Report to Cabinet – 21st March 2023

Month 10 Financial Monitoring Report 2022/23

1. High Level Summary Financial Position

1.1 Due to the extraordinary economic situation nationally, it has been agreed that a high level exception based Financial Monitoring Report will be provided to Cabinet each month in between more detailed quarterly reports.

1.2 At the Council Meeting on the 22nd February 2022 Birmingham City Council approved a net revenue budget of £759.2m for the 2022/23 financial year. This report sets out the high-level financial performance against that budget at the end of Month 10.

1.3 The City Council's strategic aim is to deliver a balanced revenue position by the end of the financial year. The council has implemented a return to rigorous spending controls from July 2022 in light of the risk of a significant financial overspend if not addressed.

1.4 The spending controls focus on staffing, facilities management and procurement. We have in place measures to ramp up the benefit of these controls. We will continue to maximise the use of these to bring down the overspend further.

1.5 The MTFP contains budget savings currently due to be delivered in future years. We continue to explore the opportunities to deliver future years savings sooner.

1.6 The City Council is implementing a transformation programme under the three pillars of People, Place and Fit for Purpose Council and where safe to do so these need to be delivered faster, meaning that the financial benefits are achieved ahead of schedule.

1.7 We are undertaking a rolling review of reserves and balances to ensure that monies are being fully utilised for example Section 106 and Community Infrastructure Levy (CIL), specific grants including Public Health. **£7.6m** of covid reserves have been used to support relevant spend. We have also looked to reduce other reserves where levels of reserve are no longer required, or spending is funded elsewhere outside of general fund and this action has released **£37.1m** from reserves so far.

1.8 Taking all these actions into account there is now a small forecast underspend for Month 10 of **£0.8m** as shown in Table 1. This is an improvement of **£11.8m** since the Month 9 report. The largest single improvement is that the Council is forecasting a **£4.5m** underspend on Treasury Management due to borrowing costs being less than originally planned. Further details are provided in Section 2.

1.9 We continue to assume delivery of our budgeted savings and are closely monitoring the delivery of these. Since Month 9, the values of savings rated as high risk has reduced to **£3.9m**, an improvement of £0.2m. Further details are provided in Section 3.

1.10 This has been a particularly tough year given the cost of living crisis and the additional demands that places on our services. Due to the extraordinary economic shocks this year, the Council considers it reasonable to use £38.5m of the Financial Resilience Reserve (FRR) as set out in paragraph 1.20. We will continue to spend only on essential items for the remaining quarter of the financial year.

1.11 It is important to note that the expected balance remaining in the FRR will continue to be more than sufficient to cover the risks identified in Appendix E of the Financial Plan.

Table 1: High Level Summary of Forecast Position

Table 1 :High Level Summary	A	B	C
Directorate	Budget	Forecast Outturn	Total Over/(Under) Spend
	£m	£m	£m
Children & Families	329.589	376.744	**47.155**
City Operations	193.578	198.378	**4.800**
City Housing	15.369	24.770	**9.401**
Place, Prosperity and Sustainability	61.844	61.844	**0.000**
Strategy, Equalities and Partnerships	6.479	6.479	**0.000**
Adult Social Care	357.745	360.773	**3.028**
Council Management	38.394	42.266	**3.872**
Directorate Sub Total	**1,002.998**	**1,071.254**	**68.256**
Corporate Budgets	(243.766)	(212.988)	**30.778**
Use of Financial Resilience Reserve		(38.478)	**(38.478)**
Use of Covid Reserve		(7.800)	**(7.800)**
Release of Cyclical Maintenance Reserve		(8.235)	**(8.235)**
Release of Other Reserves		(23.517)	**(23.517)**
Postponing contribution to Cyclical Maintenance Reserve		(0.590)	**(0.590)**
Use of Policy Contingency to fund electricity and fuel costs		(5.700)	**(5.700)**
Other Corporate Underspends		(15.510)	**(15.510)**
Corporate Subtotal	**(243.766)**	**(312.818)**	**(69.052)**
City Council General Fund Budget	**759.232**	**758.436**	**(0.796)**

1.12 Table 2 shows a more detailed breakdown of the forecast underspend of £0.8m. This shows the gross risks (I.e. overall financial pressures) and mitigations to reduce those risks, split by Directorate, resulting in the forecast underspend of £0.8m.

Table 2: Summary of Forecast Risks and Mitigations

Directorate	Risks	Gross Risk (£m)	Use of Contingency (£m)	Use of Reserve (£m)	Release of Reserve (£m)	Spend Controls (£m)	Other Mitigations (£m)	Net Risk (£m)
Children & Families	Inclusion and SEND	7.900			(5.345)			**2.555**
Children & Families	Children & Young People Travel Service (formerly H2ST)	18.100						**18.100**
Children & Families	Birmingham Children's Trust (BCT)	26.500						**26.500**
City Operations	Parking Income Shortfall	2.200		(2.200)				**0.000**
City Operations	Street Lighting Electricity	5.700	(5.700)					**0.000**
City Operations	Sports and Leisure Income Shortfall	1.600		(1.000)		(0.600)	(0.300)	**(0.300)**
City Operations	Vehicle Fuel costs	0.500					(0.500)	**0.000**
City Operations	Street Scene - garage income pressure	1.000					(1.000)	**0.000**
City Operations	Street Scene - trade waste income pressure	1.000					(1.000)	**0.000**
City Operations	Street Scene - employee costs	3.500					(5.600)	**(2.100)**
City Operations	Other net mitigations	0.000				(1.600)	(0.100)	**(1.700)**
City Housing	Housing Options	7.700				(0.499)		**7.201**
City Housing	Potential Income shortfall	2.200		(2.200)				**0.000**
City Housing	Private Sector Landlord Contract	1.200					(1.200)	**0.000**
Adult Social Care	Potential Income shortfall	4.500		(4.500)				**0.000**
Adult Social Care	Packages of Care	3.500				(2.300)	(2.672)	**(1.472)**
Council Management	Digital Mail	0.130						**0.130**
Council Management	Shortfall in income from Court costs	3.742						**3.742**
Corporate	Facilities Management saving to be allocated					(1.500)		**(1.500)**
Corporate	Postpone contribution to Cyclical Maintenance Reserve						(0.590)	**(0.590)**
Corporate	Forecast costs of Pay Award above budget	14.878		(14.878)				**0.000**
Corporate	Forecast costs of energy for Corporate Estate above budget	10.900		(10.900)				**0.000**
Corporate	Cost of Living Emergency	5.000		(5.000)				**0.000**
Corporate	Release of Cyclical Maintenance Reserve				(8.235)			**(8.235)**
Corporate	Release of Other Reserves following Review				(23.517)			**(23.517)**
Corporate	Underspends on Policy Contingency						(9.510)	**(9.510)**
Corporate	Underspends on Treasury Management						(4.500)	**(4.500)**
Corporate	Use of Covid Reserve-not against specific lines			(5.600)				**(5.600)**
Total		**121.750**	**(5.700)**	**(46.278)**	**(37.097)**	**(6.499)**	**(26.972)**	**(0.796)**

1.13 Please note that the use of Policy Contingency in Table 2 above can also be seen in Table 1. The uses of and releases of reserves can be seen in Table 4, and the savings from spend controls can be seen in Table 3.

1.14 Further details of movements in forecast variations are provided in section 2 of the report.

Spend Controls

1.15 In August we reported on the re-introduction of rigorous spending controls to mitigate against the forecasted risks. Three Spend Control Panels are in place in relation to Workforce, Procurement, and Property & Facilities Management.

a. Workforce

1.16 In summary, the workforce spend controls focus on vacancy management and reducing the use of consultants, interims and agency workers wherever possible. To date £5.0m is reflected from underspending against budgeted establishment.

b. Procurement

1.17 The aim is to apply controls to all contracts in order to manage inflation and deliver value for money. High levels of inflation do make it more difficult to achieve savings on contracts. We continue to seek best value for money in each contract and challenge the need for spend at each stage in the procurement gateway process.

c. Property & Facilities Management

1.18 The controls in place for this area relate to stopping non-essential spend whilst ensuring essential health and safety requirements are met. The Panel retains a detailed position statement on items approved/rejected. We are in the process are separating out achievement of these cost reductions from overall directorate mitigations within the overall management of their budgets. It is estimated that £1.5m of facilities management savings will be achieved. We have reviewed the property cyclical repairs reserves, and determined that £8.2m can be released from reserves in this financial year. The budgeted contribution to the general cyclical maintenance reserve for 2022/23 is £0.6m which we recommend is not actioned this year.

1.19 Table 3 summarises the savings identified so far through spend controls notwithstanding the actions ongoing referred to above. The impact of the review of services reserves is detailed elsewhere.

Table 3: Detail of savings identified through spend controls

Directorate	Saving	Spend Controls (£m)
Adult Social Care	Employee Savings-Community & Social Work Operations	1.2
Adult Social Care	Employee Savings-Commissioning	0.6
Adult Social Care	Non-essential spend controls across the Directorate	0.5
City Operations	Employee Savings-Highways & Infrastructure	0.8
City Operations	Employee Savings-Community Safety	0.2
City Operations	Employee Savings-Neighbourhoods	0.6
City Operations	Employee Savings-Regulation and Enforcement	0.6
City Housing	Employee savings	0.5
Corporate	Facilities Management saving to be allocated	1.5
Total		**6.5**

1.20 Table 4 summarises the forecast uses and releases of reserves to mitigate the risk of overspend. Please note that all the forecast uses and releases of reserves can be seen in column E and F of Table 6 below paragraph 5.2. Also note that should there be further income shortfalls due to the Cost of Living crisis, as well as the

£4.5m reported by Adults Social Care and the £2.2m reported by City Housing, then the Council will use the FRR to cover these.

Table 4 Use / Release of Reserves to mitigate risks

Directorate	Risks	Use of FRR (£m)	Use of Covid Reserve (£m)	Release of Other Reserve (£m)	Total (£m)
Children & Families	Inclusion and SEND			(5.345)	**(5.345)**
Adult Social Care	Potential Income shortfall	(4.500)			**(4.500)**
City Housing	Potential Income shortfall	(2.200)			**(2.200)**
Corporate	Forecast costs of Pay Award above budget	(14.878)			**(14.878)**
Corporate	Forecast costs of energy for Corporate Estate above budget	(10.900)			**(10.900)**
Corporate	Cost of Living Emergency	(5.000)			**(5.000)**
Corporate	Sports and Leisure Income Shortfall	(1.000)			**(1.000)**
Corporate	Release of Cyclical Maintenance Reserve			(8.235)	**(8.235)**
Corporate	Release of Other Reserves following review			(23.517)	**(23.517)**
Corporate	Use of Covid Reserve		(7.800)		**(7.800)**
Total		**(38.478)**	**(7.800)**	**(37.097)**	**(83.375)**

Any reduced contributions to reserves as a mechanism to support spending controls is not reflected in the table above.

2 Movements in Directorate Forecast

2.1 Below are details of where Directorate forecasts have changed from the net risks reported at Month 9.

Children and Families-decrease in forecast overspend £0.3m

2.2 **Birmingham Children's Trust (BCT) (projected year end overspend of overspend of £26.5m, improvement of £0.3m Since Month 9)**

BCT is a commissioned service and is reporting a forecast overspend as follows: The current 2022/23 forecast position is a **net pressure of £26.5m** in relation to placement costs which represents a 28.5% variation on placement budgets and 11.2% in respect of the overall Trust budget. This is a reduction of £0.3m to the forecast previously reported.

The Trust is now reducing its overspend by around £0.5m per month and is aiming to reduce the overall position to £24.0m by the year end. The trust is also working closely with the council to identify areas of transformation activity that can be capitalised.

City Operations- reduction in forecast overspend £4.2m

2.3 **Street Scene (projected year end £2.1m underspend, improvement of £2.1m since month 9)**

Since Month 9, the forecast Employee costs have risen by £2.1m. Staffing pressures remain in the service due to previous reductions in budget related to delivery of service redesign, however, the redesign has not been delivered. Also, a cost pressure of £0.6m is now being projected in respect of vehicle hire and repairs & maintenance due to delays in vehicle replacement.

However these increases are offset by a number of improvements in the forecast. There are reductions in fuel costs forecast of £1.0m, underspends within the waste disposal contract due to efficient operations at the Tyesley plant and low levels of waste diverted to landfill realising a forecast underspend of £2.0m. There is also £1.2m mitigations from projected overachievement of income on Bulky Waste, Green Waste, and paper income, and the forecast underspend on borrowing spend due to delays in the fleet replacement capital programme has risen by £0.5m.

2.4 **Neighbourhoods (projected year end £0.7m overspend, improvement of £0.3m since month 9)**

The pressure in Leisure Services is largely due to financial support of £1.6m provided to external providers to complete the return to pre-covid levels, including a reduction in the level of management fee income received. This has been mitigated within the service through holding vacant posts (saving £0.6m), including delays in recruiting to the new Neighbourhood Co-Ordinator roles, and underspends of £0.3m on other expenditure budgets such as prudential borrowing, premises and events strategy. In addition to this, providers have raised the risk of further pressure due to high energy costs and their ability to operate within existing contractual agreements. The improvement since Month 9 is due to an improvement in the forecast of employee savings.

2.5 **Regulation and Enforcement (projected year end £0.6m underspend, improvement of £0.6m since month 9)**

Regulation and Enforcement is reporting a £0.6m underspend. This, however, includes a number of variations. The Division continues to operate with a high level of vacancies (especially in Bereavement Services). However, some are necessarily covered through the use of agency. Within Private Rented Sector there has been a delay in implementing the Member Priority funding which will now continue in 2023/24 and so an underspend of £1.1m is forecast (of which £0.6m is due to employee underspends across the service and £0.5m due to delays in implement member priorities) . Income overall is likely to shortfall by £0.5m by the year end primarily due to Pest Control external income and Environmental Health Fixed Penalty Notices.

2.6 **Highways & Infrastructure (projected year end £7.1m overspend, an improvement of £0.9m since month 9)**

Pressure of £5.7m on street lighting electricity following significant cost increases and projected shortfall of £2.2m on Parking income – this is an improvement in the forecast of £0.1m from last month following higher income levels over the Christmas period. Parking income continues to under recover due to reduced demand following the success of strategies, such as the CAZ, to encourage movement away from using cars in the city centre and changing habits following the pandemic. Following review of the employee budgets an underspend of £0.8m is being projected due to vacancies and staff turnover. This is the main reason for the improved position over Month 9.

2.7 **Community Safety (projected year end £0.2m underspend, an improvement of £0.2m since month 9)**

Delays in recruitment to mainstream vacant posts throughout the financial year has resulted in a minor underspend of £0.2m.

City Housing- increase in forecast overspend £1.7m

2.8 **Housing Options (projected year end £9.4m overspend)**

The main pressures in the Housing Options Service in 2022/23 are £7.7m B&B pressure, £1.2m in private sector contract and £2.2m bad debt provision with part mitigation of £1.8m through employee underspends.
The growth in demand for Temporary Accommodation has far exceeded the reductions made through the Housing Options prevention and supply initiatives and has increased spend on B&B. This year on average there has been a net growth in TA of 17 per week, and this is forecast to rise to 25 by the end of the year, due to the national economic situation. The last three months have seen huge fluctuations in numbers, but no change in the trend can be identified from this. The budget for Temporary Accommodation was based on a baseline net growth of 13 per week, with prevention activity reducing this by 5 per week and increased supply meeting the residual growth of 8 per week. The financial impact of this is forecast as £7.7m more than budget.
The Private Sector Landlord contract was delayed until August, which impacted on the availability of the correct type of housing available for temporary accommodation of larger families. This resulted in greater use of Emergency Night Rate accommodation, thus creating a one-off financial pressure of £1.2m.

There is a significant increase in rent arrears, particularly regards to bed & breakfast and dispersed properties compared to the previous financial year. Some of this is expected due to an increase in the numbers coming into temporary accommodation, however the increase is far higher than anticipated. At Month 10 the forecast is for an increase in bad debt provision of £4.7m against a budget of £2.5m. This is an increase of £2.2m since Month 9.

There are a number of initiatives the service is exploring to mitigate the above pressures in 2022/23. The Street Purchases Programme is a £60m capital project to increase the number of properties available to meet demand. There are 28 completions to date with a target of 240. As there is a lead in time to get these properties fully operational the full impact will not be seen until March 2023.There is also an opportunity to receive DLUHC grant funding for the service to set up a Letting Agency which once fully operational will help mitigate the above pressures on temporary accommodation, but any mitigations are not likely to be seen before March 2023. Other mitigations involve delays in recruitment resulting in a staffing underspend equating to £1.8m. This is an improvement of £0.5m since Month 9.

Council Management- decrease in forecast overspend £0.3m

2.9 **ITDS (projected year end balanced, improvement of £0.3m since Month 9)** This is a £0.3m reduction in the forecasted overspend from month 9. This reduction is due to the costs relating to Oracle, including ERP Roadmap, ERP functional support and Winshuttle replacement being funded as part of a wider request around Oracle stabilisation costs.

Adult Social Care – reduction in forecast overspend £0.4m

2.10 **Packages of Care (projected year end £8.0m Overspend, improvement of £0.2m since Month 9)** – The Directorate is reporting a forecast overspend of £8.0m at month 10. Within the position, inflation held corporately of £6.8m is required and assumed to be received in the forecast outturn. Also included are anticipated additional contributions of £1.9m from the Better Care Fund towards the cost of hospital discharge invoices from Sevacare, however this funding has not yet been agreed. This leaves a pressure of £4.5m relating to provision for non-collection of client contributions following Oracle implementation and in year income shortfall. There is also a £3.5m demand pressure relating to packages of care if current trends continue, and the overall movement from Month 9 is a £0.2m reduction in pressures.

2.11 **Community & Social Work Operations – (projected year end £0.8m Underspend, deterioration of £0.1m since Month 9) -** In Community and Social Work Operations there is an overall forecast underspend of £0.8m. There is a £3.0m underspend on staffing and £0.2m pressure on non-pay budgets. The staffing underspend is due to the continuing vacancies which there has been difficulty in filling due to a national shortage of Social Workers and increasing difficulty to find agency staff to cover. The movement from Month 9 is linked to increases in Supplies and Services expenditure within the Liberty Protection Safeguards service. Also assumed is £1.4m of the Omicron grant money which has been used to provide a retention payment to Social Workers, and £0.6m of Hospital Discharge Grant to fund the additional anticipated activity to facilitate hospital discharges over winter. Please note that £2.0m of the staffing underspend mentioned above is being used to achieve Workforce Savings on a one-off basis as set out in previous reports.

2.12 **Quality & Improvement – (projected year end £1.8m Underspend, improvement of £0.1m since Month 9)** – This reflects the use of the Omicron Grant reserve of £1.4m as referred to above. This is an anticipated unbudgeted reserve appropriation and costs relating to this will be incurred and are included within the Community & Social Work Operations Division to support retention payments to Social Workers. For Month 10 there is an additional £0.2m favourable variance related further reductions in IT support costs relating to the Eclipse implementation, together with the ongoing impact of non-essential spend controls across the Service.

2.13 **Commissioning – (projected year end £1.7m Underspend, improvement of £0.1m since Month 9)** - The Service is reporting an underspend against employees of (£0.6m) linked to vacancies across the team and recharge income against base budget funded posts. Recruitment plans are ongoing and being discussed with relevant Head of Service and assumptions are currently that these will be filled during the latter part of 2022. There are also underspends projected of (£0.8m) against the overall third sector grant budget due to reduced activity which is ongoing after the pandemic, and it is expected this activity will increase during 2023/24. Assumed in the forecast underspend are (£0.2m) of contributions from the Better Care Fund towards third sector grants.

2.14 **Director – (projected year end £0.5m Underspend, no change since Month 9)** – Non-essential spend controls across the Directorate have resulted in an underspend against the Director of (£0.5m) at Month 10, and there is no movement from Month 9.

Corporate – increase in net mitigation of £8.3m

2.15 There is a new forecast use of **£2.2m** reduction of the FRR to fund City Housing income shortfall if it materialises. This is slightly offset by a **£0.1m** reduction in the forecast use of the FRR to cover the Adult Social Care in year income shortfall.

2.16 The on-going review of reserves has identified a further **£1.7m** of reserves that can now be released.

2.17 It is now estimated that there will be an underspend of **£4.5m** on Treasury Management, mainly due to borrowing costs being less than originally planned.

3 Savings / Income Targets

3.1 Like previous financial years the Financial Plan includes budgeted savings; for 2022/23 these total £40.8m. There are also previously undelivered savings of £2.1m that are being monitored for delivery in this year.

3.2 The individual forecasts for each underlying savings / income target have been RAG rated and are summarised in Table 5 below.

Table 5: Savings Risks 2022/23

Risk Profile	Month 9 (£m)	Month 10 (£m)	% of target
Delivered	11.484	11.484	27%
Covered through use of Budget S	8.855	8.855	21%
Low Risk	12.964	12.664	30%
Medium Risk	5.413	5.913	14%
High Risk	4.149	3.949	9%
Total	**42.865**	**42.865**	**100%**

3.3 At this stage in the financial year, this risk profile is as expected and reflects the known challenges in delivering these targets.

3.4 Table 4 shows that of the £42.9m savings / income to be delivered in 2022/23, £3.9m is currently rated high risk. Savings scored as high risk are not deemed as undeliverable and work is in progress to realise these targets. **The budget gap detailed in Table 1 assumes that all savings will be delivered, reduction in delivery will increase the gap.**

3.5 There were no major changes in Month 10. There was a net movement of £0.2m of savings from high risk to medium risk, and a movement of £0.3m of savings from low risk to medium risk.

3.6 This tracking of savings / income targets is incorporated into the Corporate Programme Management Office monthly reporting to ensure programme delivery is tracked along with the delivery of savings / income targets to provide assurance and visibility of delivery.

4 Capital

4.1 There are no changes at Month 10 from the Month 9 projection.

5 Reserves

5.1 Table 6 below shows the forecast reserves position at the end of 2022/23. Full details of all uses of and contributions to reserves will be provided in the draft Outturn Report.

5.2 Please note that the other forecast uses of reserves of £80.1m includes the use of £38.5m of the FRR to mitigate risks as set out in table 4.

Table 6 Forecast Reserves uses and contributions

	A	B	C	D	E	F	G	H
Reserves	**Balance as at 31st March 2022**	**Original Budgeted (Use) / Contribution**	**Change approved in March and at Outturn 2021/22**	**Original Budgeted Use / (Contribution) not to be processed**	**Other forecast (Use) / Contribution**	**(Release) of Reserves**	**Total Forecast (Use/Release) /Contribution**	**Forecast Outturn Balance at 31st March 2023**
	£m	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**	**£m**
Corporate General Fund Balance	38.382	0.000	0.000	0.000	0.000	0.000	0.000	38.382
Delivery Plan Reserve	66.196	(15.118)	(3.600)	0.000	(2.503)	0.000	(21.221)	44.975
Financial Resilience Reserve Gross	*146.962*	*(29.956)*	*(1.300)*	*0.000*	*(42.478)*	*0.000*	*(73.734)*	73.228
Net Borrowing from Financial Resilience Reserve	*(21.480)*	*(0.912)*	*0.000*	*0.000*	*0.000*	*0.000*	*(0.912)*	(22.392)
Financial Resilience Reserve Net	125.482	(30.868)	(1.300)	0.000	(42.478)	0.000	(74.646)	50.836
General Reserves and Balances	**230.060**	**(45.986)**	**(4.900)**	**0.000**	**(44.981)**	**0.000**	**(95.867)**	**134.193**
Other Corporate Reserves	323.087	(212.965)	(1.000)	(0.779)	(20.637)	(11.185)	(246.566)	76.520
Grant	340.609	(23.727)	0.000	0.000	(4.684)	(20.120)	(48.531)	292.079
Earmarked	82.049	(0.498)	0.000	0.000	(9.800)	(5.792)	(16.090)	65.960
Schools	79.888	0.000	0.000	0.000	0.000	0.000	0.000	79.888
Non Schools DSG	15.989	0.000	0.000	0.000	0.000	0.000	0.000	15.989
Subtotal Other Reserves	**841.623**	**(237.190)**	**(1.000)**	**(0.779)**	**(35.121)**	**(37.097)**	**(311.187)**	**530.436**
Grand total	**1071.683**	**(283.176)**	**(5.900)**	**(0.779)**	**(80.102)**	**(37.097)**	**(407.054)**	**664.630**

6 *Housing Revenue Account (HRA)*

6.1 The HRA is underpinned by a range of medium term and long-term affordability assumptions which will be kept under review to ensure mitigating actions, if necessary, can be undertaken in a timely, proportionate and appropriate manner.

6.2 Overall, the HRA spend is forecast to remain within budget this year.

7 *Dedicated Schools Grant (DSG)*

7.1 It is currently forecast that DSG will break even. Any surplus or deficit at year end will be taken to the DSG Reserve, so will not impact the General Fund

8 Borrowing

8.1 Gross loan debt is currently £3,244m, with the year-end projection estimated to be £3,363m, below the planned level of £3,452m. The annual cost of servicing debt represents approximately 29.7% of the net revenue budget. The planned level of debt and annual cost of servicing debt includes over £200m borrowing for the Enterprise Zone (EZ), due to be financed from Business Rates growth within the EZ.