

Report to Cabinet – 14th February 2023

Quarter 3 (Month 9) 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 Quarter 3 (Month 9).
- 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 **£35.3m** from reserves.
- 1.8 Taking all these actions into account the forecast risk of overspend for Quarter 3 (Month 9) now stands at **£11.0m** as shown in Table 1. This is an improvement of **£26.7m** since the Month 8 report, following a further review of our reserves where the reserve is no longer required or where we can use an alternative funding route to support delivery of council objectives. In particular, there is a release of **£21.5m** of reserves no longer required and an underspend on Policy Contingency of **£9.5m**. 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 8, the values of savings rated as

high risk has remained the same at **£4.1m**. 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 £36.4m of the Financial Resilience Reserve (FRR) as set out in paragraph 1.18. 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 | Var FC |
| | £m | £m | £m | |
| Children & Families | 329.589 | 377.044 | 47.455 | 47.455 |
| City Operations | 193.578 | 202.578 | 9.000 | 9.000 |
| City Housing | 15.369 | 23.069 | 7.700 | 7.700 |
| Place, Prosperity and Sustainability | 61.844 | 61.844 | 0.000 | 0.000 |
| Strategy, Equalities and Partnerships | 6.479 | 6.479 | 0.000 | 0.000 |
| Adult Social Care | 357.745 | 361.162 | 3.417 | 3.417 |
| Council Management | 38.394 | 42.571 | 4.177 | 4.177 |
| Directorate Sub Total | 1,002.998 | 1,074.747 | 71.749 | 71.749 |
| Corporate Budgets | (243.766) | (212.988) | 30.778 | 30.778 |
| Use of Financial Resilience Reserve | | (36.378) | (36.378) | (36.378) |
| Use of Covid Reserve | | (7.800) | (7.800) | (7.800) |
| Release of Cyclical Maintenance Reserve | | (8.235) | (8.235) | (8.235) |
| Release of Other Reserves | | (21.813) | (21.813) | (21.813) |
| Postponing contribution to Cyclical Maintenance Reserve | | (0.590) | (0.590) | (0.590) |
| Use of Policy Contingency to fund electricity and fuel costs | | (5.700) | (5.700) | (5.700) |
| Other Corporate Underspends | | (11.010) | (11.010) | (11.010) |
| Corporate Subtotal | (243.766) | (304.514) | (60.748) | (60.748) |
| | | | | |
| City Council General Fund Budget | 759.232 | 770.233 | 11.001 | 11.001 |

1.12 Further details of overspending and mitigations are provided in section 2 of the report.

Spend Controls

1.13 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

1.14 In summary, the workforce spend controls focus on vacancy management and reducing the use of consultants, interims and agency workers wherever possible. To date £2.2m is reflected from underspending against budgeted establishment.

b. Procurement

1.15 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

1.16 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 of 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.

1.17 Table 2 summarises the savings identified so far through spend controls notwithstanding the actions ongoing referred to above.

Table 2: Detail of savings identified through spend controls

| Directorate | Saving | Spend Controls (£m) |
|-------------------|---|---------------------|
| Adult Social Care | Employee Savings-Community & Social Work Operations | 1.200 |
| Adult Social Care | Employee Savings-Commissioning | 0.600 |
| Adult Social Care | Non-essential spend controls across the Directorate | 0.386 |
| Corporate | Facilities Management saving to be allocated | 1.500 |
| Total | | 3.686 |

1.18 Table 3 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 of Table 9 below paragraph 6.28. Should there be further income shortfalls due to the Cost of Living crisis, other than the £4.6m reported by Adults Social Care, then the Council will use the FRR to cover these.

Table 3 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 | (4.600) | | | (4.600) |
| 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 | | | (21.813) | (21.813) |
| Corporate | Use of Covid Reserve | | (7.800) | | (7.800) |
| Total | | (36.378) | (7.800) | (35.393) | (79.571) |

2 Movements in Directorate Forecast

- 2.1 Below are details of where Directorate forecasts have changed from the net risks reported at Month 8.

Children and Families-increase in forecast overspend £1.7m

- 2.2 **SENDIASS (Projected Year End overspend of £0.6m, deterioration of £0.1m Since Month 8)**

There is an immediate need to determine the required future service delivery levels and seek funding contributions from partner organisations to address any resulting budgetary gap from 1st April 2023. This forecast overspend is therefore limited to 2022/23 only and will not continue into 2023/24.

- 2.3 **SEND Early Help (Projected Year End overspend of £0.4m, improvement of £0.1m Since Month 8)**

This forecast overspend is limited to 2022/23 and will not continue past March 2023 into 2023/24 as the service is in the process of transferring to BCT and being absorbed within their existing Early Help offer.

- 2.4 **Birmingham Children's Trust (BCT) (Projected Year End overspend of £26.8m, deterioration of £1.6m Since Month 8)**

BCT is a commissioned service and is reporting a forecast overspend as follows: The current 2022/23 forecast position is a **net pressure of £26.8m** in relation to placement costs which represents a 1.7% increase on placement budgets and 0.7% in respect of the overall Trust budget. This is an increase of £1.6m to the forecast previously reported.

As predicted the care population is increasing at the rate of 3.7% however the Trust did not receive any uplift in the base budget to reflect this. Savings in previous years on employee budgets have not been able to be sustained as demand pressure at the front door has continued to increase.

Complexity of need continues to impact with the number of children with a placement cost more than £5,000 per week increasing from 41 to 81 children. At the same time activity across Family Group Conferencing, Breaking the Cycle and Safer Families work demonstrates significant levels of cost avoidance.

The key areas of pressure relate to residential and supported accommodation which reflects a mixture of market failure in terms of lack of availability and higher levels of inflation.

Challenges also remain in respect of fostering places despite a net increase in the number of internal foster carers in the year to date. Work continues in the Trust across a number of areas to manage demand including a review of externally commissioned assessments which is also under pressure due to volumes of demand.

City Operations- reduction in forecast overspend £1.5m

2.5 Highways & Infrastructure (projected year end £8.0m overspend, improvement of £1.5m since Month 8)

Pressure of £5.7m on street lighting electricity following significant cost increases and projected shortfall of £2.3m on Parking income. This is an improvement in the forecast of £1.5m since month 8 due to improved income levels recorded on the ledger. 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. Potential expenditure mitigations still need to be investigated. A review of the parking offer is underway and will inform a longer-term study.

Council Management- increase in forecast overspend £4.0m

2.6 Revenue and Benefits (projected year end overspend £3.7m, deterioration of £3.7m since Month 8)

There is a risk that there will be a shortfall in income from court costs of £3.7m, due to delays in being able to take recovery actions through the courts. Recovery action has now begun to take place, so income from court costs should start to come through. This risk had not been previously reported, so is an increase in the risk of £3.7m. The service is exploring mitigating options to reduce the overspend.

2.7 ITDS (projected year end £0.3m overspend, deterioration of £0.3m since Month 8)

This variance is caused by additional costs relating to Oracle, including ERP Roadmap, ERP functional support and Winshuttle replacement. Some of these costs are likely to impact future financial years.

Adult Social Care – no overall change in forecast overspend

2.8 There is no overall change in the forecast overspend for Adult Social Care, however there was a deterioration of £1.2m on Packages of Care, offset by improvements of £1.2m, mainly in Community and Social Work. More details are provided in Annex 1 paragraphs 1.10 to 1.15.

Corporate – increase in net mitigation of £30.9m

2.9 From a review of Policy Contingency, it has been identified that there is likely to be an underspend of **£9.5m**.

2.10 From the on-going rolling review of reserves and balances, it has been identified that **£21.8m** can be released.

2.11 There is a reduction of **£0.4m** in the forecast use of the FRR to cover the Adult Social Care in year income shortfall.

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 4 below.

Table 4: Savings Risks 2022/23

| Risk Profile | Month 8 (£m) | Month 9 (£m) | % of target |
|---|---------------|---------------|-------------|
| Delivered | 11.584 | 11.484 | 27% |
| Covered through use of Budget Smoothing Reserve | 8.855 | 8.855 | 21% |
| Low Risk | 13.245 | 12.964 | 30% |
| Medium Risk | 5.032 | 5.413 | 13% |
| High Risk | 4.149 | 4.149 | 10% |
| 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, £4.1m 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 9. There was a net movement of £0.4m of savings from low risk to medium risk, and a movement of £0.1m of savings from delivered to low 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

2022/23 Capital Monitoring as at Month 9

- 4.1 The revised capital budget for 2022/23 at Month 9 is £728.6m, a net increase of £5.1m from Month 8.
- 4.2 As at Month 9 capital spend for the year is projected to be £581.9m. This is a further variation of £86.7m from the position reported at Month 8. This reduction relates to slippage on various projects and programmes – details are provided in paragraphs 4.5 to 4.19 below.

4.3 During Month 10 work further is being undertaken with Directorates and project managers to explore opportunities to reprofile or review capital projects. This will inform the 2022/23 projection as well as future year budgets.

4.4 Movements in the budget of a net £5.1m have taken place since month 8:

Table 5: Movements from the Month 8 Budget 2022/23

| Directorate | Amount in 22/23 | Capital Project | Funding | Cabinet Approval |
|--|-----------------|---|-------------------------------------|---|
| Council Management – IT&D | £3.012m | New Ways of Working | Capital Receipts | July 2021 |
| City Operations – Parks & Nature Conservation | £0.101m | City of Nature | Community Infrastructure Levy (CIL) | February 2022 |
| City Operations – Community, Sport & Events | £0.324m | Quinborne Community Centre | Service Prudential Borrowing | April 2022 |
| City Operations – Bereavement Services | £2.250m | Yardley Cemetery | Service Prudential Borrowing | March 2022 |
| City Operations - Highways | £(0.198)m | Various adjustments to reflect the revised Transport & Highways Capital programme (THCP) report. | | Various adjustments to reflect the revised THCP report. |
| Place, Prosperity & Sustainability – Planning & Development | £0.804m | Former Erdington Baths - Weatherproofing | CIL | October 2022 |
| Place, Prosperity & Sustainability – Planning & Development | £0.282m | Technical adjustment to ledger to show correct budget on Ledger | Various | |
| Place, Prosperity & Sustainability – Planning & Development – Public Realm | £(0.873)m | Technical adjustment to ledger to show correct budget on Ledger | Various | |
| Place, Prosperity & Sustainability – Transport Connectivity | £(0.557)m | Various adjustments to reflect the revised Transport & Highways Capital Programme (THCP) Cabinet report 2022-2028 | Various | March 2022 |
| Total | £5.145m | | | |

Allocations of £1.364m have been made from this year's £5m Capital Contingency budget as follows

Table 6: Allocations from Capital Contingency Budget

| Directorate | Amount in 22/23 | Capital Project | Funding | Cabinet Approval |
|--|-----------------|---|--------------------------------|------------------|
| City Operations – Community, Sport & Events | £0.594m | Kings Heath & Ladywood CC – Replacement Boilers – allocation from Corporate Capital Contingency | Corporate Prudential Borrowing | |
| City Operations – Community, Sport & Events | £0.342m | Handsworth Wellbeing Centre – allocation from Corporate Capital Contingency | Corporate Prudential Borrowing | April 2022 |
| City Operations – Mortuary & Coroners Services | £0.428m | Youth Court – allocation from corporate capital contingency | Corporate Prudential Borrowing | April 2021 |

Further Forecast Variations £86.7m:

4.5 Following a review of the capital programme with Project and Programme Managers, further slippage of £86.7m of capital spend has been identified for re-phasing into future years.

4.6 It is important to note that no financial resources will be lost if there is slippage in the programme's expenditure at the end of the financial year. The resources and planned expenditure will be "rolled forward" into future years.

4.7 The main reasons (>£1m) for the forecast variation are detailed below:

Commonwealth Games 2022 - £(11.2)m –

4.8 Realignment of resources from the Commonwealth Games 2022/23 budget to support the legacy works to the Alexander Stadium and Perry Park as set out in the FBC approved by Cabinet in October 2022 – profiled for spend in 2022/23 and 2023/24.

Council Management – net slippage £(3.5)m, includes major variations of:

4.9 **Corporate Capital Contingency – underspend of £(3.6)m** – A contingency budget of £5m was set at the start of the year for unforeseen events. £1.4m has been allocated to fund new projects, as approved by Cabinet (see Table 2 above). Currently there are no further needs identified and it is likely the remaining budget of £3.6m will not be required in this financial year and therefore reported as an underspend.

4.10 **ICT&D – slippage of £(1.5)m** – Since December 2021 the high-level Digital Strategy has been approved by Cabinet and the reprofiled budgets has been phased for the initial delivery, with further elements to be expended through 2023/24. This has resulted in the slippage of (£0.951m) to be predominantly spent in 2023/24 on Low Code Deployment, application rationalisation and associated

Digital projects. (£0.34m). Slippage on the Application Platform Modernisation scheme funded by Flexible Use of Capital Receipts, is due to a change in timing of the SAP archiving to tie in with audit / ongoing business need. Slippage of (£0.186m) on the Corporate Voice Telephony Scheme, as the contract centre procurement has paused pending the outcome of wider consultancy work being conducted at a corporate level focusing on wider cost reduction.

City Operations – net £3.0m – all minor variations.

City Housing - £(10.6)m – includes major variations:

4.11 **HRA - Housing Improvement Programme – additional slippage of £(9.5)m –** of which (£5.6m) is slippage on the Retrofit programme - the design process is ongoing and has proved to be more involved than originally anticipated which has led to the switching of design solutions on some archetypes. This has delayed the costing process and hence delayed the start of the works. Other net slippage of (£5.7m) is due to delays in obtaining licence agreements to allow structural works for High Rise blocks and delays in agreeing technical solutions with the engineers on the LPS pilot block. The net overspend of £1.8m is related to additional unforeseen works at Lyndhurst Estate for balcony works and additional demand for Aids and Adaptations works.

Place, Prosperity & Sustainability - £(52.3)m, includes major variations of:

4.12 **Enterprise Zone - £(6.2)m –** Forecast amended in line with the Greater Birmingham & Solihull Local Enterprise Partnership (GBSLEP) approved Enterprise Zone programme.

4.13 **Planning & Development – Other Major Projects - £1.1m –** £0.804m New budget added for Erdington Baths Weatherproofing. Approved by Cabinet in October 2022. £0.282m other minor variations.

4.14 **Transport & Connectivity Major Schemes - £(5.8)m –** The £5.8m increase in slippage from Month 8 relates to smaller projects variations that are all under £1m. These schemes are 5 year programmes that haven't been developed in 2022/23 and will be developed in future years.

4.15 **Transport & Connectivity Brum breathes & Route to Zero - £(17.9)m -** The slippage relates to Clean Air Zone (CAZ) mitigation fund. The spend is demand led involving fairly low levels of grant expenditure to private individuals, organisations, and companies. While the CAZ Team has made continuous efforts to encourage applications for the funds (and has revised the offer wherever possible), the delayed launch of the CAZ, higher than assumed levels of compliance in key vehicle types and the current cost of living crisis has meant that demand for CAZ grants is relatively low and is not expected to improve significantly for the foreseeable future.

4.16 **Transport & Connectivity Public Transport - £(1.6)m –** The slippage mainly relates to new schemes that were approved by Cabinet in March 22 within the

Transportation & Highways 6-year forecast. These schemes are in the initial outline design phase and require a full business case for the works commence, it is envisaged that these schemes will be developed in 2023/24. The Public Transport programme also includes schemes that Transport for West Midlands (TfWM) funded and led, these schemes have also been delayed due to other pressures within both organisations.

- 4.17 **Transport & Connectivity Infrastructure Development - £(2.5)m** – The slippage relates to additional City Region Sustainable Transport Settlement (CRSTS) funding received to design and deliver local transport network investments. The funding will be utilised to develop transportation infrastructure in future years.
- 4.18 **Property Services Property Strategy - £(17.5)m** – This budget is used as and when suitable opportunities arise. It does not represent a target acquisition programme. A number of significant acquisitions have competed this year totalling £47.0m. There are currently no acquisitions in progress and given the due diligence required for new opportunities it is unlikely any further acquisitions will complete before the financial year end. The remaining budget will be slipped into future years for acquisitions as and when opportunities arise.

Children & Families – £(8.1)m –

- 4.19 **Basic Need – Additional School Places - £(8.1)m slippage pending the** development of schemes such as North Birmingham Academy which will go to Cabinet in February 2023. Due to the additional secondary school places required for 23/24+, there are also the other secondary school options that are currently under consideration.

Risks and Issues:

- 4.20 Delivery of the Capital Programme is being closely monitored over the year. There remain risks to delivery, particularly relating to cost pressures and material shortages for construction projects. Project Managers are constantly keeping these under review and appropriate actions taken to mitigate the impacts.

Capital Receipts:

- 4.21 The 2022/23 revised budgeted target of capital receipts is £42.1m. At present £15.3m of receipts have been achieved, £6.0m against the General Disposal Programme and £9.3m against the Commercial Portfolio that will be reinvested in the Commercial Portfolio. There are identified disposals at various stages of the disposal process for the remainder of the target. It should be noted that the disposals programme is back-end loaded meaning that majority of receipts are due to be received towards the end of the 2022/23 financial year and relate to a small number of high value cases.

Table 7 below sets out the position at Month 9 2022/23:

Table 7 – Disposals Programme 2022/23

| Capital Receipts & Disposals Programme 2022/23 | |
|---|-----------------------|
| | 2022/23 £m |
| Budget | 42.1 |
| Achieved at Month 9 | 15.3 |
| Further Anticipated Receipts | 26.8 |

5 Policy Contingency

- 5.1 The 2022/23 budget includes a Policy Contingency budget of £48.0m, excluding savings to be allocated of £30.9m. The Policy Contingency budget is held centrally and not allocated to services at the start of the financial year. It is retained to protect against unplanned expenditure or when the costs of certain decisions which may be taken during the course of the financial year become clearer. Allocations will be made to services only after the demonstration of need and are subject to review and approval by the Chief Finance Officer with the exception of allocations from General Contingency which will be approved by Cabinet.
- 5.2 The main uses that were already committed by Quarter 2 are £5.7m of the inflation contingency set aside to fund costs of energy and £6.8m of inflation contingency set aside for Adult Social Care.
- 5.3 In Quarter 3, the Section 151 Officer has approved the use of £0.1m of Inflation Contingency for the Grounds Maintenance contract under delegated authority.
- 5.4 The table also reflects the use of £2.7m of General Policy Contingency for the Job Evaluation Project as approved by Cabinet in April 2022. If there is any underspend in 2022/23, this will need to go into reserve to fund the project in 2023/24.
- 5.5 Cabinet is asked to approve the use of £0.2m of General Policy Contingency to fund an independent financial audit of the SENDIASS service.
- 5.6 As referred to in paragraph 2.9, it is forecast that there will be an underspend on Policy Contingency of £9.5m.

Table 8: Policy Contingency Budget 2022/23

| Policy Contingency | Budget £m | Committed by Quarter 2 | Committed in Quarter 3 £m | Remaining £m |
|---|----------------------|---------------------------------------|--|-------------------------|
| Inflation Contingency | 20.930 | (12.534) | (0.059) | 8.336 |
| Delivery Plan | 13.619 | | | 13.619 |
| SEND Improvement | 2.792 | | | 2.792 |
| Workforce Equalities | 2.000 | | | 2.000 |
| Apprenticeship Levy | 1.308 | | | 1.308 |
| Short-term Improvement in the Council House | 1.000 | | | 1.000 |
| Loss of Income from Car Park Closures | 0.252 | | | 0.252 |
| Corporate Funding for Owning & Driving Performance (ODP) | | | | |
| Culture Change Programme | 0.129 | | | 0.129 |
| Transport - Funding for Young People | 1.228 | | | 1.228 |
| General Contingency | 4.724 | (0.232) | (2.748) | 1.744 |
| Total Policy Contingency excluding savings | 47.982 | (12.766) | (2.807) | 32.408 |
| Contract Savings | (1.147) | | | (1.147) |
| Capitalisation of Transformation costs - to be allocated to services in 2022/23 | (20.000) | | | (20.000) |
| Fit for Purpose savings | (9.802) | | | (9.802) |
| Total Savings to be allocated | (30.949) | 0.000 | 0.000 | (30.949) |
| Total Policy Contingency | 17.033 | (12.766) | (2.807) | 1.459 |

6 Reserves

- 6.1 At the end of 2021/22, the Council had total reserves of £1,071.5m.
- 6.2 This included £230.1m of General Reserves and Balances, broken down by:
- 6.3 £38.4m General Fund Balance. This is more than 4.5% of the net budget, as approved by Cabinet in November 2020. There is no planned use of the General Fund Balance in 2022/23.
- 6.4 £125.5m of Financial Resilience Reserve (FRR), this is after the £17.8m underspend in 2021/22 was transferred to it. This provides extra financial resilience in these very uncertain times and will be used to manage in year risks if required.
- 6.5 £66.2m Delivery Plan Reserve (DPR). The DPR was established to enable the necessary investment required by the Council's Delivery Plan. It also contains the previous Invest to Save Reserve.
- 6.6 Whilst reserve levels are considered adequate, they require continuous monitoring. The Council cannot be complacent and must continue to maintain financial rigour, particularly with regard to delivering planned savings, accumulated debt and associated financing costs and financial income collection.
- 6.7 The Council anticipated the net use of £283.2m of reserves in setting the 2022/23 budget. This is summarised in Table 9 together with the current forecast outturn balance. At Quarter 3, £5.9m of uses of reserves that were approved by Cabinet as part of the Outturn Report on June 28th have been reflected. The table also reflects that £0.8m of budgeted reserves contributions in the Financial Plan are

not expected to take place (mainly a planned contribution of £0.6m to the Cyclical Maintenance Reserve, as set out in paragraph 1.16).

- 6.8 During this financial year the Council has undertaken a forensic review of all reserves to identify if there are any reserves that are no longer required for the purpose that they were originally created and will re purpose any that are identified.
- 6.9 At Month 8, it was identified that **£8.2m** of the Cyclical Maintenance Reserve could be released as it is not necessary to keep such a large reserve.
- 6.10 Following further review, it has also been identified that **£21.8m** of other reserves can be released as they are no longer required.
- 6.11 The table further reflects that it is forecast that the following uses of and contributions to reserves will take place:

Delivery Plan Reserve – forecast use of £2.5m

- 6.12 The use of £2.5m of the Delivery Plan Reserve from the balance of funding approved by Cabinet in October 2021 for transformation of the Children & Families directorate.

Financial Resilience Reserve (FRR) – forecast use of £40.4m

- 6.13 The use of £14.9m of the FRR to fund costs of the Pay Award above the budgeted assumptions as described in paragraph 1.19.
- 6.14 The use of up to £10.9m of the FRR to fund costs of gas and electricity for the corporate estate that are above budget.
- 6.15 The use of £5.0m of the FRR to fund Cost of Living emergency as approved by Cabinet on 11th October.
- 6.16 The use of £4.6m of the FRR to fund Adult Social Care Bad Debt Provisions and shortfall in Client Contributions.
- 6.17 The use of £1.0m of the FRR to fund Leisure Income shortfall as approved by Cabinet on 13th December (up to £1.6m was approved by Cabinet).
- 6.18 The use of £1.0m of the FRR to fund Graffiti Street Art.
- 6.19 The use of £3.0m of the FRR to fund Cleaner Streets.

Other Corporate Reserves – forecast net use of £21.1m

- 6.20 The use of £7.8m of the Covid Reserve to fund shortfalls in income due to the on-going effects of changes in behaviours, such as in Car Parking.

- 6.21 This is partly offset by a plan to contribute £4.0m to the Covid Reserve from grant maximisation of Public Health expenditure.
- 6.22 The use of £8.9m of the Budget Smoothing Reserve to cover savings that are not able to be achieved in 2022/23. It is still expected that those savings that are on-going will be achieved in 2023/24.
- 6.23 The use of £3.8m of Covid related corporate grant reserves.
- 6.24 The use of £3.1m of Section 31 Grant Reserves relating to compensation from the Government for Business Rates Reliefs granted.
- 6.25 The use of £1.3m of Policy Contingency Reserves offset by an expected contribution to Policy Contingency Reserves of £1.1m.
- 6.26 The use of the remaining £1.2m of the SEND Reserve to go towards funding the costs of interim staff in the SENAR Business As Usual team.

Grant Reserves – forecast net use of £9.6m

- 6.27 The net use of £9.6m of grant reserves, including the use of £15.0m of reserves related to Public Health.

Earmarked Reserves – forecast use of £9.8m

- 6.28 The use of £9.8m of earmarked reserves, largely being £5.3m of Education PFI Reserve, mainly to fund pressures in the SENAR service as described in Annex 1 paragraph 1.1.

Table 9 Forecast Reserves uses and contributions

| | A | B | C | D | E | F | G | H |
|--|-------------------------------|--|---|--|-------------------------------------|-----------------------|--|---|
| | 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 |
| Reserves | £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 |
| <i>Financial Resilience Reserve Gross</i> | <i>146.962</i> | <i>(29.956)</i> | <i>(1.300)</i> | <i>0.000</i> | <i>(40.378)</i> | <i>0.000</i> | <i>(71.634)</i> | <i>75.328</i> |
| <i>Net Borrowing from Financial Resilience Reserve</i> | <i>(21.480)</i> | <i>(0.912)</i> | <i>0.000</i> | <i>0.000</i> | <i>0.000</i> | <i>0.000</i> | <i>(0.912)</i> | <i>(22.392)</i> |
| Financial Resilience Reserve Net | 125.482 | (30.868) | (1.300) | 0.000 | (40.378) | 0.000 | (72.546) | 52.936 |
| General Reserves and Balances | 230.060 | (45.986) | (4.900) | 0.000 | (42.881) | 0.000 | (93.767) | 136.293 |
| Other Corporate Reserves | 323.087 | (212.965) | (1.000) | (0.779) | (21.086) | (9.031) | (244.862) | 78.225 |
| Grant | 340.609 | (23.727) | 0.000 | 0.000 | (9.580) | (15.224) | (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) | (40.466) | (30.047) | (309.483) | 532.141 |
| Grand total | 1071.683 | (283.176) | (5.900) | (0.779) | (83.347) | (30.047) | (403.250) | 668.434 |

7 Housing Revenue Account (HRA)

- 7.1 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.
- 7.2 Overall, the HRA spend is forecast to remain within budget this year.

8 Dedicated Schools Grant (DSG)

- 8.1 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

9 Borrowing

- 9.1 Gross loan debt is currently £3,274m, with the year-end projection estimated to be £3,285m, below the planned level of £3,452m. The annual cost of servicing debt represents approximately 29.4% 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.
- 9.2 The outlook for borrowing costs remain uncertain as the Bank of England looks to bring inflation to target and as the UK economy enters recession territory; however, further Bank Rate rises are still expected. Treasury Management costs for 2022/23 are expected to remain at budget based on mitigations being taken such as maintaining a balanced loans portfolio and seeking optimal borrowing rates. There is a risk that further volatility in the financial markets could push treasury management costs up before the end of the financial year.

10 Collection Fund

- 10.1 The overall net budget for Council Tax income including Parish and Town Council Precepts is £403.0m in 2022/23. In addition, the Council collects the precepts on behalf of the Fire and Police Authorities.
- 10.2 The in-year forecast for Council Tax is a surplus of £3.3m. Generally, a surplus or deficit on the Collection Fund impacts on the following year's budget, which in this case will be 2023/24. The in-year surplus is mainly due to lower than forecast costs of Council Tax Support and other reliefs and discounts, partially offset by reduction in growth compared to budget and a forecast increase in Bad Debt Provision. However, given the economic situation, there is a risk that collection rates will be worse than forecast. This will be closely monitored.
- 10.3 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 2022/23 is £355.6m (excluding the Enterprise Zone), of which the Council's retained share is £352.0m.

- 10.4 The in-year forecast Business Rates forecast is a deficit of £1.7m. Again, a surplus or deficit on the Collection Fund impacts on the following year's budget. The in-year deficit is mainly related to reduction in growth compared to budget and a forecast increase in Bad Debt Provision, only partly offset by a reduction in reliefs compared to budget.
- 10.5 However, due to the reduction in reliefs, the Council is also expecting to receive £1.7m less from the Government in Section 31 Grant, which will also impact next year's budget.

List of Annexes

- 1. Details of Forecast Variations by Directorate**
- 2. Write off details**
- 3. Capital**
- 4. Treasury Management Monitoring Dashboard**
- 5. Investment Property Portfolio Monitoring Dashboard**

Annex 1 Details of Forecast Variations by Directorate

Children and Families-Forecast forecast overspend £47.5m

1.1 Special Educational Needs Assessment and Review Service (SENAR)-forecast overspend £1.5m, no change from Month 8

In February 2021, a restructure of the service was initiated, and all permanent staff placed under a S188 notice. The Ofsted inspection in May 2021 reported that the SENAR service was extremely under resourced and unable to meet its statutory responsibilities. Due to the Ofsted inspection and resulting commissioner appointment, this restructure was paused pending further investigation and baselining of what the service requires to fulfil its statutory responsibilities.

There has been additional investment secured for the SENAR service to address the concerns of under resourcing. For 2021/22 that resulted in additional funding of £5.1m, and for 2022/23 £5.3m. As the funding has currently been allocated for two years only (to fund the required staffing levels whilst the baselining exercise was undertaken), it has not allowed for permanent recruitment. At present there are significant numbers of interim staff in the service covering roles from the Head of Service still to lower graded support officers, and whilst this has resulted in an increase in compliance against the statutory measures, it does incur higher costs versus permanent posts.

The requested £5.1m and £5.3m were based on the activity/backlogs of statutory tasks identified at that point in time, however further investigations have resulted in additional statutory work requiring more Case Officers to be appointed, and an increase in appeals requiring more Tribunal Officers to be appointed.

The forecast is being constantly reviewed and although there have been estimated reductions in some areas since Month 8, these have been offset by increases elsewhere.

This forecast overspend of £6.8m will be partly mitigated by £5.3m, made up of a combination of earmarked reserves held by the Directorate and amounts of policy contingency already allocated to the Directorate for other purposes.

A request for the ongoing budget required for the service is being made through the MTFP process.

1.2 SENDIASS Forecast overspend of £0.6m, an increase to the Month 8 forecast of £0.2m

See paragraph 2.2.

1.3 SEND Early Help Forecast overspend of £0.4m, a reduction to the Month 8 forecast of £0.1m

See paragraph 2.3.

1.4 **Children & Young People Travel Service, formerly Home to School Transport (H2ST). Forecast overspend of £18.1m, no change from the forecast at Month 8.**

Broken down as follows:

- **£13.4m transport costs**
- **£4.7m guides**

Service delivery was successful in September 2022, resulting in an improved service and satisfaction. The service transport circa 4,500 children on more than 1,000 routes. The new academic year saw 99.9% of the routes operating daily, ensuring that children get the best possible start to their school day.

Additional budget was allocated to the service for 2022/23 due to significant financial pressures incurred in financial year 2021/22. However, it should be noted as per Cabinet decision of 7th June 2022 *Children and Families Directorate: Improvement Programme Update and Resources Requirement*, a significant proportion of this additional budget was reallocated to transformation (£16.8m was originally allocated, of which £6.6m was reallocated to transformation, with £10.2m remaining in the BAU budget).

It is important to note the following risks and assumptions in relation to the financial forecast:

- The financial projection is based on the accounting period March 2022 - February 2023, as adopted in prior financial years to reduce dependency on estimation and accruals at financial year end.
- The data being used to project for September 2022 – February 2023 may still contain inaccuracies because the workbook being used to track routes has been manually built. The financial projection includes all routes in this workbook, but it is known that new routes are being added/amended/removed daily.
- Ongoing risk assessment work may warrant the transfer of some pupils currently on shared transport onto single occupancy vehicles, placing upward pressure on route and guide costs.

Reasons for the increase in spend within this service area are as follows:

- The growth in the number of children with EHCPs is undoubtedly an important factor in increasing demand for SEND transport. The SENAR team has provided statistics to show the number of EHCPs provided in Birmingham on an annual basis increased from 802 in 2020 to 1230 in 2021.
- The increasing complexity of the needs of children with SEND is also a factor contributing to growing expenditure on SEND transport. Increasing numbers of children with complex medical needs, or profound and multiple disabilities, create a demand for more costly forms of transport such as specially equipped buses, and more skilled passenger assistants who could provide medical support in an emergency. At the same time, increasing numbers of children presenting with extremely challenging behaviour have led to greater use of individual taxi journeys for this cohort.

- Another factor affecting all local authorities, not just Birmingham City Council is that an increasing percentage of children with EHCPs are being educated in special schools and when local special schools become full, the 'nearest suitable school' is further afield and therefore more costly in transport terms.
- Market Pressures such as driver wages and increased fuel costs are also contributing to increased spend.

Data is an ongoing issue for the service. Significant attempts have been to extrapolate and interrogate data to provide meaningful metrics. This work is continuing at pace. The aim is for the department to be a position where accurate modelling and forecasting can take place. Unfortunately, due to the ongoing data issues and historic lack of data it's not currently possible to determine how much of the service pressure is attributable to each of the reasons outlined above.

The forecast overspend of £18.1m is unchanged from month 8. Engagement with transport operators began this month, as part of the ongoing work to negotiate cost reductions and fair pricing as well as introduce a pricing matrix targeted at standardising/reducing the overall cost of transport including operator travel guide costs.

Actions to be taken by the service to address cost pressures with effect from January 2023:

- The membership of the transport Eligibility Panel has been strengthened to include all relevant service stakeholders. Going forward the panel's decision making will be guided by a revised travel policy focused on severity of need.
- A solo travel panel has been set up with the purpose of decision making on the award/provision of solo transport. This will reduce the higher cost associated with solo transport arrangements.
- A high-cost package panel has also been setup with the appropriate membership. The aim of this panel is to review and challenge the decision making around approval of more costly transport packages.

Future and ongoing actions to be taken to address cost pressures:

- Reviewing eligibility criteria, in consultation with parents, carers and young people
- Focussed actions within the improvement programme that help to mitigate cost pressures for SEND transport including taking a strong strategic approach to SEND and inclusion, establishing clear leadership of SEND transport planning and joining-up across teams, developing a menu of travel assistance options, skilfully facilitated with parents and schools; and working in partnership with schools and across services
- Improved Contract & Relationship Management
- Demand Management – including the creation of a Pathway to Independence Travel Training Programme to support our children and young people to travel more independently
- Implementing a permanent staffing structure from 23/24.

- 1.5 **Birmingham Children's Trust (BCT)** is a commissioned service. BCT reports a net pressure of £26.8m This is an increase of £1.6m to the forecast previously reported.

See paragraph 2.4

City Operations - forecast overspend £9.0m

- 1.6 **Highways & Infrastructure (projected year end £8.0m overspend, improvement of £1.5m since month 8)**

See paragraph 2.5.

- 1.7 **Neighbourhoods (projected year end £1.0m overspend, no change since month 8)**

Pressure in Leisure Services is due to financial support provided to external providers to complete the return to pre-covid levels, including a reduction in the level of management fee income received. Providers have raised the risk of further pressure due to high energy costs and their ability to operate within existing contractual agreements. Pressure this year estimated to be in the region of £1.0m net of mitigating action.

Work is being undertaken to determine the projected year end position of Alexander Stadium, post Commonwealth Games, and will be reflected in Directorate position once finalised in January 2023.

- 1.8 **Street Scene (projected breakeven position, no change since month 8)**

Expected income pressures within the Garage and Trade Waste due to same customer base as in 2021/22 where outturn overspends were £1.1m and £1.0 respectively. There is a risk that the Trade Waste customer base has not fully recovered to pre-pandemic levels creating a risk of potential further income pressure.

Additional Waste Fleet cleansing ceased at the end of September, however, has resulted in unfunded cost in the region of £1.4m. And the with significant increases in the cost of fuel there is projected cost pressure in the region of £1.5m.

However, if the Tyesley plant continues to operate efficiently as it did last year and additional income is received from its electricity generation, combined with an underspend of £2.0m on borrowing costs from delayed fleet purchase, the service would breakeven.

City Housing – forecast overspend £7.7m

- 1.9 **Housing Options (forecast risk of overspend £7.7m, no change since Month 8)**

There are two material pressures in the Housing Options Service in 2022/23. The growth in demand for Temporary Accommodation (TA) has far exceeded the reductions made through the Housing Options prevention and supply initiatives. Currently there is 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 budget for TA 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 modelled at £5.4m before any mitigations which the service are currently investigating.

There are two material pressures in the Housing Options Service in 2022/23. The growth in demand for Temporary Accommodation has far exceeded the reductions made through the Housing Options prevention and supply initiatives. 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 latest three months have seen huge fluctuations in the 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 modelled at £7.7m before any mitigations which the service is currently investigating.

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 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. As there is a lead in time to get these properties fully operational the full impact will not be seen until the later part of this financial year. 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. Other mitigations involve delays in recruitment resulting in a staffing underspend.

Adult Social Care – forecast overspend £3.4m

- 1.10 **Packages of Care - £8.2m Overspend** – The Directorate is reporting a forecast overspend of £8.2m at month 9. 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 £4.6m relating to in year income shortfall. There is also a £3.6m demand pressure relating to packages of care if current trends continue and the overall movement from Month 8 is a £1.2m further pressure.

- 1.11 It is planned to use £4.6m of the FRR to fund the risk relating to in year income shortfall mentioned above if it crystallises at year end. Work is continuing to minimise the call on this reserve.
- 1.12 **Community & Social Work Operations – (£1.0m) Underspend** - In Community and Social Work Operations there is an overall forecast underspend of £3.0m. There is a £2.7m underspend on staffing and £0.2m underspend 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 £1.0m improvement from Month 8 is linked to reductions 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.
- 1.13 **Quality & Improvement – (£1.7m) Underspend** – This reflects the use of the Omicron Grant reserve as referred to above. This is an anticipated unbudgeted reserve appropriation and costs relating to this will be incurred and is included within the Community & Social Work Operations Division to support retention payments to Social Workers. For Month 9 there is an additional £0.1m favourable variance related further reductions in IT support costs relating to the Eclipse implementation.
- 1.14 **Commissioning – £1.6m Forecast mitigation** - 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.
- 1.15 **Director – (£0.5m) Underspend** – Non-essential spend controls across the Directorate have resulted in an underspend against the Director of (£0.5m) at Month 9. This is a movement of (£0.1m) from Month 8 and reflects further reductions in expenditure across the Directorate against discretionary budgets.

Council Management – forecast overspend £4.2m

- 1.16 **Revenue and Benefits (projected year end overspend £3.7m, deterioration of £3.7m since Month 8)**
See Paragraph 2.6
- 1.17 **ITDS (projected year end £0.3m overspend, deterioration of £0.3m since Month 8)**

See paragraph 2.7

- 1.18 **Customer Services (forecast overspend £0.1m, no change since Month 8)**
This variance relates to Digital Mail, and is caused by an 18% inflationary increase in postage costs from November 2022. The full year impact of this is forecasted to be circa £0.3m in 2023/24.

Corporate Budgets- Forecast net mitigations of £60.7m

- 1.19 **The Pay Award (forecast overspend £14.9m).** The 2022/23 budget included a 2.5% increase for pay. It is estimated that the pay award of £1,925 per full time employee that has now been agreed will cost the Council general fund in the region of £14.9m more than the budgeted provision. This will be funded from the Financial Resilience Reserve (FRR).
- 1.20 **Corporate Estate Gas and Electricity cost (forecast overspend £10.9m).** The 2022/23 budget was set before the final prices for gas and electricity were set. These are now fixed for the year. Due to the very high increases in costs, there is a forecast pressure on gas and electricity costs for the corporate estates of £10.9m. This is also planned to be funded from the FRR.
- 1.21 **Cost of Living Emergency (priority spend £5.0m)** Cabinet in October approved £5.0m funding to support local people during the crisis, to be funded from the FRR.
- 1.22 As set out in paragraph 1.18, it is planned to use **£36.4m of the FRR** to cover the extraordinary costs this year.
- 1.23 It is planned to use **£7.8m** of Covid Reserves to cover on-going effects of the pandemic, particularly shortfalls in car parking income and leisure management fees.
- 1.24 From the review of reserves and balances, it was identified at Month 8 that the Council can release **£8.2m** of the Cyclical Maintenance Reserve as it is not necessary to keep such a large reserve.
- 1.25 From further review, it has now been identified that a further **£21.8m** of reserves can be released as well.
- 1.26 As set out in paragraph 1.16 of this report, it is planned to postpone the budgeted contribution of **£0.6m** to the general cyclical maintenance reserve in 2022/23.
- 1.27 It is planned to use **£5.7m** of Policy Contingency that was set aside for energy inflation to cover the additional costs of street lighting electricity.
- 1.28 As set out in paragraph 1.16, it is estimated that **£1.5m** of facilities management savings will be achieved.
- 1.29 It is forecast that there will be savings of **£9.5m** on Policy Contingency budgets at year end.

Annex 2 Write Offs

Irrecoverable Housing Benefit

- 1.1 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.
- 1.2 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.
- 1.3 In 2022/23, from 1st October up to 31st December, 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.

Table 1: Age Analysis of Debts written off under delegated authority

| Age analysis | Over 6 years | 3 to 6 years | Under 3 years | Total |
|----------------------|-------------------------|-------------------------|--------------------------|--------------|
| | £m | £m | £m | £m |
| Benefit Overpayments | 0.015 | 0.038 | 0.055 | 0.107 |
| | | | | |
| Total | 0.015 | 0.038 | 0.055 | 0.107 |

Table 2 to this report gives a more detailed age analysis of overpayments and income written off.

Summary 01.10.22 – 31.12.22

Table 2: Age Analysis of Overpayments and Debts Written-off Under delegated authority by Revenues and Benefits Division

| Detail | Pre 2012 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | Total | No of Debtors |
|---|----------|---------|---------|-----------|-----------|-----------|------------|------------|-----------|-----------|------------|------------|-------------|---------------|
| Housing Benefit debts written off under delegated authority | £84.69 | £195.00 | £855.96 | £1,475.25 | £4,652.30 | £7,409.00 | £15,818.56 | £14,982.67 | £6,746.26 | £6,908.40 | £22,613.41 | £25,168.06 | £106,909.56 | 248 |
| TOTAL | £84.69 | £195.00 | £855.96 | £1,475.25 | £4,652.30 | £7,409.00 | £15,818.56 | £14,982.67 | £6,746.26 | £6,908.40 | £22,613.41 | £25,168.06 | £106,909.56 | 248 |
| No of debts in Age band | 6 | 5 | 15 | 8 | 24 | 26 | 37 | 41 | 27 | 22 | 94 | 157 | 462 | |

Table 3: Debts written off under delegated authority by value range:

| Debt Size | Small | | Medium | | Large |
|------------------|-------------------|--------------|---------------------------|--------------|----------------------------|
| Cases | >£1,000 | Cases | £1,001- £5,000 | Cases | £5,000- £25,000 |
| 233 | £44,881.83 | 10 | £26,095.76 | 5 | £35,931.97 |

Irrecoverable Council Tax & Business Rates

- 2.1 All Council Tax and Business Rates are due and payable. However, there are certain instances where the amount of the bill needs to be either written off or reduced (e.g. where people have absconded, have died, have become insolvent or it is uneconomical to recover the debt).
- 2.2 If an account case is subject to this, then consideration is given to write the debt off subject to the requirement to consider all options to recover the debt, prior to submitting for write off. However, once an account has been written off, if the debtor becomes known to the Revenues Service at a later date, then the previously written off amount will be reinstated and pursued.
- 2.3 In respect of Business Rates, where a liquidator is appointed, a significant period of time is taken to allow for the company's affairs to be finalised and to subsequently determine if any monies are available to be paid to creditors. Once it is established this is not to happen, a final search of Companies House is undertaken to confirm the company has been dissolved.
- 2.4 Cabinet are requested to approve the writing off of council tax and business rates debts to the Council which are greater than £0.025m, totalling £12.9m as detailed in Tables 5 and 6 of this Appendix. Further information in respect of these is available on request.
- 2.5 In 2022/23, from 1 October 2022 to 31 December 2022, further items falling under this description in relation to Council Tax and Business Rates have been written off under delegated authority. Table 4 below details the total approved gross value of these amounts written off of £12.827m for Council Tax and £3.017m for Business Rates which Members are asked to note.

Table 4: Age Analysis of Overpayments and Debts Written-off Under delegated authority by Revenues and Benefits Division

| Age analysis | Up to 2015 | 2015/16 - 2016/17 | 2017/18- 2018/19 | 2019/20 - 2020/21 | 2021/22 – 2022/23 | Total |
|---------------------|---------------|-------------------|------------------|-------------------|-------------------|----------------|
| | £m | £m | £m | £m | £m | £m |
| Council Tax | £3,433,438.13 | £4,179,032.71 | £4,291,374.49 | £655,436.48 | £267,751.61 | £12,827,033.42 |
| Business Rates | £811,834.71 | £856,309.36 | £514,309.43 | £689,688.59 | £145,806.23 | £3,017,948.32 |

Tables 7,8 and 9 of this Annex gives a more detailed age analysis of overpayments and income written off.

Table 5: Write Offs of over £25,000 for cabinet approval

| Age analysis | Up to 2015/16 | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | Total |
|----------------|---------------|---------------|---------------|---------------|---------------|-------------|-------------|-----------------------|
| | | | | | | | | |
| Business Rates | £4,288,226.44 | £1,788,433.52 | £2,311,592.22 | £2,141,675.26 | £1,633,460.63 | £460,933.57 | £310,312.18 | £12,934,633.82 |
| | | | | | | | | |

Table 6: Age analysis of cabinet write offs over £25,000

| 1997-2006/7 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 |
|---------------|---------------|---------------|---------------|-------------|-------------|-------------|-------------|---------------|-----------------------|
| £208,333.14 | £11,762.84 | £26,358.87 | £30,867.98 | £264,996.85 | £387,053.53 | £457,795.77 | £401,001.77 | £1,094,183.03 | £1,405,872.66 |
| 2016/17 | 2016/17 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | | | | Total |
| £1,788,433.52 | £2,311,592.22 | £2,141,675.26 | £1,633,460.63 | £460,933.57 | £310,312.18 | | | | £12,934,633.82 |

Table 7: Age analysis of overpayments and debts written off under delegated authority by Revenues and Benefits Division

| Detail | 1997-2006/7 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|--|-------------------|------------------|------------------|------------------|-------------------|-------------------|--------------------|----------------------|----------------------|----------------------|----------------------|
| Council tax written off under delegated authority | £11,506.50 | £3,038.85 | £2,618.59 | £7,351.54 | £7,933.38 | £30,033.44 | £132,807.16 | £1,474,516.67 | £1,763,632.00 | £1,856,539.30 | £2,322,493.41 |
| Business Rates written off under delegated authority | £0 | £0 | £1,963.82 | £1,570.42 | £10,270.83 | £18,208.88 | £8,787.08 | £332,655.42 | £438,378.26 | £404,584.35 | £451,725.01 |
| TOTAL | £11,506.50 | £3,038.85 | £4,582.41 | £8,921.96 | £18,204.21 | £48,242.32 | £141,594.24 | £1,807,172.09 | £2,202,010.26 | £2,261,123.65 | £2,774,218.42 |

| Detail | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | TOTAL |
|--|----------------------|----------------------|--------------------|--------------------|--------------------|-------------------|-----------------------|
| Council tax written off under delegated authority | £2,444,186.30 | £1,847,188.19 | £345,775.99 | £309,660.49 | £234,098.70 | £33,652.91 | £12,827,033.42 |
| Business Rates written off under delegated authority | £254,014.19 | £260,295.24 | £510,100.63 | £179,587.96 | £145,806.23 | £0 | £3,017,948.32 |
| TOTAL | £2,698,200.49 | £2,107,483.43 | £855,876.62 | £489,248.45 | £379,904.93 | £33,652.91 | £15,844,981.74 |

Table 8 Age analysis of overpayments and debts written off under delegated authority by Revenues and Benefits Division

| Detail | 1997-2006/7 | 2007/08 | 2008/09 | 2009/10 | 2010/11 | 2011/12 | 2012/13 | 2013/14 | 2014/15 | 2015/16 | 2016/17 |
|--|-------------------|------------------|------------------|------------------|-------------------|-------------------|--------------------|----------------------|----------------------|----------------------|----------------------|
| Council tax written off under delegated authority | £11,506.50 | £3,038.85 | £2,618.59 | £7,351.54 | £7,933.38 | £30,033.44 | £132,807.16 | £1,474,516.67 | £1,763,632.00 | £1,856,539.30 | £2,322,493.41 |
| Business Rates written off under delegated authority | £0 | £0 | £1,963.82 | £1,570.42 | £10,270.83 | £18,208.88 | £8,787.08 | £332,655.42 | £438,378.26 | £404,584.35 | £451,725.01 |
| TOTAL | £11,506.50 | £3,038.85 | £4,582.41 | £8,921.96 | £18,204.21 | £48,242.32 | £141,594.24 | £1,807,172.09 | £2,202,010.26 | £2,261,123.65 | £2,774,218.42 |

| Detail | 2017/18 | 2018/19 | 2019/20 | 2020/21 | 2021/22 | 2022/23 | TOTAL |
|--|----------------------|----------------------|--------------------|--------------------|--------------------|-------------------|-----------------------|
| Council tax written off under delegated authority | £2,444,186.30 | £1,847,188.19 | £345,775.99 | £309,660.49 | £234,098.70 | £33,652.91 | £12,827,033.42 |
| Business Rates written off under delegated authority | £254,014.19 | £260,295.24 | £510,100.63 | £179,587.96 | £145,806.23 | £0 | £3,017,948.32 |
| TOTAL | £2,698,200.49 | £2,107,483.43 | £855,876.62 | £489,248.45 | £379,904.93 | £33,652.91 | £15,844,981.74 |

Table 9: Debt size analysis of overpayments and debts written off under delegated authority by Revenues and Benefits Division

| Grouped by value | Small (<£1,000) | | Medium (£1,000 - £5,000) | | Large (>£5,000) | | TOTAL | |
|---|----------------------|---------------|--------------------------|--------------|-----------------------|------------|-----------------------|--------------|
| | Value | Cases | Value | Cases | Value | Cases | Value | Cases |
| Council Tax written off under delegated authority | £9,133,907.78 | 23,641 | £3,693,125.64 | 3,083 | - | - | £12,827,033.42 | 26724 |
| Business Rates written off under delegated authority | £146,538.89 | 345 | £1,019,440.72 | 405 | £1,851,968.71 | 198 | £3,017,948.32 | 948 |
| Business Rates written off under cabinet approval over £25K | £79,810.92 | 211 | £926,154.43 | 352 | £11,928,668.47 | 612 | £12,934,633.82 | 1175 |
| TOTAL | £9,360,257.59 | 24,197 | £5,638,720.79 | 3,840 | £13,780,637.18 | 810 | £28,779,615.56 | 28847 |

| Directorate | (a) 2022/23 Original Budget £m | (b) Slippage / Acceleration from 2021/22 £m | (c) New Schemes, Resources & Rephasing | (d) 2022/23 Month 9 Revised Budget (a+b+c) £m | (e) Forecast Variation Month 9 £m | (f) 2022/23 Forecast Outturn (d+f) £m |
|---|--|---|---|---|---|--|
| Commonwealth Games | 11.535 | 7.881 | 0.000 | 19.416 | (11.235) | 8.181 |
| Council Management | | | | | | |
| Development & Commercial | 2.341 | 3.661 | 0.000 | 6.002 | (2.041) | 3.961 |
| Corporately Held Funds | 47.864 | 7.677 | (1.964) | 53.577 | (11.256) | 42.321 |
| SAP Investments | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| ICT & Digital | 6.003 | 2.628 | 3.012 | 11.643 | (3.303) | 8.340 |
| Total Council Management | 56.208 | 13.966 | 1.048 | 71.222 | (16.600) | 54.622 |
| City Operations | | | | | | |
| Control Centre Upgrade | 0.000 | 0.115 | 0.000 | 0.115 | 0.000 | 0.115 |
| Street Scene | 29.073 | 8.044 | 0.101 | 37.218 | 0.000 | 37.218 |
| Private Sector Housing | 1.650 | 1.428 | 0.000 | 3.078 | 5.884 | 8.962 |
| Neighbourhoods | 2.850 | 1.187 | 1.259 | 5.296 | 0.053 | 5.349 |
| Regulation & Enforcement | 0.057 | 0.263 | 2.678 | 2.998 | 0.000 | 2.998 |
| Highways Infrastructure | 30.850 | 2.542 | (13.083) | 20.309 | (1.307) | 19.002 |
| Total City Operations | 64.480 | 13.579 | (9.045) | 69.014 | 4.630 | 73.644 |
| City Housing | | | | | | |
| Housing Options Service | 1.400 | (0.554) | 30.000 | 30.846 | (13.000) | 17.846 |
| HRA | 143.747 | 10.865 | 0.000 | 154.612 | (44.918) | 109.694 |
| Total City Housing | 145.147 | 10.311 | 30.000 | 185.458 | (57.918) | 127.540 |
| Place, Prosperity & Sustainability | | | | | | |
| Planning & Development | 28.598 | 13.556 | 0.213 | 42.367 | (6.237) | 36.130 |
| Transport & Connectivity | 67.356 | 7.125 | 15.192 | 89.673 | (33.673) | 56.001 |
| Housing Development | 3.817 | 1.563 | 0.000 | 5.380 | 0.000 | 5.380 |
| Perry Barr Residential Scheme | 66.364 | 47.210 | 1.200 | 114.774 | 0.000 | 114.774 |
| Property Services | 32.358 | 43.345 | 0.000 | 75.703 | (17.458) | 58.245 |
| Total Place, Prosperity & Sustainability | 198.493 | 112.799 | 16.605 | 327.898 | (57.368) | 270.530 |
| Children & Families | 46.138 | 5.622 | (10.553) | 41.207 | (8.104) | 33.103 |
| Adult Social Care | 9.715 | (1.454) | 6.076 | 14.337 | 0.000 | 14.337 |
| TOTAL | 531.715 | 162.704 | 34.132 | 728.551 | (146.593) | 581.958 |

| | | Budget Movements | | | | |
|---|-------|------------------|-------------------------------------|--------------------------|----------------|-----------------|
| | | Current Year | | | | |
| | | Original Budget | Slippage /Acceleration from 2021/22 | New Resources/ Rephasing | Month 9 Budget | Change |
| COMMONWEALTH GAMES 2022 | | | | | | |
| | | 5.270 | 3.106 | 0.000 | 8.376 | 3.106 |
| | | 6.265 | 4.775 | 0.000 | 11.040 | 4.775 |
| | | 11.535 | 7.881 | 0.000 | 19.416 | 7.881 |
| COUNCIL MANAGEMENT | | | | | | |
| Development & Commercial | | | | | | |
| | | 0.300 | 3.161 | 0.000 | 3.461 | 3.161 |
| | | 2.041 | 0.500 | 0.000 | 2.541 | 0.500 |
| | | 2.341 | 3.661 | 0.000 | 6.002 | 3.661 |
| Corporately Held Funds | | | | | | |
| | | 36.034 | 5.700 | 0.000 | 41.734 | 5.700 |
| | | 5.000 | 0.000 | (1.364) | 3.636 | (1.364) |
| | | 3.097 | 1.990 | (0.600) | 4.487 | 1.390 |
| | | 44.131 | 7.690 | (1.964) | 49.857 | 5.726 |
| | | 3.733 | (0.013) | 0.000 | 3.720 | (0.013) |
| SAP Investments | | | | | | |
| ICT & Digital Services | | | | | | |
| | | 6.003 | 2.628 | 3.012 | 11.643 | 5.640 |
| | | 6.003 | 2.628 | 3.012 | 11.643 | 5.640 |
| TOTAL COUNCIL MANAGEMENT | | | | | | |
| | | 56.208 | 13.966 | 1.048 | 71.222 | 15.014 |
| CITY OPERATIONS | | | | | | |
| Control Centre Upgrade | | | | | | |
| | | 0.000 | 0.115 | 0.000 | 0.115 | 0.115 |
| | | 0.000 | 0.115 | 0.000 | 0.115 | 0.115 |
| Street Scene | | | | | | |
| | | 26.257 | 5.489 | 0.000 | 31.746 | 5.489 |
| | | 2.816 | 2.555 | 0.101 | 5.472 | 2.656 |
| | | 29.073 | 8.044 | 0.101 | 37.218 | 8.145 |
| Private Sector Housing | | | | | | |
| | | 1.650 | 1.428 | 0.000 | 3.078 | 1.428 |
| Neighbourhoods | | | | | | |
| | | 2.700 | 0.569 | 1.259 | 4.528 | 1.828 |
| | | 0.000 | (0.006) | 0.000 | (0.006) | (0.006) |
| | | 0.150 | 0.624 | 0.000 | 0.774 | 0.624 |
| | | 2.850 | 1.187 | 1.259 | 5.296 | 2.446 |
| Regulation & Enforcement | | | | | | |
| | | 0.000 | 0.252 | 2.250 | 2.502 | 2.502 |
| | | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| | | 0.057 | 0.011 | 0.428 | 0.496 | 0.439 |
| | | 0.057 | 0.263 | 2.678 | 2.998 | 2.941 |
| Highways Infrastructure | | | | | | |
| | CO1 | 3.308 | 1.534 | (2.050) | 2.792 | (0.318) |
| | CO2 | 27.542 | 1.008 | (11.033) | 17.517 | (10.025) |
| | | 30.850 | 2.542 | (13.083) | 20.309 | (10.343) |
| TOTAL CITY OPERATIONS | | | | | | |
| | | 64.480 | 13.579 | (9.045) | 69.014 | 4.732 |
| CITY HOUSING | | | | | | |
| Housing Options Service | | | | | | |
| | CH1 | 1.400 | (0.554) | 30.000 | 30.846 | 29.446 |
| Housing Revenue Account | | | | | | |
| | | 87.308 | 6.047 | 0.000 | 93.355 | 6.047 |
| | | 54.611 | 4.477 | 0.000 | 59.088 | 4.477 |
| | | 1.828 | 0.341 | 0.000 | 2.169 | 0.341 |
| | | 143.747 | 10.865 | 0.000 | 154.612 | 10.865 |
| TOTAL CITY HOUSING | | | | | | |
| | | 145.147 | 10.311 | 30.000 | 185.458 | 40.311 |
| PLACE, PROSPERITY & SUSTAINABILITY | | | | | | |
| Planning & Development | | | | | | |
| Major Projects | | | | | | |
| | | 3.188 | 2.890 | 0.000 | 6.078 | 2.890 |
| | | 20.779 | 7.017 | 0.000 | 27.796 | 7.017 |
| | 4.040 | 3.758 | 3.225 | 1.086 | 8.069 | 4.311 |
| | | 27.725 | 13.132 | 1.086 | 41.943 | 14.218 |
| Public Realm | | | | | | |
| | | 0.873 | 0.424 | (0.873) | 0.424 | (0.449) |
| Total Planning & Development | | | | | | |
| | | 28.598 | 13.556 | 0.213 | 42.367 | 13.769 |

| | | Budget Movements | | | | |
|---|------|------------------|-------------------------------------|--------------------------|----------------|----------------|
| | | Current Year | | | | |
| | | Original Budget | Slippage /Acceleration from 2021/22 | New Resources/ Rephasing | Month 9 Budget | Change |
| Transport Connectivity | | | | | | |
| Major Schemes | | | | | | |
| A457 Dudley Road | PS1 | 1.762 | (0.234) | 7.975 | 9.503 | 7.741 |
| Birmingham City Centre Retail Core Public | PS2 | 8.536 | 1.114 | (6.906) | 2.744 | (5.792) |
| Wharfdale Road Bridge | | 1.988 | (0.819) | 1.518 | 2.687 | 0.699 |
| Other (Major Schemes) | PS3 | 6.728 | 1.302 | 2.499 | 10.529 | 3.801 |
| Total Major Schemes | | 19.014 | 1.363 | 5.086 | 25.463 | 6.449 |
| Brum Breathes & Route To Zero | PS4 | 29.427 | 2.089 | 0.781 | 32.297 | 2.870 |
| Active Travel | PS5 | 13.465 | 2.107 | 7.345 | 22.917 | 9.452 |
| Public Transport | PS6 | 2.809 | (0.282) | (0.511) | 2.016 | (0.793) |
| Infrastructure Development | PS7 | 1.183 | 0.880 | 1.207 | 3.270 | 2.087 |
| Places for People (Local Neighbourhoods) | PS8 | 1.458 | 1.489 | 0.743 | 3.690 | 2.232 |
| Section 278/106 | | 0.000 | (0.506) | 0.526 | 0.020 | 0.020 |
| Local Measure | | 0.000 | (0.015) | 0.015 | 0.000 | 0.000 |
| Total Transport Connectivity | | 67.356 | 7.125 | 15.192 | 89.673 | 22.317 |
| Housing Development | | | | | | |
| In Reach | | 3.817 | 1.563 | 0.000 | 5.380 | 1.563 |
| Total Housing Development | | 3.817 | 1.563 | 0.000 | 5.380 | 1.563 |
| Perry Barr Residential Scheme | PS9 | 66.364 | 47.210 | 1.200 | 114.774 | 48.410 |
| Property Services | | | | | | |
| Property Strategy | | 22.458 | 42.000 | 0.000 | 64.458 | 42.000 |
| Other Schemes | | 9.900 | 1.345 | 0.000 | 11.245 | 1.345 |
| Total Property Services | | 32.358 | 43.345 | 0.000 | 75.703 | 43.345 |
| TOTAL PLACE, PROSPERITY & SUSTAINABILITY | | 198.493 | 112.799 | 16.605 | 327.898 | 129.044 |
| CHILDREN & FAMILIES | | | | | | |
| Education & Early Years | | | | | | |
| Devolved Capital Allocation to Schools | ES1 | 0.000 | 1.401 | 1.578 | 2.979 | 2.979 |
| School Condition Allocations | ES2 | 14.523 | 2.230 | (4.523) | 12.230 | (2.293) |
| Basic Need - Additional School Places | ES3 | 30.533 | (0.250) | (9.075) | 21.208 | (9.325) |
| IT Investment | | 0.600 | 0.898 | 0.000 | 1.498 | 0.898 |
| Other Major Projects (Children's Trust Account) | ES4 | 0.000 | 1.312 | 1.650 | 2.962 | 2.962 |
| Total Education & Early Years | | 45.656 | 5.591 | (10.370) | 40.877 | (4.779) |
| Skills & Employability | | | | | | |
| Birmingham Libraries | | 0.482 | 0.031 | (0.183) | 0.330 | (0.152) |
| Total Skills & Employability | | 0.482 | 0.031 | (0.183) | 0.330 | (0.152) |
| TOTAL CHILDREN & FAMILIES | | 46.138 | 5.622 | (10.553) | 41.207 | (4.931) |
| ADULT SOCIAL CARE DIRECTORATE | | | | | | |
| Adult Care & Health | | | | | | |
| Property Schemes | | 0.054 | 0.219 | 0.000 | 0.273 | 0.219 |
| Adults IT | | 0.653 | 0.080 | 0.000 | 0.733 | 0.080 |
| Capital Reserves – Telecare/TEC | ASC1 | 0.000 | 0.000 | 0.388 | 0.388 | 0.388 |
| Independent Living | ASC2 | 9.008 | (1.753) | 5.688 | 12.943 | 3.935 |
| TOTAL ADULT SOCIAL CARE | | 9.715 | (1.454) | 6.076 | 14.337 | 4.622 |
| TOTAL CAPITAL PROGRAMME | | 531.716 | 162.704 | 34.132 | 728.552 | 197.034 |

| Ref. | Forecast Variations | | | |
|--|----------------------|------------------------|----------------------------|-----------------|
| | Current Year | | | |
| | Current Budget £m | Forecast Outturn £m | Month 9 Variation £m | |
| COMMONWEALTH GAMES 2022 | | | | |
| CWG Alexander Stadium | CWG1 | 8.376 | 3.747 | (4.629) |
| CWG Organising Cttee | CWG2 | 11.040 | 4.434 | (6.606) |
| TOTAL COMMONWEALTH GAMES | | 19.416 | 8.181 | (11.235) |
| COUNCIL MANAGEMENT | | | | |
| Development & Commercial | | | | |
| Gateway/Grand Central Residual Costs | | 3.461 | 3.461 | 0.000 |
| Capital Loans & Equity | CM1 | 2.541 | 0.500 | (2.041) |
| Total Development & Commercial | | 6.002 | 3.961 | (2.041) |
| Corporately Held Funds | | | | |
| Revenue Reform Projects | CM2 | 41.734 | 37.834 | (3.900) |
| Corporate Capital Contingency | | 3.636 | 0.000 | (3.636) |
| ERP Implementation | | 4.487 | 4.487 | 0.000 |
| Total Corporately Held Funds | | 49.857 | 42.321 | (7.536) |
| SAP Investments | CM3 | 3.720 | 0.000 | (3.720) |
| ICT & Digital Services | | | | |
| ICT & Digital | CM4 | 11.643 | 8.340 | (3.303) |
| Total Digital & Customer Services Directorate | | 11.643 | 8.340 | (3.303) |
| TOTAL COUNCIL MANAGEMENT | | 71.222 | 54.622 | (16.600) |
| CITY OPERATIONS | | | | |
| Control Centre Upgrade | | | | |
| Control Centre Upgrade - CCTV Cameras | | 0.115 | 0.115 | 0.000 |
| Total Control Centre Upgrade | | 0.115 | 0.115 | 0.000 |
| Street Scene | | | | |
| Waste Management Services | | 31.746 | 31.746 | 0.000 |
| Parks & Nature Conservation | | 5.472 | 5.472 | 0.000 |
| Total Street Scene | | 37.218 | 37.218 | 0.000 |
| Private Sector Housing | CO1 | 3.078 | 8.962 | 5.884 |
| Neighbourhoods | | | | |
| Community, Sport & Events | | 4.528 | 4.581 | 0.053 |
| Neighbourhoods | | (0.006) | (0.006) | 0.000 |
| Cultural Development | | 0.774 | 0.774 | 0.000 |
| Total Neighbourhoods | | 5.296 | 5.349 | 0.053 |
| Regulation & Enforcement | | | | |
| Bereavement | | 2.502 | 2.502 | 0.000 |
| Mortuary/Coroners | | 0.496 | 0.496 | 0.000 |
| Total Regulation & Enforcement | | 2.998 | 2.998 | 0.000 |
| Highways Infrastructure | | | | |
| Highways / Flood Management | | 2.792 | 1.942 | (0.850) |
| Tame Valley Phase 3 | | 17.517 | 17.060 | (0.457) |
| | | 20.309 | 19.002 | (1.307) |
| TOTAL CITY OPERATIONS | | 69.014 | 73.644 | 4.630 |
| CITY HOUSING | | | | |
| Housing Options Service | | 30.846 | 17.846 | (13.000) |
| Housing Revenue Account | | | | |
| Housing Improvement Programme | CH1 | 93.355 | 78.245 | (15.110) |
| Redevelopment | CH2 | 59.088 | 30.180 | (28.908) |
| Other Programmes | | 2.169 | 1.269 | (0.900) |
| Total Housing Revenue Account | | 154.612 | 109.694 | (44.918) |
| TOTAL CITY HOUSING | | 185.458 | 127.540 | (57.918) |
| PLACE, PROSPERITY & SUSTAINABILITY | | | | |
| Planning & Development | | | | |
| Major Projects | | | | |
| Enterprise Zone - Paradise Circus | | 6.078 | 5.311 | (0.767) |
| Enterprise Zone - Other | | 27.796 | 22.326 | (5.470) |
| Other Major Projects | | 8.069 | 8.069 | 0.000 |
| Total Major Projects | | 41.943 | 35.706 | (6.237) |
| Public Realm | | 0.424 | 0.424 | 0.000 |
| Infrastructure | | 0.000 | 0.000 | 0.000 |
| Total Planning & Development | | 42.367 | 36.130 | (6.237) |

| Ref. | Forecast Variations | | |
|---|----------------------|------------------------|----------------------------|
| | Current Year | | |
| | Current Budget £m | Forecast Outturn £m | Month 9 Variation £m |
| Transport Connectivity | | | |
| Major Schemes | | | |
| A457 Dudley Road | 9.503 | 8.800 | (0.703) |
| Birmingham City Centre Retail Core Public Realm | 2.744 | 2.100 | (0.644) |
| Wharfdale Road Bridge | PPS1 2.687 | 0.050 | (2.637) |
| Other (Major Schemes) | PPS2 10.529 | 2.860 | (7.669) |
| Total Major Schemes | 25.463 | 13.810 | (11.653) |
| Brum Breathes & Route To Zero | 32.297 | 14.393 | (17.904) |
| Active Travel | 22.917 | 22.917 | 0.000 |
| Public Transport | 2.016 | 0.371 | (1.645) |
| Infrastructure Development | 3.270 | 0.800 | (2.470) |
| Places for People (Local Neighbourhoods) | 3.690 | 3.690 | 0.000 |
| Section 278/106 | 0.020 | 0.020 | (0.000) |
| Local Measure | 0.000 | 0.000 | 0.000 |
| Total Transport Connectivity | 89.673 | 56.001 | (33.673) |
| Housing Development | | | |
| In Reach | 5.380 | 5.380 | 0.000 |
| Total Housing Development | 5.380 | 5.380 | 0.000 |
| Perry Barr Residential Scheme | 114.774 | 114.774 | 0.000 |
| Property Services | | | |
| Property Strategy & Public Hub | 64.458 | 47.000 | (17.458) |
| Other Schemes | 11.245 | 11.245 | 0.000 |
| Total Property Services | 75.703 | 58.245 | (17.458) |
| TOTAL PLACE, PROSPERITY & SUSTAINABILITY | 327.898 | 270.530 | (57.368) |
| CHILDREN & FAMILIES | | | |
| Education & Early Years | | | |
| Devolved Capital Allocation to Schools | 2.979 | 2.979 | 0.000 |
| School Condition Allocations | 12.230 | 12.230 | 0.000 |
| Basic Need - Additional School Places | 21.208 | 13.104 | (8.104) |
| IT Investment | 1.498 | 1.498 | 0.000 |
| Other Major Projects (Children's Trust Accom) | 2.962 | 2.962 | 0.000 |
| Total Education & Early Years | 40.877 | 32.773 | (8.104) |
| Skills & Employability | | | |
| Birmingham Libraries | 0.330 | 0.330 | 0.000 |
| Total Skills & Employability | 0.330 | 0.330 | 0.000 |
| TOTAL CHILDREN & FAMILIES | 41.207 | 33.103 | (8.104) |
| ADULT SOCIAL CARE DIRECTORATE | | | |
| Adult Care & Health | | | |
| Property Schemes | 0.273 | 0.273 | 0.000 |
| Adults IT | 0.733 | 0.733 | 0.000 |
| Capital Reserves – Telecare/TEC | 0.388 | 0.388 | 0.000 |
| Independent Living | 12.943 | 12.943 | 0.000 |
| TOTAL ADULT SOCIAL CARE | 14.337 | 14.337 | 0.000 |
| TOTAL CAPITAL PROGRAMME | 728.552 | 581.957 | (146.594) |

TREASURY MANAGEMENT MONITORING DASHBOARD: 31 DECEMBER 2022

| | value | comparator | difference |
|--|--------------|------------|------------|
| 1 Gross loan debt | £m | £m | £m |
| at month end | 3,274 | | |
| year end Forecast (vs Plan) | 3,285 | 3,452 | -167 |
| year end Forecast (vs Pru Limit for loan debt) | 3,285 | 4,126 | -841 |

Forecast year end debt is currently below the year end plan. The Forecast year end debt is well within the prudential limit for loan debt, set for unplanned cashflow movements.

| | | | |
|---|-------|-------|-------|
| 2 short term borrowing | | | |
| at month end (vs Plan) | 305 | 563 | -258 |
| interest rate year to date on outstanding deals (vs assumption) | 2.47% | 1.00% | 1.47% |

Short term borrowing resumed in quarter 2 and has increased in line with the approved Strategy. Bank rate has seen consecutive rises this year so borrowing rates have been above the planned rate.

| | | | |
|---|-------|-------|-------|
| 3 Treasury investments | | | |
| at month end (vs Plan) | 87 | 40 | 47 |
| interest rate year to date on outstanding deals (vs assumption) | 3.29% | 0.75% | 2.54% |

Treasury investments are on average closer to the target of £40m. Bank Rate rises throughout the year mean that investment yields are higher than planned.

| | | | |
|---|-------|-------|-------|
| 4 Long term loans taken | | | |
| year to date (vs Plan) | 65 | 90 | -25 |
| ave. interest rate obtained (vs assumption) | 4.32% | 2.35% | 1.97% |

PWLB loans have been at a higher rate than planned due to the rise in gilt yields on the back of successive Bank Rate increases by the Bank of England. However this has reduced some refinancing risk from further interest rate rises.

| | |
|---------------------------------------|------------|
| 5 Assurance | |
| were Credit criteria complied with? | yes |
| were investment defaults avoided? | yes |
| was the TM Code complied with? | yes |
| were prudential limits complied with? | yes |

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 | | | |
|---|----------------|--|----------------|
| <i>This appendix summarises the Council's loan debt and treasury management investments outstanding</i> | | | |
| | this quarter | | last quarter |
| | 31/12/2022 | | 30/09/2022 |
| | £m | | £m |
| PWLB | 2,524.2 | | 2,484.2 |
| Bonds | 373.0 | | 373.0 |
| LOBOs | 71.1 | | 71.1 |
| Other long term | - | | - |
| Salix | 0.3 | | 0.3 |
| Short term | 305.2 | | 304.5 |
| Gross loan debt | 3,273.8 | | 3,233.1 |
| less treasury investments | (86.6) | | (70.8) |
| Net loan debt | 3,187.2 | | 3,162.3 |
| Budgeted year end net debt | 3,496.6 | | 3,496.6 |
| Prudential limit (gross loan debt) | 4,126.0 | | 4,126.0 |

Long term borrowing has increased in quarter 3 to meet the Council's borrowing requirements in line with the approved Strategy.

| Treasury investments by source | |
|---------------------------------------|-------------|
| | £m |
| UK Government | 0.0 |
| Money Market Funds | 79.4 |
| Banks and Building Societies | 7.2 |
| | |
| | |
| | 86.6 |

| Treasury investments by credit quality | | | |
|---|--|--|-------------|
| | | | £m |
| AAA | | | 0.0 |
| AAAmmf | | | 79.4 |
| AA | | | 7.2 |
| A | | | 0.0 |
| | | | |
| | | | 86.6 |

In line with the Strategy, the Council holds its treasury investments in diversified liquid funds of high credit quality.

Investments as Accountable Body

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

| | Growing Places Fund | AMSCI | Regional Growth Fund | LGF3 | LGF4 | NMCL | Total |
|--------------------|---------------------|-------------|----------------------|------------|------------|------------|-------------|
| | £m | £m | £m | £m | £m | £m | £m |
| UK Government | 0.0 | 30.3 | 0.0 | 0.0 | 0.0 | 0.0 | 30.3 |
| Money Market Funds | 4.3 | 14.4 | 1.5 | 0.2 | 1.9 | 0.3 | 22.6 |
| | 4.3 | 44.7 | 1.5 | 0.2 | 1.9 | 0.3 | 52.9 |

Treasury management: summary of delegated decisions in the quarter

This appendix summarises decisions taken under treasury management delegations to the Strategic Director of Council Management (Section 151 Officer) during the quarter.

| 1. Short term (less than 1 year) | borrowing | | investments |
|----------------------------------|-----------|--|-------------|
| | £m | | £m |
| opening balance | 304 | | -71 |
| new loans/investments | 186 | | -513 |
| loans/investments repaid | -185 | | 498 |
| closing balance | 305 | | -86 |

These loans and investments are for short periods from one day up to 365 days. Although the closing balance has not changed significantly, the value of transactions demonstrate the considerable treasury dealing activity that took place during the quarter.

| 2. Long term borrowing: | | | | | |
|-------------------------|--------|--------------------------|----|-------|------------|
| date | lender | | £m | rate | maturity |
| 23/09/2022 | PWLB | Fixed Maturity Rate loan | 25 | 4.02% | 23/09/2032 |
| 06/10/2022 | PWLB | Fixed Maturity Rate loan | 40 | 4.50% | 06/10/2062 |

Long term borrowing taken to reduce refinancing risk in an increasing interest rate environment.

| 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 repay long term loans prematurely if this provides a financial saving 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.

INVESTMENT PROPERTY PORTFOLIO MONITORING DASHBOARD: QUARTER 3 2022/23

1 Portfolio objectives

The Portfolio is comprised of non-operational service properties which were historically held to earn a financial return.

| 2 Portfolio summary | budget | forecast | variance |
|-------------------------------------|---------------|-----------------|-----------------|
| as at 31 Dec 2022 | £m | £m | £m |
| Direct property | -22.63 | -22.61 | 0.02 |
| Loans on property | | | |
| less portfolio prudential borrowing | 3.39 | 3.15 | -0.24 |
| less management costs | 2.60 | 2.60 | 0.00 |
| net total | -16.64 | -16.88 | -0.22 |

| 3 Limit on borrowing for Investment Property Portfolio | value | limit | variance |
|---|--------------|---------------|-----------------|
| as at 31 Dec 2022 | £m | £m | £m |
| gross prudential borrowing | 48.32 | 100.00 | 51.68 |
| borrowing repaid from sale proceeds | -14.46 | | 14.46 |
| net prudential borrowing | 33.86 | 100.00 | 66.14 |

4 Portfolio completions to the quarter (acquisitions and disposals)

| as at 31 Dec 2022 | | £m |
|--------------------------|----------|-----------|
| | Sales | 8.67 |
| | Purchase | 48.32 |

Commentary:

Q3 disposals completed on 367 Moseley Road, Balsall Heath and site at Leopold St, Highgate and minors to total of £1.5m.

5 Planned activity in the coming quarter

Total disposals of £8.67m to date, with terms agreed on a further £2.84m of the revised total planned programme for disposals of £27.33m for 2022/23 (increase of £0.76m).

6 Assurance

was the CIPFA Treasury Code complied with? yes

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

was the Council's Investment Property Strategy complied with? yes

Commentary:

All properties fully evaluated and disposed with in the appropriate manner.