury Hall Essential Works		0.701	0.701	0.000	2.419	2.419	0.000
Property Strategy		62.958	62.958	0.000	64.458	64.458	0.000
Total Property Services		63.823	63.823	0.000	67.041	67.041	0.000
Total Inclusive Growth Directorate		215.360	217.095	1.735	1,204.799	1,206.640	1.841
<u>DIGITAL &amp; CUSTOMER SERVICES DIRECTORATE</u>							
ICT & Digital		10.280	10.280	0.000	16.761	16.761	0.000
Total Digital & Customer Services Directorate		10.280	10.280	0.000	16.761	16.761	0.000
<u>FINANCE &amp; GOVERNANCE DIRECTORATE</u>							
<u>Development &amp; Commercial</u>							
Gateway/Grand Central Residual Costs		5.233	5.233	0.000	18.347	18.347	0.000
Capital Loans & Equity	FG1	0.491	1.991	1.500	2.483	3.983	1.500
Total Development & Commercial		5.724	7.224	1.500	20.830	22.330	1.500
<u>Corporately Held Funds</u>							
Revenue Reform Projects		5.234	5.234	0.000	5.234	5.234	0.000
Corporate Capital Contingency		27.413	27.413	0.000	91.288	91.288	0.000
Total Corporately Held Funds		32.647	32.647	0.000	96.522	96.522	0.000
SAP Investments		0.492	0.492	0.000	3.733	3.733	0.000

Ref.	Budget Movements					
	Current Year			All Years		
	Quarter 1 Budget £m	Quarter 2 Budget £m	Change £m	Quarter 1 Budget £m	Quarter 2 Budget £m	Change £m
<b>Total Finance &amp; Governance Directorate</b>	<b>38.863</b>	<b>40.363</b>	<b>1.500</b>	<b>121.084</b>	<b>122.585</b>	<b>1.500</b>
<b>ASSISTANT CHIEF EXECUTIVE DIRECTORATE</b>						
Public Health	0.250	0.250	0.000	0.250	0.250	0.000
<b>Total Assistant Chief Executive Directorate</b>	<b>0.250</b>	<b>0.250</b>	<b>0.000</b>	<b>0.250</b>	<b>0.250</b>	<b>0.000</b>
<b>COMMONWEALTH GAMES 2022</b>						
CWG Village	279.987	279.987	0.000	410.701	410.701	0.000
CWG Alexander Stadium	37.134	37.134	0.000	65.832	65.832	0.000
CWG Organising Cttee	28.445	28.445	0.000	66.488	66.488	0.000
<b>Total Commonwealth Games 2022</b>	<b>345.566</b>	<b>345.566</b>	<b>0.000</b>	<b>543.021</b>	<b>543.021</b>	<b>0.000</b>
<b>Total Capital Programme</b>	<b>849.540</b>	<b>857.152</b>	<b>7.613</b>	<b>3,309.721</b>	<b>3,318.050</b>	<b>8.329</b>

**ADULT SOCIAL CARE DIRECTORATE**

Ref.	Project/Programme	Comments	2020/21 Increase (Decrease) £m	All Years Increase /(Decrease) £m
	NIL			

**EDUCATION AND SKILLS DIRECTORATE**

Ref.	Project/Programme	Comments	2020/21 Increase (Decrease) £m	All Years Increase /(Decrease) £m
ES1	School Condition Allocations	20/21 (£4.790m) reflects swap of School Condition Allocation budget to Basic Need (as per Skills Cabinet Report). All Years is (£4.790m) and (£4.414m) swap of SCA to Basic Needs as per Skills FBC, plus £4.414m additional funding from DfE.	(4.790)	(4.790)
ES2	Basic Need - Additional School Places	20/21 £8.475m reflects re-phasing from 21/22 of £1.108m Waverley Secondary and £2.577m Kings Heath Boys as per Cabinet Reports, plus swap of £4.790m from School Condition Allocation (SCA) to Basic Need re: Skills. All Years is £4.790m and £4.414m swap from SCA .	8.475	9.204

**NEIGHBOURHOODS DIRECTORATE**

Ref.	Project/Programme	Comments	2020/21 Increase (Decrease) £m	All Years Increase /(Decrease) £m
N1	Redevelopment	BMHT 2020/21 forecast £26.001m - The construction industry is gradually going back to work, including development work across BMHT schemes, with social distancing measures in place. Developers are therefore picking up tools on construction work which had previously stalled but with a reduced workforce. We anticipate a low momentum gradually picking up pace. This situation will need to be closely monitored as this has affected both public and private sector confidence on projects, and it is important that we keep up to date on Government advice as events develop and demand for housing continues to rise. The issue of Brexit is still an unknown, and we are taking advice and listening to the market. The focus on Covid and economic recovery casts greater uncertainty on the impact of Brexit particularly if there is a no deal exit, particularly with regard to the supply and import of materials and labour. The Clearance Programme is currently projecting a forecast spend of £4.661m in 2020/21. There is potential slippage within the Acquisitions programme due to delays in negotiations with owner occupiers, because of Covid 19 and the demolition of Heather House is now likely to take place in 2021/22, as it is currently being used for Temporary Accommodation. The financial impacts of these and other schemes are currently under review.	0.000	0.000

**INCLUSIVE GROWTH DIRECTORATE**

Ref.	Project/Programme	Comments	2020/21 Increase (Decrease) £m	All Years Increase /(Decrease) £m
IG1	Emergency Active Travel Fund	The £1.467m increase in budget relates to the Emergency Active Travel Fund, which DfT initiative to support active travel to help the country emerge from the coronavirus crisis, the funding will enable the City Council to carry out emergency interventions to make cycling and walking safer. The City Council will receive receive grant funding in two tranches, the capital element of first tranche grant recieved is £0.842m, the remaining £0.125m is funding from existing resources within the capital programme. The report was approved by Cabinet on 23/06/2020.	1.467	1.467

**Capital Monitoring Quarter 2 2020/21 - Budget Movements****Annex 7d****Commentary****DIGITAL & CUSTOMER SERVICES DIRECTORATE**

Ref.	Project/Programme	Comments	2020/21 Increase (Decrease) £m	All Years Increase /(Decrease) £m
	NIL			

**FINANCE & GOVERNANCE DIRECTORATE**

Ref.	Project/Programme	Comments	2020/21 Increase (Decrease) £m	All Years Increase /(Decrease) £m
FG1	Capital Loans & Equity	Purchase of Acivico Shares as approved in April 2020	1.500	1.500

**COMMONWEALTH GAMES 2022**

Ref.	Project/Programme	Comments	2020/21 Increase (Decrease) £m	All Years Increase /(Decrease) £m
	NIL			

Forecast Variations											
Ref.	Current Year						All Years				
	Quarter 2 Budget £m	Current Actuals £m	Forecast £m	Variation £m	Quarter 1 Variation £m	Change £m	Quarter 2 Budget £m	Forecast £m	Variation £m	Quarter 1 Variation £m	Change £m
<b>ADULT SOCIAL CARE DIRECTORATE</b>											
<b>Adult Care &amp; Health</b>											
Property Schemes	0.364	(0.013)	0.364	0.000	0.000	0.000	0.364	0.364	0.000	0.000	0.000
Adults IT	0.981	0.247	0.981	0.000	0.000	0.000	0.981	0.981	0.000	0.000	0.000
Improvements To Social Care Delivery	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Independent Living	11.406	1.825	11.406	0.000	0.000	0.000	16.906	16.906	0.000	0.000	0.000
<b>Total Adult Social Care Directorate</b>	<b>12.751</b>	<b>2.059</b>	<b>12.751</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>18.251</b>	<b>18.251</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>EDUCATION AND SKILLS DIRECTORATE</b>											
<b>Education &amp; Early Years</b>											
Devolved Capital Allocation to Schools	3.861	0.404	3.861	0.000	0.000	0.000	5.475	5.475	0.000	0.000	0.000
School Condition Allocations	13.021	3.088	13.021	0.000	0.000	0.000	26.021	26.021	0.000	0.000	0.000
Basic Need - Additional School Places	53.713	26.768	53.713	0.000	0.000	0.000	75.556	75.556	0.000	0.000	0.000
Other Minor Schemes - Schools	0.013	0.000	0.013	0.000	0.000	0.000	0.013	0.013	0.000	0.000	0.000
EarlyYrs&Childcare	0.136	0.024	0.136	0.000	0.000	0.000	0.136	0.136	0.000	0.000	0.000
IT Investment	0.576	0.011	0.576	0.000	0.000	0.000	1.776	1.776	0.000	0.000	0.000
S106 Woodlinton Road	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Education &amp; Early Years</b>	<b>71.320</b>	<b>30.295</b>	<b>71.320</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>108.977</b>	<b>108.977</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Skills &amp; Employability</b>											
Adult Ed & Youth	0.000	0.000	0.000	0.000	0.000	0.000	0.713	0.713	0.000	0.000	0.000
Birmingham Libraries	0.194	0.080	0.194	0.000	0.000	0.000	4.231	4.231	0.000	0.000	0.000
<b>Total Skills &amp; Employability</b>	<b>0.194</b>	<b>0.080</b>	<b>0.194</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>4.944</b>	<b>4.944</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Total Education and Skills Directorate</b>	<b>71.514</b>	<b>30.375</b>	<b>71.514</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>113.922</b>	<b>113.922</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>NEIGHBOURHOODS DIRECTORATE</b>											
<b>Street Scene</b>											
Waste Management Services	N1	26.474	(0.080)	17.315	(9.159)	0.000	(9.159)	80.204	80.204	0.000	0.000
Parks & Nature Conservation	N2	11.869	0.772	4.934	(6.935)	0.000	(6.935)	14.954	14.954	0.000	0.000
<b>Total Street Scene</b>		<b>38.343</b>	<b>0.692</b>	<b>22.249</b>	<b>(16.094)</b>	<b>0.000</b>	<b>(16.094)</b>	<b>95.158</b>	<b>95.158</b>	<b>0.000</b>	<b>0.000</b>
<b>Housing Services</b>											
Housing Options Service		0.064	0.007	0.064	0.000	0.000	0.000	2.384	2.384	0.000	0.000
Private Sector Housing		0.979	0.191	0.979	(0.000)	0.000	(0.000)	1.789	1.789	0.000	0.000
<b>Housing Revenue Account</b>											
Housing Improvement Programme		73.562	28.486	73.562	0.000	0.000	0.000	620.352	620.352	0.000	0.000
Redevelopment	N3	30.662	6.800	28.252	(2.410)	0.000	(2.410)	473.320	473.320	0.000	0.000
Other Programmes	N4	10.695	0.782	7.682	(3.013)	(0.472)	(2.541)	92.079	84.447	(7.632)	0.000
<b>Total Housing Revenue Account</b>		<b>114.919</b>	<b>36.068</b>	<b>109.496</b>	<b>(5.423)</b>	<b>(0.472)</b>	<b>(4.951)</b>	<b>1,185.751</b>	<b>1,178.119</b>	<b>(7.632)</b>	<b>0.000</b>
<b>Total Housing Services</b>		<b>115.962</b>	<b>36.266</b>	<b>110.539</b>	<b>(5.423)</b>	<b>(0.472)</b>	<b>(4.951)</b>	<b>1,189.924</b>	<b>1,182.292</b>	<b>(7.632)</b>	<b>0.000</b>
<b>Neighbourhoods</b>											
Community, Sport & Events		1.106	0.186	1.106	0.000	0.000	0.000	3.606	3.606	0.000	0.000
Neighbourhoods		0.030	0.004	0.030	0.000	0.000	0.000	0.030	0.030	0.000	0.000
Cultural Development		0.611	0.003	0.611	0.000	0.000	0.000	3.861	3.861	0.000	0.000
<b>Total Neighbourhoods</b>		<b>1.747</b>	<b>0.193</b>	<b>1.747</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>7.497</b>	<b>7.497</b>	<b>0.000</b>	<b>0.000</b>
<b>Regulation &amp; Enforcement</b>											
Bereavement		0.249	0.000	0.249	0.000	0.000	0.000	0.249	0.249	0.000	0.000
Markets Services		0.300	0.118	0.300	0.000	0.000	0.000	1.059	1.059	0.000	0.000
Mortuary/Coroners		2.734	1.475	2.734	0.000	0.000	0.000	2.734	2.734	0.000	0.000
<b>Total Regulation &amp; Enforcement</b>		<b>3.282</b>	<b>1.594</b>	<b>3.282</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>4.041</b>	<b>4.041</b>	<b>0.000</b>	<b>0.000</b>
<b>Total Neighbourhoods Directorate</b>		<b>159.334</b>	<b>38.744</b>	<b>137.817</b>	<b>(21.518)</b>	<b>(0.472)</b>	<b>(21.046)</b>	<b>1,296.620</b>	<b>1,288.988</b>	<b>(7.632)</b>	<b>0.000</b>

Forecast Variations											
Ref.	Current Year						All Years				
	Quarter 2 Budget £m	Current Actuals £m	Forecast £m	Variation £m	Quarter 1 Variation £m	Change £m	Quarter 2 Budget £m	Forecast £m	Variation £m	Quarter 1 Variation £m	Change £m
<b>INCLUSIVE GROWTH DIRECTORATE</b>											
<b>Planning &amp; Development</b>											
<b>Major Projects</b>											
Enterprise Zone - Paradise Circus	28.123	6.735	28.123	(0.000)	(0.000)	0.000	42.957	42.957	0.000	0.000	0.000
Enterprise Zone - Eastside Locks	0.000	0.000	0.000	0.000	0.000	0.000	2.500	2.500	0.000	0.000	0.000
Enterprise Zone - Connecting Economic Opportunities	0.293	0.000	0.293	0.001	0.001	0.000	139.450	139.499	0.049	0.000	0.049
Enterprise Zone - Smithfield	0.031	0.000	0.031	(0.000)	(0.000)	0.000	150.031	150.031	0.000	0.000	0.000
Enterprise Zone - Southside Public Realm	2.442	0.308	2.442	(0.000)	(0.000)	0.000	9.037	9.037	0.000	0.000	0.000
Enterprise Zone - LEP Investment Fund	0.000	0.000	0.000	0.000	0.000	0.000	20.000	20.000	0.000	0.000	0.000
Enterprise Zone - HS2-Interchange Site	0.000	0.000	0.000	0.000	0.000	0.000	20.000	20.000	0.000	0.000	0.000
EZ Phase II - HS2 Station Environment	1.210	0.005	1.210	(0.000)	(0.000)	0.000	58.506	58.506	0.000	0.000	0.000
EZ Phase II - HS2 Site Enabling	0.000	0.000	0.000	0.000	0.000	0.000	101.500	101.500	0.000	0.000	0.000
EZ Phase II - Local Transport Improvements	0.000	0.000	0.000	0.000	0.000	0.000	104.800	104.800	0.000	0.000	0.000
EZ Phase II - Metro Extension to E Bham/Solihull	0.000	0.000	0.000	0.000	0.000	0.000	183.300	183.300	0.000	0.000	0.000
EZ Capitalised Interest	1.160	0.000	1.160	0.000	0.000	0.000	22.667	22.667	0.000	0.000	0.000
Jewellery Quarter Cemetery	0.472	0.384	0.472	0.000	0.000	0.000	0.472	0.472	0.000	0.000	0.000
Unlocking Housing Sites	3.459	0.550	3.459	0.000	0.000	0.000	3.459	3.459	0.000	0.000	0.000
Life Sciences	0.973	0.002	0.108	(0.865)	(0.865)	0.000	0.973	0.973	0.000	0.000	0.000
Other	0.000	0.238	1.383	1.383	0.000	1.383	0.000	2.708	2.708	0.000	2.708
<b>Total Major Projects</b>	<b>38.163</b>	<b>8.222</b>	<b>38.681</b>	<b>0.518</b>	<b>(0.865)</b>	<b>1.383</b>	<b>859.652</b>	<b>862.409</b>	<b>2.757</b>	<b>0.000</b>	<b>2.757</b>
<b>ERDF</b>	<b>2.973</b>	<b>0.664</b>	<b>2.973</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>4.930</b>	<b>4.930</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Public Realm</b>	<b>1.091</b>	<b>0.225</b>	<b>1.091</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>1.091</b>	<b>1.091</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Infrastructure/Site Enabling Programme</b>	<b>0.014</b>	<b>0.000</b>	<b>0.014</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.249</b>	<b>0.249</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Grants/Loans Programme</b>	<b>1.000</b>	<b>0.000</b>	<b>1.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>1.000</b>	<b>1.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Total Planning &amp; Development</b>	<b>43.242</b>	<b>9.111</b>	<b>43.760</b>	<b>0.518</b>	<b>(0.865)</b>	<b>1.383</b>	<b>866.922</b>	<b>869.679</b>	<b>2.757</b>	<b>0.000</b>	<b>2.757</b>
<b>Housing Development</b>											
In Reach	1.218	0.000	1.218	(0.000)	(0.000)	0.000	7.900	7.900	0.000	0.000	0.000
CWG-Sale To In Reach	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
<b>Total Housing Development</b>	<b>1.218</b>	<b>0.000</b>	<b>1.218</b>	<b>(0.000)</b>	<b>(0.000)</b>	<b>0.000</b>	<b>7.900</b>	<b>7.900</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Transport Connectivity</b>											
<b>Major Schemes</b>											
Ashted Circus	0.199	0.015	0.150	(0.049)	0.000	(0.049)	0.199	0.150	(0.049)	0.000	(0.049)
Metro Extension	0.100	0.066	0.100	0.000	0.000	0.000	4.574	4.574	0.000	0.000	0.000
Iron Lane	4.990	1.028	4.990	0.000	0.000	0.000	5.977	6.377	0.400	0.000	0.400
Minworth Unlocking	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Battery Way Extension	0.303	0.066	0.322	0.019	0.000	0.019	0.303	0.322	0.019	0.000	0.019
Longbridge Connectivity	0.322	0.052	0.303	(0.019)	0.000	(0.019)	0.322	0.303	(0.019)	0.000	(0.019)
A457 Dudley Road	5.839	0.700	3.500	(2.339)	0.000	(2.339)	27.932	27.932	0.000	0.000	0.000
Journey Reliability	0.705	0.016	0.835	0.130	0.000	0.130	0.705	0.835	0.130	0.000	0.130
Tame Valley Phase 2 & 3	4.544	0.163	1.525	(3.019)	(2.768)	(0.251)	87.093	87.093	0.000	0.000	0.000
Selly Oak New Road Phase 1B	3.278	1.037	3.278	0.000	0.000	0.000	3.278	3.478	0.200	0.000	0.200
Wharfdale Bridge	2.683	0.000	0.100	(2.583)	(2.583)	0.000	2.683	2.683	0.000	0.000	0.000
Snow Hill Station	5.884	0.575	2.500	(3.384)	(2.384)	(1.000)	6.810	6.810	0.000	0.000	0.000
Other (Major Schemes)	3.385	0.288	2.235	(1.150)	0.000	(1.150)	4.135	4.141	0.006	0.000	0.006
<b>Total Major Schemes</b>	<b>32.232</b>	<b>4.006</b>	<b>19.838</b>	<b>(12.394)</b>	<b>(7.735)</b>	<b>(4.659)</b>	<b>144.011</b>	<b>144.698</b>	<b>0.687</b>	<b>0.000</b>	<b>0.687</b>
<b>Inclusive &amp; Sustainable Growth</b>											
Walking & Cycling	4.223	1.162	3.084	(1.139)	0.000	(1.139)	7.314	7.314	0.000	0.000	0.000
Local Measure	0.000	(0.006)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Infrastructure Dev	1.203	0.297	1.203	0.000	0.000	0.000	2.216	2.216	0.000	0.000	0.000
Transportation & highways Funding Strat	0.000	0.000	0.000	0.000	0.000	0.000	14.280	14.280	0.000	0.000	0.000

Forecast Variations											
Ref.	Current Year						All Years				
	Quarter 2 Budget £m	Current Actuals £m	Forecast £m	Variation £m	Quarter 1 Variation £m	Change £m	Quarter 2 Budget £m	Forecast £m	Variation £m	Quarter 1 Variation £m	Change £m
Air Quality & Climate	52.154	1.433	24.917	(27.237)	(30.343)	3.106	53.464	53.464	0.000	0.000	0.000
Emergency Active Travel Fund	1.467	0.036	1.467	0.000	0.000	0.000	1.467	1.467	0.000	0.000	0.000
Section 278/S106	0.016	0.087	0.024	0.008	0.000	0.008	0.016	0.024	0.008	0.000	0.008
<b>Total Transport Connectivity</b>	<b>104.987</b>	<b>7.837</b>	<b>54.924</b>	<b>(50.063)</b>	<b>(45.137)</b>	<b>(4.926)</b>	<b>254.328</b>	<b>255.033</b>	<b>0.705</b>	<b>0.000</b>	<b>0.705</b>
<b>Highways Infrastructure</b>											
Safer Routes to Schools	0.339	0.012	0.339	0.000	0.000	0.000	1.839	1.839	0.000	(0.225)	0.225
Network Integrity and Efficiency	1.657	0.346	1.657	0.000	0.000	0.000	4.157	4.157	0.000	0.088	(0.088)
S106 & S278 Schemes	0.126	0.002	0.126	0.000	0.000	0.000	0.126	0.126	0.000	(0.000)	0.000
Road Safety	0.991	0.188	0.991	(0.000)	0.000	(0.000)	3.616	3.616	0.000	0.225	(0.225)
District Schemes	0.712	0.006	0.712	0.000	0.000	0.000	0.712	0.712	0.000	0.000	0.000
<b>Total Highways Infrastructure</b>	<b>3.825</b>	<b>0.554</b>	<b>3.825</b>	<b>(0.000)</b>	<b>0.000</b>	<b>(0.000)</b>	<b>10.450</b>	<b>10.450</b>	<b>0.001</b>	<b>0.087</b>	<b>(0.086)</b>
<b>Property Services</b>											
Attwood Green Parks	0.059	0.000	0.059	0.000	0.000	0.000	0.059	0.059	0.000	0.000	0.000
AttwoodGreen-Holloway Head Playing Field	0.015	0.000	0.015	0.000	0.000	0.000	0.015	0.015	0.000	0.000	0.000
Attwood Green-Woodview Community Centre	0.090	0.000	0.090	0.000	0.000	0.000	0.090	0.090	0.000	0.000	0.000
Council House Major Works	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Bham Crisis Centre-Nursery Extension	0.001	0.001	0.001	0.000	0.000	0.000	0.001	0.001	0.000	0.000	0.000
Lee Bank Business Centre	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Highbury Hall Essential Works	0.701	0.303	0.701	0.000	0.000	0.000	2.419	2.419	0.000	0.000	0.000
Property Strategy	62.958	0.000	10.500	(52.458)	(52.458)	0.000	64.458	64.458	0.000	0.000	0.000
<b>Total Property Services</b>	<b>63.823</b>	<b>0.304</b>	<b>11.365</b>	<b>(52.458)</b>	<b>(52.458)</b>	<b>0.000</b>	<b>67.041</b>	<b>67.041</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Total Inclusive Growth Directorate</b>	<b>217.095</b>	<b>17.806</b>	<b>115.091</b>	<b>(102.004)</b>	<b>(98.461)</b>	<b>(3.543)</b>	<b>1,206.640</b>	<b>1,210.103</b>	<b>3.463</b>	<b>0.087</b>	<b>3.376</b>
<b>DIGITAL &amp; CUSTOMER SERVICES DIRECTORATE</b>											
ICT & Digital	10.280	3.440	9.915	(0.365)	0.000	(0.365)	16.761	16.761	0.000	0.000	0.000
<b>Total Digital &amp; Customer Services Directorate</b>	<b>10.280</b>	<b>3.440</b>	<b>9.915</b>	<b>(0.365)</b>	<b>0.000</b>	<b>(0.365)</b>	<b>16.761</b>	<b>16.761</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>FINANCE &amp; GOVERNANCE DIRECTORATE</b>											
<b>Development &amp; Commercial</b>											
Gateway/Grand Central Residual Costs	5.233	(0.025)	0.165	(5.068)	0.000	(5.068)	18.347	18.347	0.000	0.000	0.000
Capital Loans & Equity	1.991	1.500	1.991	0.000	0.000	0.000	3.983	3.983	0.000	0.000	0.000
<b>Total Development &amp; Commercial</b>	<b>7.224</b>	<b>1.475</b>	<b>2.156</b>	<b>(5.068)</b>	<b>0.000</b>	<b>(5.068)</b>	<b>22.330</b>	<b>22.330</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Corporately Held Funds</b>											
Revenue Reform Projects	5.234	3.911	5.234	0.000	0.000	0.000	5.234	5.234	0.000	0.000	0.000
Corporate Capital Contingency	27.413	0.000	27.413	0.000	0.000	0.000	91.288	91.288	0.000	0.000	0.000
<b>Total Corporately Held Funds</b>	<b>32.647</b>	<b>3.911</b>	<b>32.647</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>96.522</b>	<b>96.522</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
SAP Investments	0.492	0.001	0.492	0.000	0.000	0.000	3.733	3.733	0.000	0.000	0.000
<b>Total Finance &amp; Governance Directorate</b>	<b>40.363</b>	<b>5.387</b>	<b>35.295</b>	<b>(5.068)</b>	<b>0.000</b>	<b>(5.068)</b>	<b>122.585</b>	<b>122.585</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>ASSISTANT CHIEF EXECUTIVE DIRECTORATE</b>											
Public Health	0.250	0.000	0.250	0.000	0.000	0.000	0.250	0.250	0.000	0.000	0.000
<b>Total Assistant Chief Executive Directorate</b>	<b>0.250</b>	<b>0.000</b>	<b>0.250</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.250</b>	<b>0.250</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>COMMONWEALTH GAMES 2022</b>											
CWG Village	279.987	51.073	273.326	(6.661)	0.000	(6.661)	410.701	387.130	(23.571)	0.000	(23.571)
CWG Alexander Stadium	37.134	5.134	37.634	0.500	0.000	0.500	65.832	67.832	2.000	0.000	2.000
CWG Organising Cttee	28.445	0.698	29.656	1.211	0.000	1.211	66.488	64.488	(2.000)	0.000	(2.000)
<b>Total Commonwealth Games 2022</b>	<b>345.566</b>	<b>56.905</b>	<b>340.616</b>	<b>(4.950)</b>	<b>0.000</b>	<b>(4.950)</b>	<b>543.021</b>	<b>519.450</b>	<b>(23.571)</b>	<b>0.000</b>	<b>(23.571)</b>
<b>Total Capital Programme</b>	<b>857.152</b>	<b>154.716</b>	<b>723.249</b>	<b>(133.904)</b>	<b>(98.933)</b>	<b>(34.971)</b>	<b>3,318.050</b>	<b>3,290.309</b>	<b>(27.740)</b>	<b>0.087</b>	<b>(27.827)</b>



**ADULT SOCIAL CARE DIRECTORATE**

Project/Programme	Comments	Current Year (£m)	All Years (£m)
	NIL change reported		

**EDUCATION AND SKILLS DIRECTORATE**

Project/Programme	Comments	Current Year (£m)	All Years (£m)
	NIL change reported		

**NEIGHBOURHOODS DIRECTORATE**

Project/Programme	Comments	Current Year (£m)	All Years (£m)
N1 - Waste Management Services	Tyseley ERF Plant works Slippage of £(1.254)m due to site closure over Covid lockdown contractors have now re-scheduled the delayed works into next year. Perry Barr Depot Works Slippage of £(2.000)m due to the impact of COVID 19 on the programme, delays in the submission of planning (surveys were unable to be completed), this has now led to a further delay in the confirmation of the start date. Waste Depot Vehicles Slippage of £(5.905)m - The impact of Covid19 has affected the delivery of the vehicles with now only half being delivered before April. The remaining vehicles will be delivered by June 2021	(9.159)	0.000
N2 - Parks & Nature Conservation	Grounds Maintenance Vehicles Slippage of £(6.935)m Covid 19 has led to a 6 month delay on vehicle delivery therefore only £2.5m of vehicles can be delivered before April 2020.	(6.935)	0.000
N3 - Redevelopment	Slippage (£4.1m). A large part of the slippage (£1.8m) relates to covid related delays as well as operating at 70-80% pre-covid levels once work restarted. Of this Kings Norton Phase1 (£1m) work has restarted however Monmouth Road's anticipated start is now in Quarter 4. There are procurement delays to Birchfield Phase 2 and Abbey Fields Phase 4 leading to slippage of (£2m). There is also a £1m of accelerated spend where works have completed earlier than anticipated, e.g. Pool Farm Site and The poplars and where work is starting earlier than originally anticipated e.g. Houldey Road.	(2.410)	0.000
N4 - Other Programmes	A reduction in Contingency Budget due to lower than estimated Right to Buy Resources following the effects of Covid.	(2.541)	(7.632)

**INCLUSIVE GROWTH DIRECTORATE**

Project/Programme	Comments	Current Year (£m)	All Years (£m)
IG1 - A457 Dudley Road	The Cabinet Member for Transport and Environment has withdrawn support for the scheme unless it is modified to include more cycling, walking and bus measures. High level discussions being held between the Assistant Director of Transport and Connectivity and the LEP about securing funding in a different way, to mitigate the potential risk of the DfT withdrawing the funding for the scheme due to modifications proposed. The current forecast for this year is now £3.5m based on land acquisitions, fees and junction scheme commencing this year, £2.339 has slipped into 21-22.	(2.339)	0.000

IG2 - Tame Valley Phase 2 & 3	The slippage of £2.768m mainly due to delays in completion of the Procurement Award contract which may be further impacted from Covid19 regarding the availability of resources and material within the supply chain. These risks will be closely monitored and managed as part of the scheme procurement and delivery, however there is a risk that the provisional funding allocation from the DfT may no longer be available.	(3.019)	0.000
IG3 - Wharfedale Bridge	This scheme is currently being delivered by Network Rail and has been put on hold. The slippage relates to a BCC contribution to Network Rail to widen the bridge, Network Rail are unsure if the road widening will go ahead.	(2.583)	0.000
IG4 - Snow Hill Station	The scheme was due to commence on site in April 2020 but has been delayed due to of COVID-19, the scheme now commenced on at the start of June 2020. The scheme was under pressure due to delays prior to COVID-19, the slippage relates to the adverse impact of COVID-19. Work is being carried out to identify if more funding may be required.	(3.384)	0.000
IG5 - Inclusive & Sustainable Growth	The slippage relates to the Birmingham City Centre Public Realm scheme, the scheme is currently in development phase no works have been halted. Opportunities to accelerate certain works have been delayed until January 2021 but these do not detract from the timescales as this was an accelerated opportunity. The cost and delay of material from overseas suppliers and is a key concern and anticipated construction cost increases are foreseen based on social distances measures.	(9.301)	0.010
IG6 - Air Quality & Climate	The slippage of £27.235m is mainly due to the CAZ operational date being postponed until early 2021. Despite this delay there is a focus to complete as much of the work as soon as possible. The extended time frame poses cost increases such as increased lease costs of depot and increased staff costs. Much of the slippage has been rephased into 2021/22 due to the delayed CAZ. Clean Air Hydrogen Bus - The contracts for the manufacture and operation of 20 Hydrogen Buses has now been signed between the Council National Express (Bus Operator) and Bamford Bus (T/A Wright Bus) (Bus Manufacture) with the deposit of being paid by the end of September, along with the claim to GBSLEP for the grant. The spend has now been accelerated from future years to 2020-21. Electric Vehicle Charging Points – The Council entered into a contract with ESB in August to deliver a total of 197 Chargers – 100 Rapid Chargers and 97 Fast Chargers over a two year period to August 2022. This has resulted in accelerating spend from 2021-22 into the current financial year.	(27.237)	0.000
Other (Major Schemes)	The variance relates to slippage for the Snow Hill Public scheme. The Colmore Row / Livery Street project was supposed to start on site in April 2020 but due to COVID-19 did not commence until June 2020. Due to social distancing regulations and enhanced pedestrian management, construction work is not progressing as fast as originally forecasted. The Cornwall Street project was originally due to start on site in summer 2020, this was delayed by. It was then decided that any construction should be delayed until January 2020 to avoid potential disruption to Christmas trade in the city centre post Covid-19. This has resulted in most of the work being carried out in 2021-22.	(1.150)	0.000
Inclusive & Sustainable Growth	The forecast variation change from quarter 1 mainly relates to slipping expenditure into 2021-22 for the HS2 Safety Fund due to further analysis/study work which is required to identify which schemes will be developed to the end of this financial year. Delivery will be carried out in future years which will incur the bulk of the expenditure.	(9.301)	0.687

IG7 - Property Strategy	Avison Young were formally appointed in Q1 to act as Investment Advisor. Having produced a review of the commercial portfolio and recommendations in terms of re-shaping the portfolio, a pipeline of disposals is being formalised to generate capital receipts to support the investment fund and limit exposure to PWLB borrowing. Opportunities to acquire and invest will be considered in the context of COVID-19 and the impact this may have on the right opportunities coming to market. The profiling at Q1 to slip £52.5m into future years remains the position at Q2. If the right opportunities to acquire and invest come forward in Q2 to Q4 2020/21, Property Investment Board is set up to consider those and determine whether to proceed and agree the appropriate source of funding. No purchase or acquisition opportunities are currently being considered.	(52.458)	0.000
<b>DIGITAL &amp; CUSTOMER SERVICES DIRECTORATE</b>			
<b>Project/Programme</b>	<b>Comments</b>	<b>Current Year (£m)</b>	<b>All Years (£m)</b>

<b>FINANCE &amp; GOVERNANCE DIRECTORATE</b>			
<b>Project/Programme</b>	<b>Comments</b>	<b>Current Year (£m)</b>	<b>All Years (£m)</b>
FG1 Gateway/Grand Central Residual Costs	£0.165m forecast for 20/21 with (£5.068m) slipped into 2021/22. There is a mediation process in progress, and that any settlement is not anticipated until 2021/22 at the earliest.	(5.068)	0.000

<b>COMMONWEALTH GAMES 2022</b>			
<b>Project/Programme</b>	<b>Comments</b>	<b>Current Year (£m)</b>	<b>All Years (£m)</b>
CWG 1 CWG Village	The 20/21 budget was increased by £120.9m as part of a rephasing of expenditure between years to reflect the revised Full Business Case approved by Cabinet in March 2020 and slippage from 19/20. Covid has subsequently impacted on the works and the scheme will no longer form part of the CWG but will continue to be delivered for Perry Barr as a legacy regeneration and housing programme. A detailed review is under way to consider the costs and delivery timelines including potential mitigation plans. Early impacts have been identified including scope reductions offset by costs of enhanced welfare provisions in response to the Covid pandemic, resulting in a net forecast reduction in expenditure of £23.6m over all years (£6.7m in 2020/21). The scope and forecast spend is likely to change further as a result of this ongoing review and will be reported as and when quantified, with an update on the current approved FBC currently scheduled for consideration by Cabinet in December 2020.	(6.661)	(23.571)
CWG 2 Alexander Stadium			

**Prudential Borrowing - Additions or Reductions Quarter 2 (July to September) 2020**

This Appendix reviews changes in the Council's proposed borrowing to finance capital expenditure to show whether the Council's underlying indebtedness increases or decreases. The Council needs to consider carefully the affordability and sustainability of any increase in debt.

Description	#	2020/21 £'000	2021/22 £'000	Later Years £'000	Total £'000
<b>Borrowing Needing Budget Support</b>					
<b>Neighbourhoods:</b>					
Waste Management Services	A	(9,159)	7,159	2,000	0
<b>TOTAL BORROWING NEEDING BUDGET SUPPORT</b>		<b>(9,159)</b>	<b>7,159</b>	<b>2,000</b>	<b>0</b>
<b>SELF SUPPORTED</b>					
<b>Education &amp; Skills:</b>					
Capital Maintenance Grant	A	(4,000)	(4,414)	0	(8,415)
Basic Need	N	4,000	4,414	0	8,415
<b>Neighbourhoods:</b>					
Parks & Nature	A	(6,935)	6,935	0	0
HRA	A	180	3,533	5,966	9,679
<b>Inclusive Growth:</b>					
Enterprise Zone Investment Plan Phases 1 & 2	A	448	431	943	1,822
Transportation	A	(839)	(1,013)	2,052	200
<b>Digital &amp; Customer Services:</b>					
ICT Infrastructure	A	(1,069)	1,069	0	0
<b>Finance &amp; Governance</b>					
Major Projects	A	(5,068)	5,068	0	0
<b>Commonwealth Games</b>					
Village	A	(6,661)	(16,400)	(510)	(23,571)
Organising Committee	A	(300)	300	0	0
<b>TOTAL SELF SUPPORTED BORROWING</b>		<b>(20,244)</b>	<b>(77)</b>	<b>8,451</b>	<b>(11,870)</b>
<b>TOTAL ADDITIONS / (REDUCTION) IN PRUDENTIAL BORROWING</b>		<b>(29,403)</b>	<b>7,082</b>	<b>10,451</b>	<b>(11,870)</b>

Note: This includes some re-phasing between years.

# A - Amendment to existing project spend or resources.

N - New projects or programmes added in the quarter.

## Appendix 7h

**ADULT SOCIAL CARE DIRECTORATE**

## EDUCATION & SKILLS DIRECTORATE

**NEIGHBOURHOODS DIRECTORATE****Other - General Fund**

HRA

**TOTAL CAPITAL - NEIGHBOURHOODS DIRECTORATE**

## INCLUSIVE GROWTH DIRECTORATE

## Planning and Development

- Paradise Circus Redevelopment
- Eastside Locks
- Southern Gateway Site (Smithfield)
- Southside Public Realm
- LEP Investment Fund
- HS2 - Interchange Site
- HS2 Station Environment
- Site Enabling Works
- Local Transport Improvements
- Digbeth Public Realm
- Curzon Connecting Economic Opportunities
- Metro Extension to East Birmingham/Solihull
- Capitalised Interest
- Other Planning Schemes

### Total Planning & Development

## Housing Development

2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30+	Total
£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
12.751	5.500	-	-	-	-	-	-	-	-	18.251
71.514	38.094	4.313	-	-	-	-	-	-	-	113.921
28.320	27.303	25.958	27.268	-	-	-	-	0.329	1.693	110.871
109.496	141.911	157.507	136.481	110.248	95.947	99.639	101.212	105.821	119.857	1,178.118
137.816	169.214	183.465	163.748	110.248	95.947	99.639	101.212	106.150	121.550	1,288.989
28.123	11.217	1.416	2.120	0.081	-	-	-	-	-	42.957
-	2.500	-	-	-	-	-	-	-	-	2.500
-	3.985	10.678	19.597	25.785	11.598	21.342	15.395	10.464	31.156	150.000
2.465	4.066	0.262	-	-	-	-	-	-	2.267	9.060
-	-	-	-	5.000	5.000	5.000	5.000	-	-	20.000
-	-	-	-	-	-	-	-	-	20.000	20.000
1.210	0.156	0.159	0.250	13.749	26.809	6.848	-	-	9.325	58.506
0.000	2.000	-	-	-	-	-	-	-	99.500	101.500
-	-	-	-	-	-	-	-	-	104.800	104.800
0.292	-	15.450	2.000	2.000	2.000	2.000	2.000	-	60.400	86.142
0.000	0.000	0.000	0.000	0.000	0.000	0.000	-	-	52.900	52.900
0.000	0.000	0.000	0.000	0.000	0.000	48.100	46.200	44.500	44.500	183.300
1.160	2.254	3.137	4.058	5.120	2.357	3.177	1.404	-	0.000	22.667
10.510	3.254	0.440	1.144	-	-	-	-	-	-	15.348
43.760	29.432	31.542	29.169	51.735	47.764	86.467	69.999	54.964	424.848	869.680
2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	Total
£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
1.218	4.247	2.435	-	-	-	-	-	-	-	7.900

Total Transportation	54.924	68.666	51.314	42.257	23.704	14.167	-	-	-	-	255.032
Total Highways	3.824	1.325	1.325	1.325	1.325	1.325	-	-	-	-	10.449
Total Property Services	11.365	38.218	17.458	-	-	-	-	-	-	-	67.041
TOTAL CAPITAL - INCLUSIVE GROWTH DIRECTORATE	115.091	141.888	104.074	72.751	76.764	63.256	86.467	69.999	54.964	424.848	1,210.102
COMMONWEALTH GAMES 2022	340.616	146.935	31.899	-	-	-	-	-	-	-	519.450
FINANCE & GOVERNANCE DIRECTORATE	35.295	41.111	46.178	-	-	-	-	-	-	-	122.584
DIGITAL & CUSTOMER SERVICES DIRECTORATE	9.915	6.846	-	-	-	-	-	-	-	-	16.761
PARTNERSHIPS, INSIGHT & PREVENTION DIRECTORATE	0.250	-	-	-	-	-	-	-	-	-	0.250
TOTAL CAPITAL PROGRAMME	723.248	549.588	369.929	236.499	187.012	159.203	186.106	171.211	161.114	546.398	3,290.308

#### Resources

##### Use of Specific Resources

Grants & Contributions	227.440	164.557	73.004	42.608	28.912	11.132	5.480	0.250	0.250	0.250	553.883
Use of earmarked Capital Receipts	60.391	58.622	68.517	32.014	23.363	23.103	20.515	19.450	19.230	29.486	354.691
Revenue Contributions - Departmental	17.141	11.582	8.947	6.350	3.977	8.794			0.329	1.693	58.813
- HRA (incl reserves & S106)	66.560	75.370	70.171	76.470	70.662	68.410	73.644	81.512	84.752	90.121	757.672
Total Specific Resources	371.532	310.131	220.639	157.442	126.914	111.439	99.639	101.212	104.561	121.550	1,725.059

##### Use of Corporate or General Resources

Corporate Resources	23.439	1.756	0.434	-	-	-	-	-	-	-	25.629
Unsupported Prudential Borrowing - Corporate	73.328	65.162	59.891	12.120	-	-	-	-	-	-	210.501
Unsupported Prudential Borrowing - Directorate	254.949	172.539	88.965	66.937	60.098	47.764	86.467	69.999	56.553	424.848	1,329.119
Total Corporate Resources	351.716	239.457	149.290	79.057	60.098	47.764	86.467	69.999	56.553	424.848	1,565.249
Forecast Use of Resources	723.248	549.588	369.929	236.499	187.012	159.203	186.106	171.211	161.114	546.398	3,290.308

**INVESTMENT PROPERTY PORTFOLIO MONITORING DASHBOARD: QUARTER 2 2020/21****1 Portfolio objectives**

The Portfolio comprises property investments which are held primarily to earn a financial return and are not operational service properties. It is managed in accordance with an annual Investment Property Strategy approved by Cabinet, with the objective to grow the City Council's commercial rental income by 20% over a 5 year period.

**2 Portfolio summary**

	income budget	income forecast	variance
Direct property -			
Direct property -	-23.00	-20.53	2.47
Loans on property			
less portfolio prudential borrowing	4.40	4.90	0.50
less management costs	5.64	11.00	5.36
net total	-12.96	-4.63	8.33

**3 Limit on borrowing for Investment property portfolio**

	value	limit	variance
	£m	£m	£m
prudential borrowing from 1 April 2019 onwards	7.91	50.00	42.09
borrowing repaid from sale proceeds	-5.86	0.00	5.86
	2.05	50.00	47.95

**4 Portfolio completions in the quarter (acquisitions and disposals)**

	£m
Sales completed in quarter 2	
Sales	0.00
Purchase	0.00

Commentary:

Sale of 50, Severn Street £0.36m in quarter 2 ring-fenced to Property Strategy.

**5 Planned activity in the coming quarter**

Proposed sales with anticipated completion:  
 Coleridge Chambers & Ruskins Chambers potential deposit £0.8m in Quarter 3  
 Unit 4 Small Heath Business Park £0.919m now Quarter 4  
 Freehold reversions = £0.1 million possible in Quarter 3  
 Lease regears = £0.174 million likely 2021/22

**6 Assurance**

was the CIPFA Treasury Code complied with?	yes
was the Council's Service and Commercial investment Strategy complied with? (the Strategy implements the requirements of the Government Investment Guidance)	yes
was the Council's Investment Property Strategy complied with?	yes

commentary:

All properties fully evaluated disposed with in the appropriate manner.