

# 2021/22 Provisional Financial Outturn – Resources Overview & Scrutiny Committee

28 July 2022



**BE BOLD BE BIRMINGHAM**



# Summary of revenue financial position

- This report was presented to Cabinet 28<sup>th</sup> June 2022
- Draft figures as subject to external audit later this year
- The Council continued to face financial challenges in 2021/22
- Achieved a revenue underspend of £17.8m after having previously a forecast overspend halfway through the year of £10.2m
- The £17.8m underspend will be transferred to the Financial Resilience Reserve (FRR) to further strengthen the City Council's financial position
- This improvement was helped by the introduction of spending controls that were introduced in November 2021. Focusing on recruitment, procurement and facilities management (FM).

# In year achievements

- At the start of 2021/22 CIPFA awarded the Council a 3 Star Financial Management rating, a significant improvement from the 1 star in 2019
- This improvement is demonstrated throughout this report as we delivered 91% (£33m) of our planned savings, maintained healthy reserves balances, reduced borrowing levels, and put in place measures to manage costs down
- Commencing 2022/23 financial year with a balanced budget and no adverse impact on our reserves. This sets us up to be even more financially resilient, particularly as we look to our approach to managing our MTFP gap of £33m from 2023/24 onwards.

# Areas of concern / risk

- Continuing impact of the pandemic – demand for services – housing and Social care, reduced income – parking and leisure
- National economy – inflation, risking food and energy costs, impact of Brexit

# Support to vulnerable citizens – agreed at Cabinet June 2022

- **Local Welfare Provision**

- Agreed to use of £1.0m of Council Tax Hardship Reserve in 2022/23 to fund Local Welfare Provision. Extra staffing this year of £350,000 to deal with the rising number of claims and a further £650,000 to supplement the Local Welfare Provision.

- **Household Support Grant**

- As pledged by the Leader in May, supporting families and pensioners on low incomes by using £1.3m of the Financial Resilience Reserve to fund a 10% top up to the £12.8m received from the Government for the Household Support Grant.

# Capital and Treasury Management

- **Capital Programme** - The final spend for 2021/22 was £528.1m. This is £236.4m below the planned expenditure of £764.4m.
- The year-end slippage was £262.9m along with a net overspend of £26.6m
- No financial resources will be lost as a result of the slippage. The resources and planned expenditure will be “rolled forward” into future years. The in-year overspend of £26.6m is fully funded and there is no impact on future year’s resources.
- **Treasury Management** - total loan debt net of treasury investments was £2.96 billion, compared to £3.16 billion at the start of year. Reduction is part of the Council’s plan to reduce borrowing and therefore the cost of interest paid.

# Other areas of spend and income

- **Dedicated Schools Grant (DSG)**- a balanced position at outturn after a net recommended appropriation to reserves of over £13m. Includes setting aside £5m as agreed in the High Needs Block deficit repayment plan and an underspend of £8m.
- **Housing Revenue Account (HRA)** - underspent by £4m. This underspend will be transferred to the Ring Fenced HRA revenue reserve and increases it from £11m to £15m.
- **Collection Fund (Council Tax and Business Rates)** - Income heavily impacted by Covid. At outturn, the Council's share of the Collection Fund is a deficit of £3m. This compares with a forecast deficit of £36m at Quarter 3. This improvement will provide more resources for the City Council when setting the budget for 2023/24.

# In summary

- Strong financial management – as recognised by CIPFA
- 91% of planned savings delivered
- Increased reserves from £1,062.3m at start of year to £1,071.6m at year end – considered robust for a city of this size
- Level of borrowing reducing as planned
- Collective CLT ownership to financial management