

**CORPORATE BUDGET
MONITORING 2020/21
OUT-TURN REPORT**

(year to 31st March 2021)

Revenue Budget Management Outturn Report

1. Executive Summary

- 1.1 The Council's net budget for 2020/21 is £852.9m. The General Fund revenue outturn position for 2020/21 shows a balanced position after transferring **£17.5m** of Covid Grant to an earmarked Covid Reserve to meet forecast Covid pressures in 2021/22 and transferring an underspend of **£78.7m** (Column E in table1) to a Budget Smoothing Reserve (£36.4m), the delivery plan reserve (£8.2m), a Community Recovery Plan Reserve (£10.0m), General Policy Contingency Reserve (£5.5m), the Council House Refurbishment Reserve (£2.5m), a City Clean Up Reserve (£12.1m), the Major Events Reserve (£2.0m), and SEND Reserve (£2.0m).
- 1.2 The Covid position (Column C in table 1) is after applying funding; £128.5m government grant, funding for income loss of £20.7m, and applying £48.9m of cost from the redeployment of staff.
- 1.3 The non-Covid net underspend of **£78.7m** (Column D in table1) is an improvement of £65.1m since Quarter 3 (Column D) position, largely resulting from the charging £48.9m of cost for staff redeployed against the covid government grant.
- 1.4 Of the £27.1m saving programme £21.0m of savings was delivered, representing 77.6% of the total and an improvement of £1.1m on quarter 3.
- 1.5 The Outturn position for Schools funded by Dedicated Schools Grant (DSG) will be reported in the Final Accounts.
- 1.6 There is a balanced position in the Housing Revenue Account after a net recommended appropriation to reserves of £2.7m.
- 1.7 The capital programme final outturn spend position for the 2020/21 financial year is £501.3m. This is £382.9m below the planned expenditure of £884.2m.
- 1.8 There are £285.9m additional requests for net contributions to reserves.(table 3 below)
- 1.9 The Council's accounts are still being prepared and are subject to audit. There may be further accounting entries or post balance sheet events that require a revision to the outturn for the year. The Director of Council Management will have authority to make necessary changes and will report any significant impact on the reported outturn position in a quarterly monitoring report.

2. Detailed Considerations

General Fund

- 2.1 The Council set a net budget of £852.9m for 2020/21 at its meeting on 25 February 2020. This net budget was after assuming savings of £27.1m, a savings programme of £22.1m plus a further £5.0m savings that were previously achieved on a one-off basis in 2019/20.

- 2.2 The General Fund revenue outturn position for 2020/21 shows a balanced position after transferring **£17.5m** of Covid Grant to an earmarked Covid Reserve to meet forecast Covid pressures in 2021/22 and transferring to the reserves set out in paragraphs 2.6 and 2.7 a total of **£78.7m** (Column E in table1).
- 2.3 The covid-19 position (Column C in table 1) is after applying funding; £128.5m government grant, funding for income loss of £20.7m, and applying £48.9m of cost from the redeployment of staff.
- 2.4 The non-Covid net underspend of **£78.7m** (Column D in table1) is an improvement of £65.1m since Quarter 3 (Column D) position, largely resulting from charging £48.9m of staff redeployed costs against the covid government grant.
- 2.5 The main Directorate non-covid underspends are in Adult Social Care of £8.9m, and Neighbourhoods of £7.9m, with corporate net underspends of £4.9m.
- 2.6 Cabinet are asked to approve the transfer of **£8.2m** of the non-covid underspend into the Delivery Plan Reserve to provide further resources for Delivery Plan investment. This was approved in principle by Cabinet on February 9th in the Quarter 3 report. The effect of this will be to increase the Delivery Plan Reserve from **£61.9m** to **£70.1m**.
- 2.7 Cabinet is also asked to approve the transfer of **£12.1m** of the underspend to a City Clean Up Reserve to provide funding to enhance the cleanliness of the City where improvements are most needed, **£2.0m** to the SEND Reserve to continue to invest in SEND improvement, **£2.0m** to the Major Events Reserve to enhance the Council's flexibility to support Major Events when the opportunity arises, **£36.4m** to a Budget Smoothing Reserve to provide flexibility in addressing the structural budget gap over the medium term, **£2.5m** to a Council House Refurbishment Reserve to fund revenue costs of the refurbishment in 2021/22, **£10.0m** to a Community Recovery Plan Reserve to provide resources for activity to help our communities to recover from the effects of Covid-19, and **£5.5m** to the General Policy Contingency Reserve to increase the general contingency available for 2021/22.

Table 1

Table 1:High Level Summary	A	B	C	D	E	F
	Current Budget	Outturn	Covid 19 Financial Impact Included	Over/(Under) spend Non Covid costs	Total Over/(Under) Spend	Movement in Total Over/(Under) Spend From Q3**
Directorate	£m	£m	£m	£m	£m	£m
Inclusive Growth	106.405	126.593	22.115	(1.927)	20.188	(0.758)
Neighbourhoods	127.223	145.514	26.226	(7.935)	18.291	(11.209)
Digital & Cust Services	30.559	43.909	14.282	(0.932)	13.350	3.779
Education & Skills	278.502	284.020	7.217	(1.699)	5.518	(10.983)
Finance & Governance	16.495	22.012	7.248	(1.731)	5.517	(2.456)
Human Resources	6.900	6.685	0.008	(0.223)	(0.215)	(0.309)
Partnerships, Insight and Prevention	7.428	6.105	0.083	(1.406)	(1.323)	(3.198)
Adult Social Care	329.451	322.099	1.589	(8.941)	(7.352)	(19.199)
Directorate Sub Total	902.963	956.937	78.768	(24.794)	53.974	(44.334)
Corporate Budgets	(50.031)	(50.928)	4.147	(5.044)	(0.897)	(6.303)
Proposed School Meals Funding ***	0.000	0.000	0.000	0.000	0.000	6.400
Covid Funding	0.000	(128.519)	(128.519)	0.000	(128.519)	(44.241)
Income Loss Scheme Funding	0.000	(20.738)	(20.738)	0.000	(20.738)	1.200
Corporate Subtotal	(50.031)	(200.185)	(145.111)	(5.044)	(150.155)	(42.944)
City Council General Fund	852.933	756.752	(66.343)	(29.838)	(96.181)	(87.278)
Indirect Covid costs			48.872	(48.872)	0.000	
City Council General Fund before transfers to reserves	852.933	756.752	(17.470)	(78.710)	(96.181)	
Transfers to :						
Covid Reserve			17.470		17.470	
SEND Reserve				2.000	2.000	
Major Events Reserve				2.000	2.000	
Council House Refurbishment Reserve				2.500	2.500	
General Policy Contingency Reserve				5.500	5.500	
Delivery Plan Reserve				8.210	8.210	
Community Recovery Plan Reserve				10.000	10.000	
City Clean Up Reserve				12.144	12.144	
Budget Smoothing Reserve				36.356	36.356	
City Council General Fund after transfers to reserves			0.000	0.000	0.000	

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

** This shows the movement from previous quarter.

*** At outturn, grant funding was applied to cover School Meals funding, thus reducing gross Covid expenditure in Directorates.

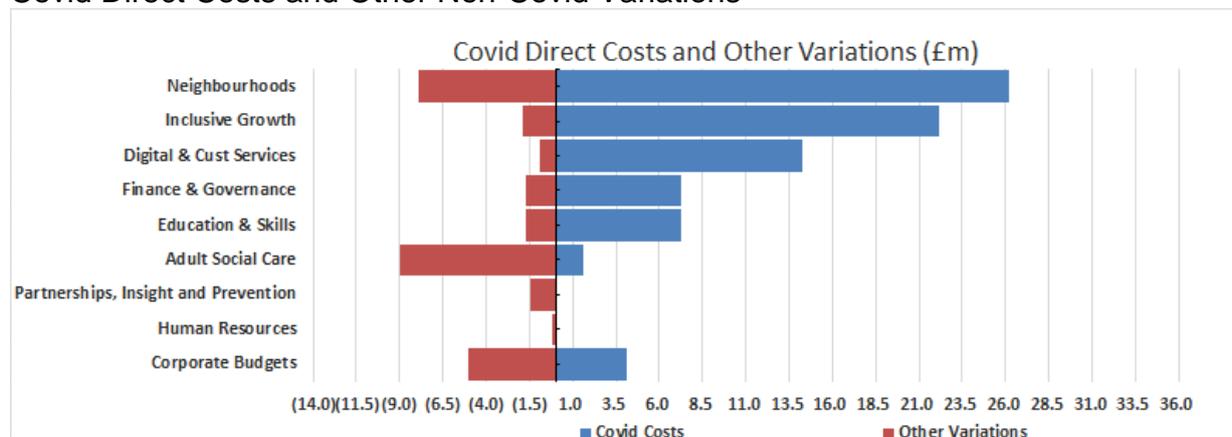
Appendix A

Section 1

Table 2

Table 2: High Level Summary											
Directorate *	A	B	C	D	E	F	G	H	I	J	K
	Current Budget	Outturn	Covid 19 Financial Impact Included	Over/(Under) spend Non Covid costs	Total Over/(Under) Spend *	Covid 19 Financial Impact Included Q3	Over/(Under) spend Non Covid costs Q3	Total Over/(Under) Spend Q3	Movement Covid 19 cost from Q3	Movement in Non Covid cost From Q3	Movement in Total Over/(Under) Spend From Q3**
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Inclusive Growth	106.405	126.593	22.115	(1.927)	20.188	20.992	(0.046)	20.946	1.123	(1.881)	(0.758)
Neighbourhoods	127.223	145.514	26.226	(7.935)	18.291	32.000	(2.500)	29.500	(5.774)	(5.435)	(11.209)
Digital & Cust Services	30.559	43.909	14.282	(0.932)	13.350	9.854	(0.283)	9.571	4.428	(0.649)	3.779
Education & Skills	278.502	284.020	7.217	(1.699)	5.518	15.384	1.117	16.501	(8.167)	(2.816)	(10.983)
Finance & Governance	16.495	22.012	7.248	(1.731)	5.517	7.996	(0.023)	7.973	(0.748)	(1.708)	(2.456)
Human Resources	6.900	6.685	0.008	(0.223)	(0.215)	0.094	0.000	0.094	(0.086)	(0.223)	(0.309)
Partnerships, Insight and Prevention	7.428	6.105	0.083	(1.406)	(1.323)	1.999	(0.124)	1.875	(1.916)	(1.282)	(3.198)
Adult Social Care	329.451	322.099	1.589	(8.941)	(7.352)	24.547	(12.700)	11.847	(22.958)	3.759	(19.199)
Directorate Sub Total	902.963	956.937	78.768	(24.794)	53.974	112.867	(14.559)	98.308	(34.099)	(10.235)	(44.334)
Corporate Budgets	(50.031)	(50.928)	4.147	(5.044)	(0.897)	4.500	0.905	5.405	(0.353)	(5.949)	(6.303)
Proposed School Meals Funding	0.000	0.000	0.000	0.000	0.000	(6.400)	0.000	(6.400)	6.400	0.000	6.400
Covid Funding	0.000	(128.519)	(128.519)	0.000	(128.519)	(84.278)	0.000	(84.278)	(44.241)	0.000	(44.241)
Income Loss Scheme Funding	0.000	(20.738)	(20.738)	0.000	(20.738)	(21.938)	0.000	(21.938)	1.200	0.000	1.200
Corporate Subtotal	(50.031)	(200.185)	(145.111)	(5.044)	(150.155)	(108.116)	0.905	(107.211)	(36.995)	(5.949)	(42.944)
City Council General Fund	852.933	756.752	(66.343)	(29.838)	(96.181)	4.751	(13.653)	(8.903)	(71.093)	(16.185)	(87.278)
Financial Position as at Q3	852.933	844.030	4.751	(13.653)	(8.903)						
Movement from previous Q3	0.000	(87.278)	(71.093)	(16.185)	(87.278)						
Movement from previous Q3 %	0.00%	(10.34)%	(1496.51)%	118.54%	980.37%						

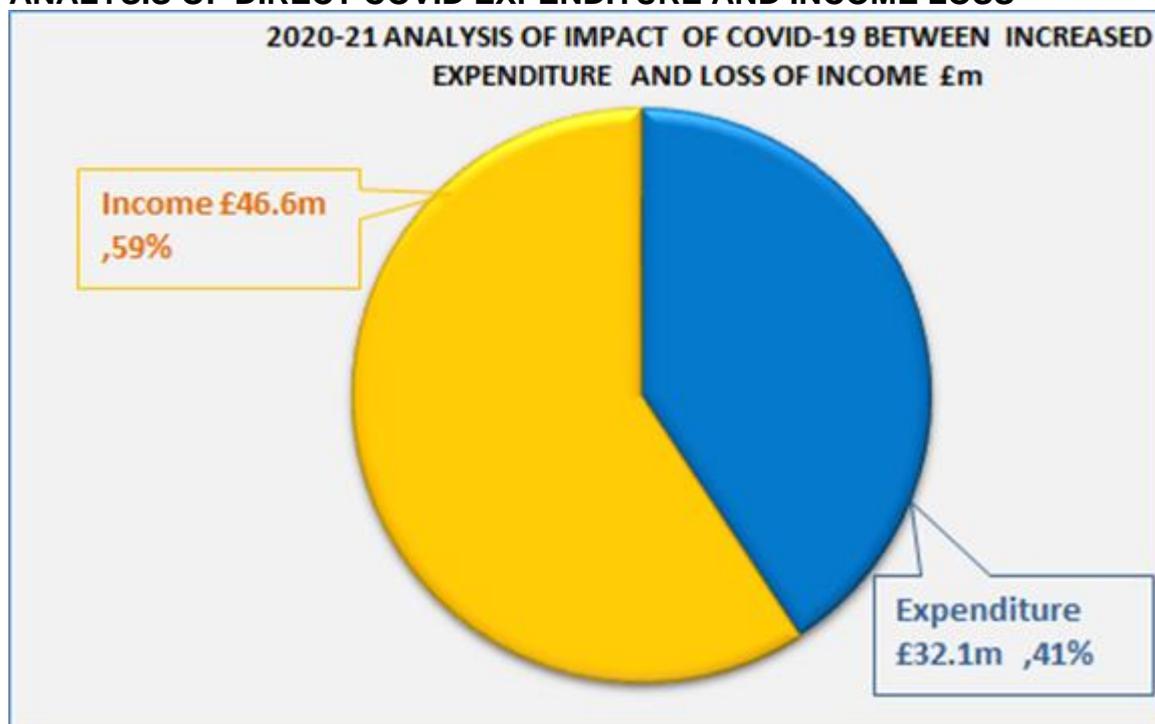
Covid Direct Costs and Other Non-Covid Variations



Covid-19 Major Incident Financial Impact

2.8 The Council received in £128.5m of un-ringfenced Covid-19 related grant funding from the government. The Council has claimed £20.7m from the government’s income loss scheme where after 5% deductible, the council is compensated for 75p in every pound in sales, fees and charges losses due to Covid-19. The government also provided ring-fenced grants for additional reliefs and support schemes for which expenditure was made in accordance with the grant conditions and guidance.

ANALYSIS OF DIRECT COVID EXPENDITURE AND INCOME LOSS



Note: Income represents a larger proportion of the total Covid cost than at Quarter 3 because more grant has been applied to reduce the overall covid expenditure.

- 2.9 In order to provide an accurate picture of the total financial cost of the pandemic, an exercise was undertaken at the end of the year to identify the indirect costs of the covid pandemic. Those indirect costs are made up of the proportions of staff time that was diverted to managing pandemic issues. Those costs total £48.9m and will be funded from the Government Grant.
- 2.10 Excluding this indirect cost, the gross financial impact of covid-19 has decreased by £34.5m compared to quarter 3. The main reasons for the decrease in the gross cost is the appropriate charging of £19.0m of directorate covid spend against specific Public Health Contain Outbreak Management grant funding, £5.6m to the Hardship Fund, and £4.4m to other specific grants, reducing the cost by £29.0m. There were also reductions in net costs of £5.5m, largely related to reductions for Adult Social Care. The summary below sets out the Covid-19 financial position.

	Covid cost
Outturn Covid-19 financial position	£m
Directorate covid overspend	78.768
Corporate budgets overspend	4.147
Indirect Covid Costs	48.872
Total Covid-19 overspend	131.787
Covid grants (tranches 1- 4)	128.519
Income compensation	20.738
Total Covid income	149.257
Net surplus	(17.470)
Contribution to reserve	17.470
Net deficit	-

- 2.11 A summary of the Outturn position for each directorate is set out in Table 3 below and detailed directorate commentaries are in Annexes A1-A8.

Directorate	Final Revised Budget	Outturn Position	Outturn Variation [+ over / - (under)]	Proposed Year End Transfers to / (from) reserves			In Year Variation (under) / over spend
				Grant	Other	Total	
	£m	£m	£m	£m	£m	£m	£m
Neighbourhoods	127.223	139.590	12.367	3.770	2.154	5.924	18.291
Inclusive Growth	106.405	125.013	18.608	3.020	(1.440)	1.580	20.188
Education & Skills	278.502	280.986	2.484	2.376	0.658	3.034	5.518
Adult Social Care	329.451	303.746	(25.705)	18.353	0.000	18.353	(7.352)
Digital & Cust Services	30.559	30.752	0.193	2.662	10.495	13.157	13.350
Finance & Governance	16.495	20.769	4.274	0.081	1.162	1.243	5.517
Partnerships, Insight and Prevention	7.428	(19.199)	(26.627)	25.304	0.000	25.304	(1.323)
Human Resources	6.900	6.281	(0.619)	0.000	0.404	0.404	(0.215)
Directorate Subtotal	902.963	887.937	(15.026)	55.566	13.433	69.000	53.974
Corporate Subtotal *	(50.031)	(417.127)	(367.097)	(4.189)	221.131	216.942	(150.155)
City Council General Fund	852.933	470.810	(382.123)	51.378	234.565	285.942	(96.181)
Transfers to :							
Covid Reserve				0.000	17.470	17.470	17.470
SEND Reserve				0.000	2.000	2.000	2.000
Major Events Reserve				0.000	2.000	2.000	2.000
Council House Refurbishment Reserve				0.000	2.500	2.500	2.500
General Policy Contingency Reserve				0.000	5.500	5.500	5.500
Delivery Plan Reserve				0.000	8.210	8.210	8.210
Community Recovery Plan Reserve				0.000	10.000	10.000	10.000
City Clean Up Reserve				0.000	12.144	12.144	12.144
Budget Smoothing Reserve				0.000	36.356	36.356	36.356
Total City Council	852.933	470.810	(382.123)	51.378	330.745	382.123	0.000

2.12 Details of reserve requests are provided in Annex 10 and Cabinet are requested to approve the of uses of and contributions to reserves set out.

Capital

2.13 The capital programme final outturn spend position for the 2020/21 financial year is £501.3m. This is £382.9m below the planned expenditure of £884.2m as shown in the table below:

	£m Previous Quarter 3	£m Qtr 4 Movements	£m Annual Total
2020/21 Original Budget	710.091	0.000	710.091
Change in budget	158.596	15.481	174.077
2020/21 Revised Budget	868.687	15.481	884.168
Less: Cumulative Slippage	(342.904)	(43.835)	(386.739)
Less: Forecast/actual (under) / overspends	(6.406)	10.282	3.876
= Outturn (Expenditure in year)	519.377	(18.072)	501.305

2.14 The City Council analyses the capital programme budget variations between:

- Changes in the timing of budgeted expenditure - where the expenditure is still required but takes place later than planned this is called **slippage** and shown in brackets, and acceleration if earlier than planned; and
- Underspends (shown in brackets) or overspends, which represent a decrease or increase in the total capital cost of a project, which may be over several years.

2.15 The 2020/21 Capital programme has full year slippage of **£386.7m** along with a net overspend of **£3.9m** as shown in the table above. Total Capital programme spend in 2020/21 was **£501.3m**.

2.16 It is important to note that no financial resources will be lost as a result of the slippage. The resources and planned expenditure will be “rolled forward” into future years.

Treasury Management

2.17 At 31st March 2021, the Council’s total loan debt net of treasury investments stood at £3,162.3m, compared to net loan debt of £2,998.3m as at 31st March 2020.

2.18 The Council’s treasury investments held at 31st March 2021 were £193.6m. This was higher than originally planned due to receipt of COVID grants in advance from the Government. The Council also held investments of £93.6m as an accountable body.

2.19 Treasury management costs totalled £255.5m gross, and £131.4m after recharges to other services. This was £0.1m below the budget of £131.5m.

Housing Revenue Account

2.22 The overall net surplus on the Housing Revenue Account has increased to **£2.7m**, an increase of £1.3m from the Quarter 3 forecast. This increases the HRA revenue reserve from £8.5m to **£11.2m** which is 4% of income. Further details are provided in Annex D of this report.

Collection Fund

2.23. The Collection Fund collects business rates and council tax income and pays it over to the precepting bodies. Council tax and business rates income has been heavily impacted by Covid-19. At outturn, the Council’s share of the Collection Fund is reporting a deficit of £65.8m (£13.2m deficit for Council Tax and a £52.6m deficit for Business Rates). This compares with a forecast of £57.4m

(£7.3m deficit for Council Tax and a £50.1m deficit for Business Rates) at Quarter 3.

- 2.24. The main reasons for the increase in the deficit are increases in the bad debt provision of £7.2m for Council Tax and £8.1m for Business Rates, partially offset by a reduction in the provision for Business Rates appeals of £4.3m
- 2.25. The original deficit forecast has been taken into account in setting the 2021/22 budget, although the Government allowed local authorities to spread the forecast deficit over three years from 2021/22 to 2023/24 due to the exceptional circumstances in 2020/21. The increase in the deficit will be taken into account in setting the budget for 2022/23.
- 2.26. It should be noted that the Government has stated that local authorities will be compensated for 75% of the in-year loss in Collection Fund Income. The Council estimates that it will receive in the region of £23.5m based on the guidance issued by the Government. This will be spread over the three years from 2021/22 to 2023/24 to be set against the deficit related to 2020/21.
- 2.27. Full details are provided in Annex E of this report.

Savings Programme

2.28. The **£27.1m** savings programme for 2020-21 (shown in the following charts) has out turned at **£21.0m (77.6%)** of the saving delivered. This is an improvement of £1.0m on the £20.0m at Quarter 3 largely due to saving targets that were at risk in Quarter 3 being delivered.

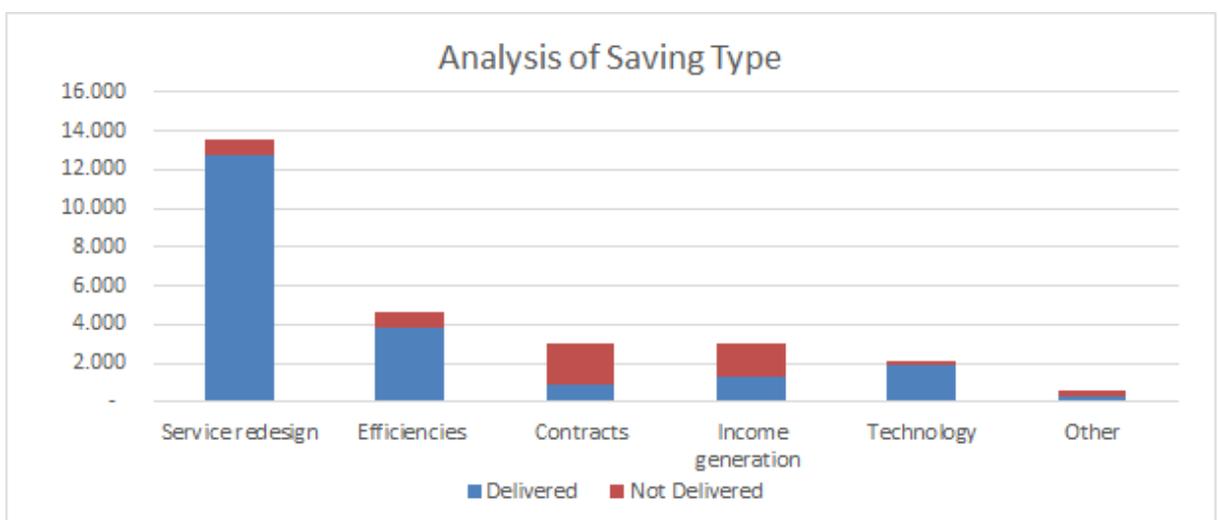
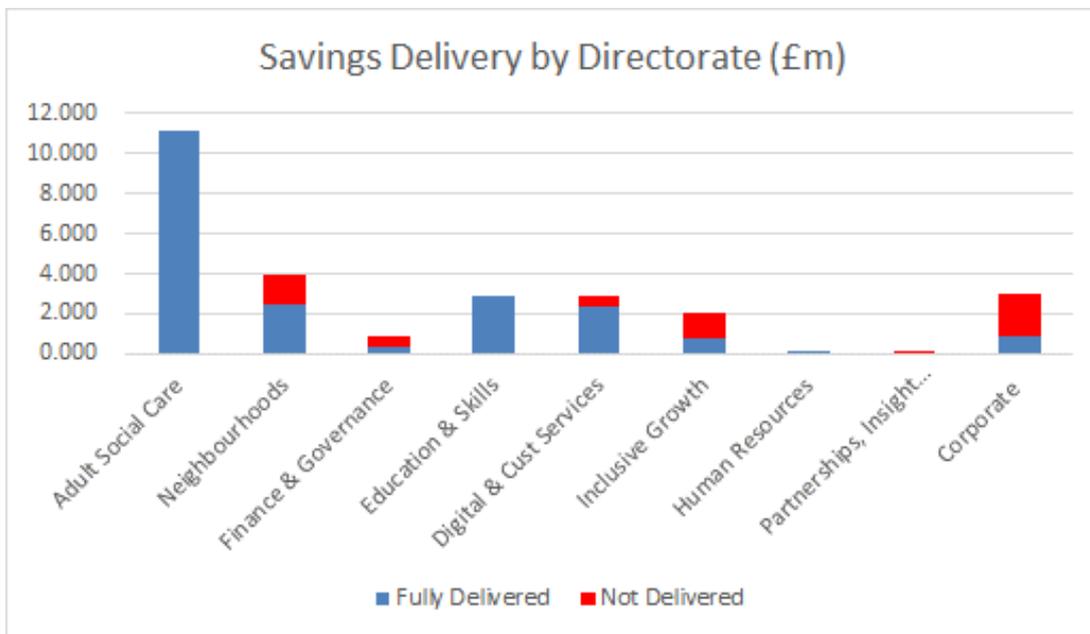
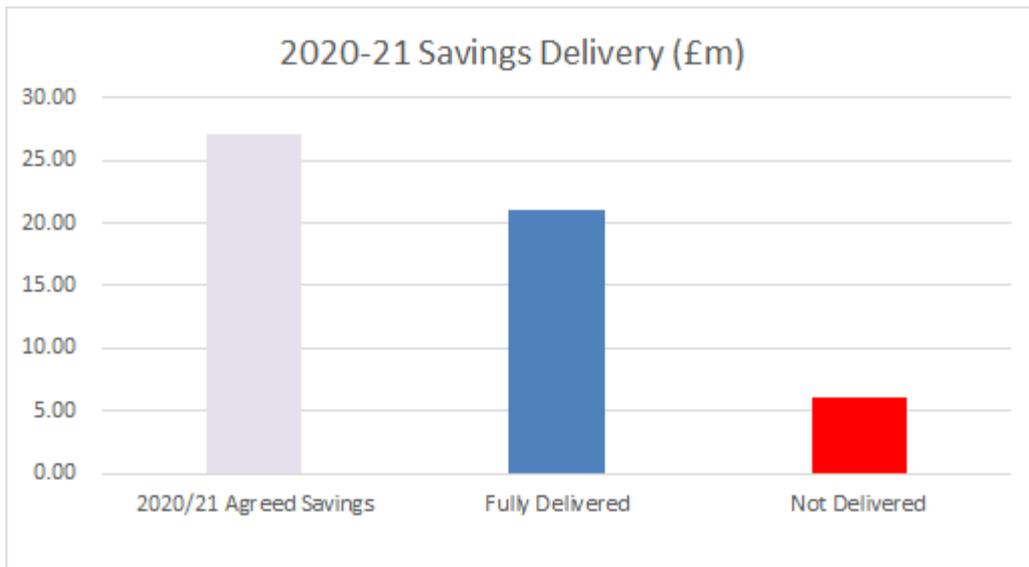
2.29. There are savings classed as not delivered of £4.0m which has seen a deterioration of £3.1m since quarter 3. This is largely due to Contract Savings of £2.1m considered at risk at Quarter 3 that has not been achieved in full.

Table 4

Directorate	Non-Delivery of Saving		Saving Delivered and on Track	Total Saving
	Delayed Because of Covid-19	Other Undeliverable		
	£m	£m		
Neighbourhoods	0.716	0.795	2.464	3.975
Adult Social Care	0.000	0.000	11.172	11.172
Inclusive Growth	0.472	0.888	0.734	2.094
Education & Skills	0.000	0.000	2.877	2.877
Finance & Governance	0.120	0.400	0.358	0.878
Digital & Cust Services	0.508	0.000	2.376	2.884
Partnerships, Insight and Prevention	0.003	0.011	0.052	0.066
Human Resources	0.000	0.000	0.132	0.132
Corporate	2.140	0.000	0.860	3.000
Total	3.959	2.094	21.025	27.078

2.30. Covid-19 has impacted savings delivery. The key areas that are non-deliverable (those over £0.5m) are:

- **Neighbourhoods** has £1.5m savings that have not been achieved, of which £0.7m are related to Covid. One-off mitigations have been identified in 2020/21 to fully meet this target. The savings are planned to be achieved from 2021/22 after the completion of the Housing Service Redesign.
- **Contract savings** cut across all directorates and are shown corporately. The target is £3.0m of which £0.9m has been delivered, leaving £2.1m as unachieved, largely due to Covid causing Directorates to reappraise their planned procurements.
- **Finance & Governance** has £0.5m savings undelivered, mainly related to savings based on reducing external legal spend. These have been mitigated from general underspends, mainly from vacancies.
- **Digital & Customer Services** has £0.5m savings unachieved mainly due to delays and potential income losses related to Covid-19.
- **Inclusive Growth** has £1.4m savings that were not achieved, mainly due to delays and effects on income caused by Covid-19



2.31 Table 5 illustrates the movement between Quarter 3 and Outturn.

Table 5 Movement in Delivery of the 2020-21 Saving Programme.			
	Full Delivery	At Risk	Not Delivered
	£m	£m	£m
Outturn position	(21.025)	0.000	(6.053)
Quarter 3 Forecast	(19.956)	(4.209)	(2.913)
Movement (Increase)/ Decrease	(1.069)	4.209	(3.140)
Percentage Changes	5.4%	-100.0%	107.8%

Reserves

- 2.32 The Council operates a policy of not using reserves unless they have been set aside for specific purposes and not using reserves to mitigate the requirement to make savings or meet on-going budget pressures, except in exceptional circumstances.
- 2.33 The main use of reserves relates to grant reserves where funding has been received prior to the requirement to spend the resource. The Council also has earmarked reserves where it has made a decision to set money aside to fund specific costs when they occur in later years.
- 2.34 The Council anticipated a net contribution of £18.4m to reserves in setting the 2020/21 budget and Cabinet subsequently approved the use of £1.1m of the Library of Birmingham Cyclical Maintenance Reserve in September 2020.
- 2.35 There was a net £28.2m of budgeted contributions to reserves that have not been made in 2020/21 due to Clean Air Zone income being delayed. At outturn the total net contribution to reserves is **£371.3m**. The largest contribution of which is £178.7m of Section 31 funding received from the Government to compensate for Business Rates relief in 2020/21 that will impact the Council in 2021/22. In overall terms reserves will increase from **£656.7m** at 31 March 2020 to **£1,028.0m** at 31 March 2021. The summary position is set out in Table 6 below with the detail contained in Annex 10.

Table 6: Reserves	Balance as at 31st March 2020	Original Budgeted (Use) / Contribution	Change approved in year	Original Budgeted Use / (Contribution) not processed	Changes Proposed at Outturn	Total Proposed (Use) /Contribution at Outturn	Recategorisation Proposed at Outturn	Proposed Outturn Balance at 31st March 2021
	£m	£m	£m	£m	£m	£m	£m	£m
Corporate General Fund Balance	32.350	0.000	0.000	0.000	0.000	0.000	6.032	38.382
Delivery Plan Reserve (formerly Invest to Save)	24.482	(13.930)	0.000	0.000	8.210	(5.720)	51.333	70.096
<i>Financial Resilience Reserve Gross</i>	<i>103.061</i>	<i>(5.910)</i>	<i>0.000</i>	<i>0.000</i>	<i>10.000</i>	<i>4.090</i>	<i>(6.032)</i>	<i>101.119</i>
<i>Net Borrowing from Financial Resilience Reserve</i>	<i>(18.220)</i>	<i>1.275</i>	<i>0.000</i>	<i>0.000</i>	<i>5.082</i>	<i>6.357</i>	<i>0.000</i>	<i>(11.863)</i>
Financial Resilience Reserve Net	84.842	(4.635)	0.000	0.000	15.082	10.447	(6.032)	89.257
General Reserves and Balances	141.674	(18.565)	0.000	0.000	23.292	4.727	51.333	197.734
Other Corporate Reserves	153.746	(0.553)	(1.100)	0.000	308.303	306.650	(51.333)	409.062
Grant	270.459	10.465	0.000	0.076	37.094	47.635	0.000	318.094
Earmarked	44.745	27.057	0.000	(28.228)	13.433	12.262	0.000	57.007
Schools	40.537	0.000	0.000	0.000	0.000	0.000	0.000	40.537
Non Schools DSG	5.580	0.000	0.000	0.000	0.000	0.000	0.000	5.580
Subtotal Other Reserves	515.067	36.969	(1.100)	(28.152)	358.830	366.547	(51.333)	830.281
Grand total	656.741	18.403	(1.100)	(28.152)	382.123	371.274	0.000	1,028.015

General Reserves and Balances

- 2.36 In line with the Financial Plan 2021-2025 it is proposed to transfer to the Financial Resilience Reserve (FRR) £10.0m that has been identified from the replacement of Direct Revenue Financing of Capital by increasing the Council's Capital Financing Requirement.
- 2.37 There is a need to borrow £1.3m from the Financial Resilience Reserve (FRR) to resource the cost resulting from Pension Fund timing differences.

2.38 As Pension Guarantees are no longer required £6.4m of borrowing from the FRR will be repaid.

2.39 It is proposed to transfer £8.2m of the £78.7m non covid underspend for the year to the newly created Delivery Plan Reserve (see paragraph 2.45).

Other Corporate Reserves

2.40 Other Corporate net contributions to reserves of £308.3m largely relate to:

- £178.7m of Section 31 funding received from the Government to compensate for Business Rates relief in 2020/21 that will impact the Council in 2021/22.
- £36.4m from the outturn underspend to the Budget Smoothing Reserve to provide flexibility in addressing the structural budget gap over the medium term.
- £23.5m of Government Grant Funding for 75% of in year Collection Fund losses.
- £17.5m of unringfenced Government Grant funding to offset the impact of Covid-19 on the Council in 2021/22.
- £14.3m of Covid Grant Reserves held corporately and required in 2021/22.
- £13.8m contribution to Policy Contingency Reserves carrying forward in 2021/22 the underspend on the Modernisation Fund for Social Care.
- £12.1m from the outturn underspend to the City Cleaning Reserve to provide funding to enhance the cleanliness of the City where improvements are most needed.
- £11.9m from the use of Capital Receipts flexibility that will be used to fund service transformation in 2021/22.
- £10.0m from the outturn underspend to a Community Recovery Plan Reserve to provide resource for activity to help our communities to recover from the effects of Covid-19.
- £7.2m for funding received from Government to fund shortfall in Collection Fund in 2021/22 related to Hardship Fund reductions in Council Tax payments in 2020/21.
- £5.5m from the outturn underspend to the General Policy Contingency Reserve to increase the contingency for 2021/22.
- £4.7m to the Capital Fund that has been identified from the replacement of Direct Revenue Financing of Capital by increasing the Council's Capital Financing Requirement.
- £2.5m from the outturn underspend to the Council House Refurbishment Reserve to fund revenue costs of the refurbishment in 2021/22.
- £2.3m to Policy Contingency Reserves.
- £2.0m from the outturn underspend to SEND Reserve to set aside resources for Education and Skills to continue to invest in SEND improvement and respond to challenges raised through external revisit.
- £2.0m from the outturn underspend to the Major Events Reserve to enhance the Council's flexibility to support Major Events when the opportunity arises.

- £1.8m to fund programme management of the Delivery Plan in 2021/22.
- £1.0m returned to the Library of Birmingham Cyclical Maintenance Reserve which will be required in 2021/22 instead due to slippage.

Offset by:

- £38.7m use of unringfenced Government Grant funding received in 2019/20 to offset the impact of Covid-19 on the Council in 2020/21.

Grant Reserves

2.41 The Council holds Grant Reserves for the unused element of grant support for which the conditions of the grant are expected to be met. At outturn, there is net £37.1m requested contribution to Grant Reserves to meet future years' expenditure. The net contribution includes a use of £18.5m required to cover PFI MRP costs held within Corporate budgets. All uses and contributions are in line with the Council's Reserves Policy.

Earmarked Reserves

2.42 At outturn there are proposed net contributions of £13.4m to Earmarked Reserves in line with the Reserves Policy approved in the Financial Plan 2021-2025

2.43 Further details of all requested use of or contributions to Reserves at Outturn are provided in Annex 10.

Transfers between Reserves

2.44 As agreed by Cabinet on 10 November 2020 a transfer of £6.0m is being made from the Financial Resilience Reserve to General Reserves to ensure that the General Fund Balance is 4.5% of the net budget.

2.45 A transfer is being made of £49.9m from the Capital Fund earmarked revenue reserve to the Invest To Save Reserve in order to create the new Delivery Plan Reserve as set out in the Financial Plan 2021 – 2025.

2.46 It is also proposed to transfer to the Delivery Plan Reserve £1.5m of earmarked Policy Contingency Reserves that are no longer required.

List of Annexes

- A1-8. Directorate Summaries**
- A9. Corporate Accounts Summary**
- A10. Reserves Requests**
- A11. Savings Programme**
- B. Capital Programme**
- C. Treasury Management**
- D. Housing Revenue Account (HRA)**
- E. Collection Fund**

Annex A1 Adult Social Care Directorate

1. Summary

At outturn, the Adult Social Care directorate is reporting an **underspend of £7.3m** which represents 2.2% of the net budget. This is an improvement of £19.2m from Quarter 3. The Outturn position is after recommended net transfers to reserves of £18.4m.

Covid costs totalling £1.6m are included in the outturn position, and there has been a £23.0m reduction since Quarter 3. Non-Covid costs have increased by £3.8m since Quarter 3.

	Current Budget	Outturn	Outturn Variation over / (Under) Spend	Recommended Transfer to / (from) Reserves	In Year Variation over / (under) spend	Covid 19 Financial Impact Included	Variance net of Covid Costs	Month 9 Total Variation	Movement from month 9 over/(under) spend
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Director	20.437	20.678	0.241		0.241	0.000	0.241	0.714	(0.473)
Commissioning	25.454	14.160	(11.294)	11.446	0.152	0.000	0.152	(0.007)	0.159
Packages of Care	208.331	204.424	(3.907)	5.296	1.389	0.767	0.622	1.843	(0.454)
Community & Social Work Operations	75.229	65.241	(9.988)	0.033	(9.955)	0.000	(9.955)	(7.619)	(2.336)
Other	0.000	(0.757)	(0.757)	1.578	0.821	0.821	0.000	16.916	(16.095)
Directorate	329.451	303.746	(25.705)	18.353	(7.352)	1.588	(8.941)	11.847	(19.199)
Covid costs included			0.011	1.578	1.589			24.547	(22.958)
Directorate net of Covid Costs	329.451	303.746	(25.716)	16.775	(8.941)	1.588	(8.941)	(12.700)	3.759

Covid Costs: The costs to the Directorate budget are included above alongside being separately reported corporately.

2. Detailed Service Highlights – Non Covid-19

Commissioning (year end £0.2m overspend) – This year end variation relates to an increase in Neighbourhood Network Scheme (NNS) costs of £0.5m, offset by overall reductions in third sector grant allocations. The movement from Quarter 3 of £0.2m is due to additional NNS costs being identified.

Director – (year end £0.2m overspend) - This year end variation relates to additional Interim Project resources to initiate the Preparation for Adulthood proof of concept, offset by underspends on IT and Winter Pressures funding. The movement from Quarter 3 of £0.5m is due to a reduction in anticipated costs relating to Winter Pressures activity.

Community & Social Work Operations – (year end £10.0m underspend) - The Directorate's Transformation Programme is now substantially complete with the roll-out of the Customer Journey (CJ) Restructure in September and the Early Intervention (EI) Programme in October and November in order to deliver existing planned sustainable savings.

Restructures relating to CJ and EI programmes have been completed this year, and both have delivered planned sustainable savings for this and future years. A £10.0m underspend has been achieved this year, £1.3m due to the early delivery of 2021/22 savings, £7.9m due to the phased reduction in the use of agency staff and delays in recruitment to vacancies within the EI programme, and £0.8m of additional backdated

income from Health in respect of Care Centre rent and service charges. This is a reduction of £2.3m from Quarter 3 related to EI vacancies and backdated income.

Packages of Care – (year end £0.6m overspend) – As a result of the Covid pandemic Health provided funding for hospital discharges between March 2020 and August 2020. This funding continued until individuals were reassessed and their ongoing care needs identified or up to 31st March at the latest.

Better Care Fund (BCF) Guidance requires that the Council pool additional costs/income arising from these placements through BCF and discussions have taken place with health colleagues to determine how any additional income could be carried forward to support system wide pressures. In line with Better Care Fund (BCF) guidance the Council has now pooled base budget costs in respect of Hospital Discharge Services including front line Early Intervention and intermediate care services. The impact on the packages of care budget has been additional Health income via the BCF pool of £13.8m. This has created a one-off underspend in year which it is proposed to be carried forward through the iBCF reserve and to be available in 2021/22 to support system wide business cases as part of the joint EI work with Health partners.

There has also been a significant reduction in older peoples residential and nursing placements in the year to date although since September numbers have been increasing in nursing and residential placements. However, this is offset by increases in the number of younger adults care packages.

The £6.3m increase from Quarter 3 relates to a £1.8m increase in the provision for bad debts due to delays in probate linked to additional deaths in year, increased reablement costs of £1.9m and increased package of care costs across younger adults services totalling £3.4m, offset by a £0.8m reduction in the Covid forecasts due to overlaps in the way certain services have been assumed/delivered.

3. Detailed Service Highlights – Covid-19

Covid costs totalling £1.6m are included in the outturn, this is a reduction of £23.0m from Quarter 3 mainly due to:

- £1.5m costs in respect of Home from Hospital, NRPf and Food Provision transferred to corporate funding to maximise specific grant income,
- £10.8m costs transferred to Public Health Contain Outbreak Management Funding,
- £4.4m reduction in spend in respect of Support to the Care Market reflecting the maximisation of specific grants to Adults including Infection Control Fund, Rapid Testing and Workforce Capacity Fund,
- £4.1m reduction in PPE spend due Central Government taking over provision of PPE from late 2020, and
- £2.2m relating to reduced requirement for increased care package support to meet unmet need.

Annex A2 Digital & Customer Services**1. Summary**

At outturn, the Digital & Customer Services directorate is reporting an **overspend of £13.4m** which represents 44% of the **£30.6m** net budget. This is a deterioration of £3.8m from Quarter 3. The outturn position is after recommended net transfers to reserves of £6.4m.

A major issue for the directorate was the impact of Covid-19. Covid costs totalling £14.3m are included in the outturn position. Since Quarter 3 Covid costs increased by £4.4m mainly due to IT & Digital Services (ITDS) covid equipment procurement and associated staff costs totalling £4.2m, Revenues and Benefits actual loss of income from Housing Benefit overpayment recovery increased by £0.7m this was partly offset by an improvement in the covid costs of £0.5m on customer services accounted for in the ITDS total. Non-Covid costs have decreased by £0.6m since Quarter 3.

	Current Budget	Outturn	Outturn Variation over/ (under) spend	Recommended Transfer to / (from) Reserves	In Year Variation over/ (under) spend	Covid-19 Financial Impact included	Variance net of Covid Costs	Month 9 Total Variation	Movement from Month 9 Variation
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Business Improvements	10.210	10.035	(0.175)	0.175	(0.000)	0.000	(0.000)	(0.260)	0.260
IT & Digital Services	13.827	18.047	4.220	1.829	6.049	6.976	(0.927)	2.800	3.249
Customer Services	4.367	4.369	0.002	0.164	0.166	0.171	(0.005)	0.642	(0.476)
Revenues & Benefits	1.979	4.847	2.868	4.267	7.135	7.135	0.000	6.389	0.746
Director of DC&S	0.176	0.176	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Directorate	30.559	37.474	6.915	6.435	13.350	14.282	(0.932)	9.571	3.779
Covid costs included			14.282		14.282			9.854	4.428
Directorate net of Covid Costs	30.559	37.474	(7.367)	6.435	(0.932)	14.282	(0.932)	(0.283)	(0.649)

Covid Costs: The costs to the Directorate budget are included above alongside being separately reported corporately.

2. Detailed Service Highlights – Non Covid-19**IT & Digital Services (year end £0.9m underspend)**

The IT & Digital service within D&CS has achieved an underspend of £0.9m. The underspend is mainly attributable to operational efficiencies coupled with successful contract negotiations coming in under budget.

3. Detailed Service Highlights – Covid-19**IT & Digital Services (year end £7.0m Overspend)**

At Quarter 3 the service reported covid costs of £2.8m, since Quarter 3, additional covid costs in relation to IT equipment purchases and associated staff time totalling £4.2m were identified, resulting in the outturn overspend of £7m.

Benefits Service (Year end £0.3m overspend and £3.2m income shortfall - £3.5m Total)

At Quarter 3 the forecast for loss of income from Housing Benefit Overpayment recovery (HBO) was £2.3m with risk that a further £2.3m of income will be lost in Q4. The actual loss of income was better than expected at £3.2m against an income loss forecast of £4.6m. This means the service achieved around £16.1m of the £19.3m HBO budgeted income target.

Revenues Service (Year End £3.7m income shortfall)

The service achieved (£0.9m) of (£4.7m) budgeted income target due to covid related court closures, resulting in the £3.7m income loss charged to the Covid grant.

Customer Services (Year End £0.2m Overspend)

At Quarter 3, the Covid cost forecast of £0.7m for Customer service included technology costs already captured in the ITDS covid costs. The adjustment for these duplicated costs resulted in an improvement of (£0.5m) with Customer service incurring actual covid costs of £0.2m.

Annex A3 Education & Skills Directorate

Outturn - Budget Monitoring Exception Report for Education & Skills Directorate

At outturn, the Education & Skills directorate is reporting an **overspend of £5.5m** which represents 2.0% of the net budget. This is an improvement of £11.0m from Quarter 3. The Outturn position is after recommended net transfers to reserves of £2.1m.

The major issue for the directorate was the impact of Covid-19. Covid costs totalling £7.2m are included in the outturn position, which is a decrease of £8.2m since Quarter 3. Non-Covid costs have decreased by £2.8m since Quarter 3.

	Current Budget	Outturn	Outturn Variation over/(under) spend	Recommended Transfer to / (from) Reserves	In year Variation over/(under) spend	Covid-19 Financial Impact Included	Variance net of Covid Costs	Month 9 Total Variation	Movement from Month 9 Over / (Under) Spend
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Education & Early Years	8.882	8.371	(0.511)	0.187	(0.324)	0.244	(0.568)	0.187	(0.511)
Inclusion & SEND	29.244	31.328	2.084	0.050	2.134	1.361	0.773	1.794	0.339
Skills & Employability	25.946	23.991	(1.955)	1.797	(0.158)	0.983	(1.141)	1.253	(1.411)
Birmingham Childrens Trust	192.416	194.442	2.026	-	2.026	2.065	(0.039)	4.525	(2.500)
Strategic Leadership	19.508	21.089	1.580	0.100	1.680	2.564	(0.884)	8.741	(7.061)
Commissioning	2.505	2.665	0.160	-	0.160	-	0.160	-	0.160
Directorate	278.502	281.886	3.384	2.134	5.518	7.217	(1.699)	16.501	(10.983)
<i>Covid Costs Included</i>			<i>7.217</i>		<i>7.217</i>			<i>15.384</i>	<i>(8.167)</i>
Directorate Net of Covid Costs	278.502	281.886	(3.833)	2.134	(1.699)	7.217	(1.699)	1.117	(2.816)

Covid Costs: The costs to the Directorate budget are included above alongside being separately reported corporately.

1. Detailed Service Highlights – Non Covid-19

Education & Early Years (year end £0.6m underspend)

This underspend relates to savings on employees and Service Level Agreement costs, partially offset by systems upgrade costs. The outturn position shows a decrease of £0.5m from Quarter 3 due to these additional staff savings and a delay to the completion of the systems upgrades.

Inclusion & SEND (year end £0.8m overspend)

The overspend in Inclusion and SEND has largely been due to pressures on Travel Assist of £0.6m, as a result of one-off costs relating to additional costs of interim staff and consultants to support transformation and systems implementation costs in 2020/21, as well as additional non-Covid costs that were initially difficult to accurately forecast. Patterns of spend in both the Summer and Autumn term were impacted by Covid, so it was not always easy to distinguish between the cost of new routes and inflationary demands. These demands were then also initially suppressed by Covid-led reductions in demand and then subsequent increases due to social distancing requirements. The latter has been met so far by additional grant. There have also been other more minor costs of £0.2m relating to increased pressures on SEND assessment and review services. The outturn position has increased from Quarter 3

by £0.5m as more certainty regarding demand and the need to invest in improvements crystallised.

Children's Trust (year end £0.0m break even)

The Trust is reporting a break even position, as pressures primarily around placement costs have largely been offset by underspends on pay and more income received than originally budgeted, alongside savings measures to manage demand and commission appropriate placements. This was a reduction of £1.0m on Quarter 3 as savings accrued and costs arising from coming out of lockdown were less than anticipated.

Strategic Leadership (year end £0.9m underspend)

This relates to £0.2m unspent on the contingency fund and underspends of £0.1m on employees and £0.4m on premature retirements costs and other minor variations of £0.2m. The movement from Quarter 3 (a further underspend of £0.5m) arose because the need to use contingencies (and to pick up retirement costs arising from savings restructures) did not arise.

Skills & Employability (year end £1.1m underspend)

There have been two areas (the Adult Education Service and the Library Service) where there have been reductions in costs, largely from reduced planned revenue building maintenance work accruing as a result of not opening up buildings (and also, therefore, less demand for temporary agency staff) as well as delayed improvements to accommodation. It is anticipated that these premises costs will still be incurred in 2021/22, as this is a temporary delay and so has not been reported as a Covid related variation. Whilst preparing forecasts at Quarter 3 it was envisaged that these costs would still be incurred (in Quarter 4), as this was prior to the subsequent lockdown

2. Detailed Service Highlights – Covid-19

Education & Early Years (£0.2m income shortfall)

This variance was caused by loss of rental income in Early Years relating to nursery premises let out to private providers and a shortfall in income generation around safeguarding services due to demand for training and associated services reducing as schools have been closed to most pupils. This was a minor change of £0.1m from Quarter 3.

Inclusion & SEND (£1.4m income shortfall)

This variation is the result of the following pressures:

- £0.1m relating to Travel Assist due to a shortfall in contributions to pupil transport (other Covid costs have been met from DfE grant).
- £0.6m loss of schools traded income in the Education Psychology service as the service has re-focussed on support for young people whilst in out of school settings.
- £0.7m loss of income relating to the provision of Access to Education services.

This is very minor overall variation of £0.1m compared with the Quarter 3 forecast.

Children's Trust (£2.1m overspend)

The year end position is an overspend of £2.1 million which has reduced by £1.4m since Quarter 3. The position has reduced from previous expectations as the Trust took a decision to reduce the amount of contingency accommodation needed and because most of the PPE costs have been met directly by the Council.

Strategic Leadership (£2.5m overspend)

The directorate has managed the majority of Covid costs centrally. The main reasons pressures have been as follows:

- £1.4m for the school meal voucher scheme that has not been subsequently covered by grant;
- £1.0m being the net cost of supporting the financial sustainability of early years and childcare providers, after using other grant funding streams

This is a variation of £6.6m since Quarter 3, largely as a result of using other grant funding streams to fund Covid activity, including Track & Trace funding (£1.3m) and the Hardship Fund (£1.8m for free school meals and £2.3m grants issued via Birmingham Children's Partnership). In addition, there was £1.2m less Early Years spend than was envisaged for Quarter 4 as more providers reopened.

Skills & Employability (£1.0m income shortfall)

This variance is caused by expected shortfalls in income resulting from Covid-19 as follows:

- £0.5m Libraries loss of income and Unique Venues Birmingham (UVB) profit share;
- £0.2m net loss of income from the Youth Service umbrella contract and other income generation which has been partly offset by additional income received from West Midlands Police;
- £0.3m loss of income from the non-delivery of income generating services in the Birmingham Adult Education Service (BAES).

Annex A4 Finance and Governance Directorate**1. Summary**

At outturn, the Finance and Governance directorate is reporting an **overspend** of **£5.5m** which represents 33% of the net budget. This is an improvement of £2.5m since Quarter 3. The Outturn position is after recommended net transfers to reserves of £1.2m.

The major issue for the directorate remains the impact of Covid-19. Covid costs totalling £7.2m are included in the outturn position, and there has been a £0.7m decrease since Quarter 3. Non-Covid costs have decreased by £1.7m since Quarter 3.

	Current Budget	Outturn	Outturn Variation over/ (under) spend	Recommended Transfer to / (from) Reserves	In year Variation over/ (under) spend	Covid-19 Financial Impact included	Variance net of Covid Costs	Month 9 Total Variation	Movement from Month 9 variation
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Development & Commercial	(1.787)	4.361	6.148	0.471	6.619	6.536	0.083	8.410	(1.791)
Service Finance	8.665	7.374	(1.291)	0.639	(0.652)	0.541	(1.193)	(0.463)	(0.189)
City Solicitor	7.945	7.541	(0.404)	0.120	(0.284)	0.171	(0.455)	0.026	(0.310)
Birmingham Audit	1.672	1.492	(0.180)	0.014	(0.166)	0.000	(0.166)	0.000	(0.166)
Directorate	16.495	20.768	4.273	1.244	5.517	7.248	(1.731)	7.973	(2.456)
Covid costs included			7.248		7.248			7.996	(0.748)
Directorate net of Covid Costs	16.495	20.768	(2.975)	1.244	(1.731)	7.248	(1.731)	(0.023)	(1.708)

Covid Costs: The costs to the Directorate budget are included above alongside being separately reported corporately.

2. Detailed Service Highlights –Non Covid-19**Development and Commercial (year end £0.1m overspend)**

- £0.1m overspend other minor variations. A £0.4m improvement since Quarter 3, the material change is £0.3m cost of staff time supporting a range of Covid activities including PPE procurement, shielded food distribution and testing now identified as Covid spend.

Service Finance (year end £1.2m underspend)

An improvement of £0.7m since Quarter 3, the major variations are:

- £0.6m underspend. Funding earmarked to support the transition of services in Service Finance will offset additional expenditure and income loss during transformation.
- £0.6m SAP development underspend due to reduced activity pending implementation of new Finance and HR ERP. This is a new variation since Quarter 3.

- £0.1m cost of staff time supporting Covid financial monitoring and reporting is now identified as Covid spend.

City Solicitor (year end £0.4m underspend)

The major variations are:

- £0.5m employee underspends. Vacancy savings are partly offset by agency costs.
- £0.1m overspend other minor variations, mitigated from employee underspends.

This is a £0.4m improvement from Quarter 3 arising from:

- £0.9m improvement in Legal Services income since Quarter 3, including £0.2m income loss identified as Covid related.
- £0.4m reduction in Legal Services employee underspend £0.6m at Quarter 3 to £0.2m at outturn to reflect additional agency costs.
- £0.1m underspend Local Government Elections to be appropriated to reserves to fund additional costs for Covid security measures in 2021/22.

Birmingham Audit (year end £0.2m underspend)

- £0.2m other minor variations, this is a new variation at month 11.

3. Detailed Service Highlights – Covid-19

Development and Commercial (year end £6.5m income shortfall)

- £2.9m Cityserve - loss of schools income, increased costs in emergency provision and supplier relief.
- £2.3m Outdoor Advertising - loss of commercial advertising income from outdoor digital advertising, lampposts, roundabouts and City Dressing.
- £0.8m Civic Catering - £2.5m loss of income from functions at Highbury Hall and the Council House and the closure of Pause cafes is partly offset by reducing expenditure by £1.7m, so that only unavoidable costs remain.
- £0.5m income loss BCL and City Cleaning.

This is a reduction in income loss of £1.3m since Quarter 3, mainly for Cityserve. The forecast £4.1m net loss for Cityserve at Quarter 3, based on an estimate of the impact of school closures and a fall in average levels of demand upon reopening, has reduced to a £2.9m actual loss at outturn.

Service Finance (year end £0.5m overspend)

- £0.5m various minor Covid variations. The material difference is the inclusion of £0.4m cost of Directorate staff time supporting a range of Covid activities including PPE procurement, shielded food distribution and testing as a new variation at Outturn.

City Solicitor (year end £0.2m income shortfall)

- £0.2m income shortfall, this is a new variation since Quarter 3.

Annex A5 Human Resources

1. Summary

At outturn, the Human Resources directorate is reporting a **£0.2m underspend**, which represents 3.8% of the net budget. This is an improvement of £0.3m since Quarter 3. The Outturn position is after recommended net transfers to reserves of £0.4m.

Covid costs have reduced by £0.1m since Quarter 3. Non-Covid costs have decreased by £0.2m since Quarter 3.

	Current Budget	Outturn	Outturn Variation over/ (under) spend	Recommended Transfer to / (from) Reserves	In year Variation over/ (under) spend	Covid-19 Financial Impact included	Variance net of Covid Costs	Month 9 Total Variation	Movement from Month 9 variation
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Schools	0.129	(0.626)	(0.755)	0.324	(0.431)	0.000	(0.431)	(0.200)	(0.231)
Human Resources	6.771	6.907	0.136	0.080	0.216	0.008	0.208	0.294	(0.078)
Directorate	6.900	6.281	(0.619)	0.404	(0.215)	0.008	(0.223)	0.094	(0.309)
Covid costs included			0.008		0.008			0.094	(0.086)
Directorate net of Covid Costs	6.900	6.281	(0.627)	0.404	(0.223)	0.008	(0.223)	0.000	(0.223)

Covid Costs: The costs to the Directorate budget are included above alongside being separately reported corporately.

2. Detailed Service Highlights – Non Covid-19

Schools (year end £0.4m underspend)

- £0.4m underspend other minor variations. Mainly vacancy savings, this is a £0.2m improvement since Quarter 3.

Human Resources (year end £0.2m overspend)

A £0.1m improvement since Quarter 3, the major variations are

- Employee overspend of £0.6m for various projects including Apprentice Delivery/Succession Planning and Culture/Directorate Change. The net overspend has been mitigated by HR Schools vacancies.
- £0.4m underspend other minor variations.

3. Detailed Service Highlights – Covid-19

£0.1m cost of HR Covid response activity is covered by Public Health Contain Outbreak Management Funding, representing the £0.1m reduction in the HR Covid overspend since Quarter 3.

Annex A6 Inclusive Growth Directorate

1. Summary

At outturn, the Inclusive Growth directorate is reporting an **overspend of £20.2m** which represents 19.0% of the net budget. This is an improvement of £0.8m from Quarter 3. The Outturn position is after proposed net transfers to reserves of £1.6m.

The major issue for the directorate remains the impact of Covid-19. Covid costs totalling £22.1m are included in the outturn position, and there has been a £1.1m increase since Quarter 3. Non-Covid underspend has increased by £1.9m since Quarter 3.

	Current Budget	Outturn	Outturn Variation over/ (under) spend	Recommended Transfer to/(from) Reserves	In Year Variation over/ (under) spend	Covid-19 Financial Impact included	Variance net of Covid Costs	Month 9 Total Variation	Movement from Month 9 variation
	£m	£m	£m	£m	£m	£m	£m	£m	£m
P&D - City Centre, EZ	(0.865)	0.527	1.392	(1.525)	(0.133)	0.732	(0.865)	(0.107)	(0.026)
Transport & Connectivity	48.053	44.768	(3.285)	2.561	(0.724)	0.000	(0.724)	(0.465)	(0.259)
P&D - Strategy & BDI	5.339	5.199	(0.140)	(0.107)	(0.247)	0.000	(0.247)	(0.278)	0.031
Birmingham Property Services	(1.058)	4.866	5.924	2.048	7.972	7.383	0.589	8.651	(0.679)
Housing Development	0.413	0.604	0.191	(0.241)	(0.050)	0.000	(0.050)	0.040	(0.090)
Highways & Infrastructure	45.590	59.242	13.652	(1.156)	12.496	12.910	(0.414)	12.390	0.106
Inclusive Growth Director	8.933	9.806	0.873	0.000	0.873	1.090	(0.217)	0.715	0.158
Other Funds - Holding Accounts	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Directorate	106.405	125.013	18.608	1.580	20.188	22.115	(1.927)	20.946	(0.758)
Covid costs included			22.115		22.115			21.022	1.093
Directorate Net of Covid costs	106.405	125.013	(3.507)	1.580	(1.927)	22.115	(1.927)	(0.076)	(1.851)

Covid Costs: The costs to the Directorate budget are included above alongside being separately reported corporately.

2. Key Service Highlights Non Covid-19

Property Services - £0.6m deficit (improvement of £1.2m from Quarter 3)

- £0.2m shortfall in capital receipts from ring-fenced commercial assets whereby revenue benefit from capital receipts of £0.2m (no change from Quarter 3);
- £0.7m underspends arising from fall out of Working For The Future Portfolio prudential borrowing of (improvement of £0.1m from Quarter 3);
- Balanced budget commercial portfolio and central administration buildings (CAB) expenditure i.e. business rates and repairs and maintenance, but savings in utility costs balance (improvement of £0.4m from Quarter 3);
- £0.3m deficit on Property Services core services comprising:
 - £1.1m employee underspends arising from vacant posts (increase of £0.1m from Quarter 3);
 - £1.2m deficit in recharge and external income (increase of £0.2m from Quarter 3);
 - £0.2m use of external professional services (increase of £0.2m from Quarter 3).

- £0.8m shortfall in invoiced rent and service charges (reduction of £1m from Quarter 3 due to new lettings and backdated rent).

Planning & Development; City Centre, Enterprise Zone - £0.9m surplus (improvement of £0.2m from Quarter 3)

- £0.6m underspend arising from vacant Planning posts (no change);
- £0.3m additional Pre-application income (increase of £0.2m from Quarter 3).

Transportation & Connectivity - £0.7m surplus (improvement of £0.2m from Quarter 3)

- £0.7m underspend arising from staff vacancies and improved income recovery from time recharges since Quarter 3.

Planning & Development; Strategy & Business Development & Innovation) - £0.2m surplus (reduction of £0.1m from Quarter 3)

- £0.2m underspend arising from staff vacancies net of income loss.

Highways & Infrastructure - £0.4m surplus (no change from Quarter 3)

- £0.4m underspend arising from staff vacancies.

Director; Inclusive Growth - £0.2m surplus (improvement of £0.3m from Quarter 3)

- £0.2m Other Minor Variations.

3. Detailed Service Highlights – Covid-19

Planning & Development City Centre, EZ - £0.7m deficit (increase of £0.1m from Quarter 3)

- £0.7m Planning Applications income pressure due to impact of Covid.

Property Services - £7.4m deficit (increase of £0.6m from Quarter 3)

- £4.2m Commercial Property rental income and £0.6m service charges related to provision for non-recovery due to impact of Covid (decrease of £0.1m from Quarter 3);
- £0.5m Commercial Property Rental Income growth non-delivery due to impact of Covid;
- £0.8m Commercial Property Rental income reduction due to termination of lease at West Car Park NEC as a result of Covid (increase of £0.8m from Quarter 3);
- £0.3m Public Hubs savings non-delivery due to impact of Covid;
- £1.0m City Council has agreed to defer full repayment of 2020/21 loan repayment default due to impact of Covid on borrowing entity's resources (improvement of £0.1m from Quarter 3).

Highways & Infrastructure - £12.9m deficit (no change from Quarter 3)

- £3.6m On-Street Parking income under-recovery due to impact of Covid (£0.2m increase from Quarter 3);
- £6.7m Off-Street Parking income under-recovery due to impact of Covid (£0.2m increase from Quarter 3);
- £1.8m Civil Parking Enforcement income under-recovery due to impact of Covid (£0.2m improvement from Quarter 3);
- £0.8m Local Car Parking income under-recovery due to impact of Covid (no change from Quarter 3);
- Temporary highways works costs to facilitate social distancing measures for safer pedestrian movement to reduce risk of Covid spread -balanced budget (improvement of £0.2m from Quarter 3 due to application of grant funding).

Inclusive Growth; Director - £1.1m deficit (increase of £0.4m from Quarter 3)

- £0.4m hand cleaning dispensers and soap for Council buildings due to impact of Covid (increase of £0.1m from Quarter 3).
- £0.4m staff time directed to Covid activities (for staff whose salaries are funded through time-recovery i.e. charging projects) (increase of £0.2m from Quarter 3).
- £0.3m of miscellaneous costs (increase of £0.1m from Quarter 3).

Annex A7 Neighbourhoods Directorate

1. Summary

At the end of Month 12, the Neighbourhoods directorate is reporting an outturn **overspend** of **£18.3m**. Of this, £26.2m is Covid-19 related and £7.9m underspend is outside of Covid-19. This represents is an improvement of £11.2m from Quarter 3 (£5.8m Covid-19 related due to additional Test and Trace funding and a £5.4m underspend outside of Covid-19). The Outturn position is after recommended net transfers to reserves of £5.9m.

	Current Budget	Outturn	Outturn Variation over/ (under) spend	Recommended Transfer to / (from) Reserves	In Year Variation over/ (under) spend	Covid-19 Financial Impact included	Variance net of Covid Costs	Month 9 Total Variation	Movement from Month 9 Variation
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Street Scene	79.557	84.972	5.415	1.836	7.251	8.692	(1.441)	10.300	(3.049)
Housing General Fund	10.267	9.458	(0.809)	0.096	(0.713)	0.697	(1.410)	3.600	(4.313)
Neighbourhoods	19.795	21.051	1.256	5.230	6.486	10.508	(4.022)	8.300	(1.814)
Regulation & Enforcement	1.153	6.971	5.818	(0.655)	5.163	6.329	(1.166)	7.200	(2.037)
Business Support	16.450	17.136	0.686	(0.583)	0.103	0.000	0.103	0.100	0.003
Directorate	127.222	139.588	12.366	5.924	18.290	26.226	(7.936)	29.500	(11.210)
Covid costs included			26.226		26.226			32.000	(5.774)
Directorate net of Covid Co	127.222	139.588	(13.860)	5.924	(7.936)	26.226	(7.936)	(2.500)	(5.436)

2. Detailed Service Highlights –Non Covid-19

Street Scene (year end £1.4m underspend)

The Street Scene service is projecting pressures totalling £6.5m offset by mitigations of £7.9m giving a net underspend of £1.4m. The main pressures include £1.3m on maintenance and vehicle hire due to old and mechanically less reliable vehicles being past their natural life, income pressure within Trade Waste of £1.5m.

The main mitigation is an underspend of £4.3m on borrowing costs due to delays in procurement of the new fleet. Out of a total of 76 new vehicles that have been ordered 31 vehicles were delivered and in use by the end of March 2021. There is a £1.0m underspend due to delays in implementing the Love Your Street and Waste Enforcement schemes, and Waste Disposal has delivered an underspend of £1.0m due to reduced category 1,2 and 3 being presented for disposal. There is an additional £1.6m of income generated from the sale of electricity and surplus capacity at the Waste Disposal plant.

Since Quarter 3 the service has delivered an additional net underspend £1.1m primarily due to reduced category 1,2 and 3 being presented for disposal resulting in an underspend of £1.0m. It was confirmed in March that additional income of £0.8m had been received from the sale of excess capacity at the waste disposal plant and from electricity generation over previous forecasts. As a result, the service is able to contribute £0.7m into the reserve for Reservoirs and Parks Pools Works Programme

Further to the variances outlined above, the service is reporting pressure of £0.5m on the bad debt provision following reduced collection following suspension of the auto issuing of reminders earlier in the year. Debt collection activity has resumed and progress will be monitored. A contribution of £0.7m has been allocated into the reserve for Reservoirs and Parks Pools Health & Safety Works Programme, Fleet Garage income has seen a reduction of £0.6m due to smaller customer base and a savings pressure of £0.6m due to delays in the implementation of the service redesign.

Housing General Fund (year end £1.4m underspend)

Outside of Covid-19 the service is reporting an underspend of £1.4m. This is primarily down to savings on the temporary accommodation budget of £1.1m with reductions in charges levied by Bed and Breakfast providers and cost reductions within PSL. In addition to this, there is a saving of £1.2m through the removal of void rent charges to the HRA within the dispersed portfolio. Posts have been held vacant pending the introduction of a new prevention and early intervention service model which will deliver significant savings going forward. As a result, the workforce budget is projecting a one-of underspend of £1.0m. This is partially offset by additional pressure of £1.0m due to March 2021 expenditure being accrued for as per audit recommendations and in effect recognising 13 months of spend this year. Since Quarter 3 the position has improved by £0.6m due to agreed property loss charges for dispersed properties no longer being charged to the HRA.

A report proposing the way forward on Selective Licensing was presented to December 2020 Cabinet approving that consultation can commence. Delays in progressing the scheme have resulted in a pressure of £0.5m against the income target in 2020/21.

As part of the external audit of the 2019/20 accounts the auditors raised concern over the underlying level of debt within temporary accommodation, and the basis for determining the level of bad debt provision, and asked for a recalculation using an alternative basis. Following completion of the audit, this year's calculation has been recalculated on the revised basis resulting in an increase of £0.5m and additional pressure on the budget. Arrears levels are under review.

Neighbourhoods (year end £4.0m underspend)

The service is projecting an underspend of £4.0m outside of Covid-19. This is primarily due to £1.0m underspend generated within the Health and Wellbeing service reflecting reduced staffing and premises related costs and an underspend of £1.2m in employees due to holding vacant posts pending the implementation of a new operating model. Recognition of the £1.0m Health & Wellbeing underspend and an increase in staffing underspend to £1.2m account for the improvement of £1.9m from Quarter 3.

The service is reporting a £0.5m underspend in major events following the cancellation of events. There is a wider underspend of £0.9m across non-pay areas

including prudential borrowing costs, below inflation grant payments and savings in running costs due to closure of community centres.

Regulation and Enforcement (year end £1.2m underspend)

The service underspent by £1.2m due mainly to additional income of £1.5m generated within the Bereavement Service following additional demand throughout the year. The increased activity in quarter 4 within the Bereavement Service accounts for the improvement of £1.9m since Quarter 3.

3. Detailed Service Highlights – Covid-19

Street Scene (£8.7m overspend)

The main variances relate to loss of income, additional PPE expenditure and workforce pressures. Income losses of £4.8m include £2.9m in fleet, trade waste, garden and bulky waste and £1.9m in parks. Delays in progressing the Street Scene redesign whilst in emergency Covid-19 operations have resulted in pressure of £3.1m through additional agency staff costs and non-delivery of the saving target this year. Additional safety measures to protect staff and citizens have cost £2.5m and the prolonged shut down of the ERF generated additional cost of £0.5m through diverting waste to landfill.

£2.4m has been funded through Test & Trace income, this relates to additional safety measures.

Housing General Fund (£0.7m overspend)

The major costs associated with Covid-19 are due to additional accommodation and support for rough sleepers, food packages and exit strategy which is a total of £2.3m. There is a further £2.3m due to the increase in demand from homelessness and domestic violence cases, reduced capacity required to adhere to social distancing at Bushmere Hostel and the limited scope to move people on from temporary accommodation due to lockdown

£3.9m has been funded through Test & Trace income, this relates to additional costs to accommodate rough sleepers, reduction in capacity at Hostels to allow for social distancing and increase demand for temporary accommodation.

Neighbourhoods (£10.5m overspend)

Neighbourhoods Services has seen £1.8m loss of income from the closure of leisure and wellbeing facilities, £7.6m supplier relief claims from external leisure contractors and Birmingham Museums Trust and £0.6m loss of income from the closure of Community Centres.

Regulation & Enforcement (£6.3m overspend)

Within Bereavement Services there has been additional costs and security at cemeteries of £0.8m. Additional Mortuary provision through the Regional Mortuary and Sutton New Hall facilities has cost £3.3m. Loss of income at Markets of £1.0m due to initial closure and ongoing effects on footfall and popularity, offset by reduced cleaning costs for the period of closure.

There has been a loss of income of £0.7m within the Register Office, City Centre Management of £0.1m and Pest Control of £0.2m. Additional costs at Coroners Court of £0.2m for additional officers and court premises.

£0.060m has been funded through Test & Trace grant in relation to the Coroners service.

Annex A8 Partnerships, Insight and Prevention

1. Summary

At outturn, the Partnerships, Insight and Prevention directorate is reporting an **underspend of £1.3m** which represents 18% of the net budget. This is an improvement of £3.2m from Quarter 3. The Outturn position is after recommended net transfers to/from reserves of £25.2m.

Covid costs totalling £0.1m are included in the outturn position, and there has been a £1.9m reduction since Quarter 3. Non-Covid costs have decreased by £1.3m since Quarter 3.

	Current Budget	Outturn	Outturn Over/ (Under) spend	Recommended Transfer to/(from) Reserves	In Year Variation over/ (under) spend	Covid-19 Financial Impact included	Variance net of Covid Costs	Month 9 Total Variation	Movement from Month 9 Variation
	£m	£m	£m	£m	£m	£m	£m		£m
Communication & Marketing	1.434	1.246	(0.188)	0.000	(0.188)	0.000	(0.188)	(0.124)	(0.064)
Public Health and Equalities	0.001	(25.278)	(25.279)	25.278	(0.001)	0.000	(0.001)	0.000	(0.001)
Assistant Chief Exec	3.454	2.833	(0.621)	0.165	(0.456)	0.041	(0.497)	1.999	(2.455)
Community Safety Strategy	2.539	2.109	(0.430)	(0.248)	(0.678)	0.042	(0.720)	0.000	(0.678)
Directorate	7.428	(19.090)	(26.518)	25.195	(1.323)	0.083	(1.406)	1.875	(3.198)
Covid costs included			0.083		0.083			1.999	(1.916)
Directorate net of Covid Costs	7.428	(19.090)	(26.601)	25.195	(1.406)	0.083	(1.406)	(0.124)	(1.282)

Covid Costs: The costs and financial risks to the Directorate budget are included above alongside being separately reported corporately.

2. Detailed Service Highlights –Non Covid-19

The following services are reporting underspends totalling £1.4m mainly from vacancies due to the delay, because of Covid, in implementing restructures. This is an improvement of £1.3m compared to the forecast underspend of £0.1m reported at Quarter 3 because of further delay in implementing these restructures:

Communications – year end underspend of £0.2m compared to £0.1m at Quarter 3.

Assistant Chief Exec – year end underspend of £0.5m compared to nil at Quarter 3.

Community Safety Strategy - year end underspend of £0.7m compared to nil at Quarter 3.

3. Key Service Highlights –Covid-19

Covid costs are £0.1m, this is a reduction of £1.9m to that reported at Quarter 3 due to some expenditure now being funded from the Covid Hardship Fund and Test & Trace.

Annex A9 Corporate Accounts

The following sets out the position on corporate costs:

Corporate Accounts Outturn	£m
Equal Pay Costs	3.427
Under achievement of Contract savings	2.140
Under-recovery of Pension Costs	1.804
Provision for support for subsidiary companies	1.500
Cost of Pay Award above budgeted inflation rate	0.910
Policy Contingency	(6.110)
Release of Corporate Bad Debt Provision	(3.200)
Balance Sheet Management	(2.173)
Other	(1.157)
Provision for Allowances no longer required	(1.134)
Underspend related to borrowing cost not required	(0.904)
Treasury Management	(0.147)
Sub-total Non-Covid costs	(5.044)
Covid-19 Corporate costs due to shortfall in dividend income	4.147
Total Corporate Costs	(0.897)

1. Variations

The underspend of £0.9m on the budget includes:

Non-Covid (£5.0m) underspend

- Changes in regulations led to a cost to the General Fund for Equal Pay of £3.4m.
- The Council had a target to make savings on contracts. Covid-19 caused services to reappraise their planned procurements. This had the effect of reducing the procurement savings that could be made by £2.1m.
- There was an under-recovery of pension costs of £1.8m. This is after the release of £1.2m of Specific Policy Contingency, as described in paragraph 2.2 below.
- The Council has had to increase the provision in its accounts for Acivico, one of its subsidiary companies by £1.5m.
- The pay award of 2.75% was 0.25% greater than budgeted costing £0.9m.
- An underspend of £6.1m on Policy Contingency, described in paragraph 2.4.
- The additional bad debt provision of £3.2m created in 2019/20 to cover potential increases in bad debts due to the economic consequences of Covid-19 has been released as directorates have now increased their own bad debt provisions to cover this risk.
- An underspend of £2.2m following a review of the Balance Sheet
- £1.2m of other net underspends have been identified.
- A provision of £1.1m is no longer required.
- An underspend of £0.9m from a budgeted repayment of borrowing no longer required.

2. Policy Contingency

2.1 Release of General Policy Contingency

The release of £0.1m of General Policy Contingency to fund the Route to Zero (R20) project has not been required and this will be carried forward in Policy Contingency Reserves.

2.2 Release of Specific Policy Contingency

The Gateway and Related Financial Approvals Framework requires approval from the Section 151 Officer, in conjunction with the Leader and the Chief Executive, to release funds from Specific Policy Contingency.

Cabinet on 23 June 2020, approved that the Section 151 Officer be given delegated authority for the verification and allocation of Specific Policy contingency to fund expenditure which is in line with the approval given as part of the Council Financial Plan and Budget 2020-2024. The Section 151 Officer has approved the following releases of Specific Policy Contingency in 2020/21:

- £1.2m to fund part of the under recovery of Pension costs.
- £1.1m to fund almost all of the Apprenticeship Levy.
- £1.0m for inflation that now will be carried forward into 2021/22 see 2.4 below.
- £0.6m Modernisation Fund-Other to fund improvements to Home to School Transport. This is line with the Cabinet decision of 15 December 2020.
- £0.3m to fund short term improvements in the Council House.

2.3 Policy Contingency Reserves

There is a proposed transfer to reserves of £15.3m from Policy Contingency for approved funding which will enable projects to be carried out in later years, relating to the following:

- Modernisation Fund-Social Care £13.8m
- Modernisation Fund-Social Care re slippage against allocated Policy Contingency £0.4m
- Inflation Contingency £1.0m
- Route to Zero (R20) £0.1m

There is a proposed transfer from reserves of £0.1m to fund projects, relating to the following:

- CCTV Decommissioning £0.1m

2.4 Policy Contingency Outturn

After these proposed transfers to and from Policy Contingency Reserve, there is a net underspend on Policy contingency of £6.1m as set out in the table below:

Name of Policy Contingency	Amount of Overspend/ (Underspend) £m
Loss of Income from Car Park Closures	(0.252)
National Living Wage	(0.365)
Superannuation - Auto-enrolment Pension Fund	(0.300)
Inflation	(2.753)
Highways Maintenance	(0.500)
Modernisation Fund - Other	(1.290)
Corporate Funding for ODP	(0.129)
Policy contingency allocated not required	(0.185)
General Policy Contingency	(0.336)
Total Policy Contingency Underspend	(6.110)

Annex A10 Reserves Requests

Detailed Breakdown of Proposed (Use of)/ Contribution to Reserves at Outturn					
Directorate making request	Reserve	Reason for request	Budget Approved Period 9* £m	Changes Proposed at Outturn £m	(Use) /Contribution at Outturn £m
Corporate	Financial Resilience Reserve	Budgeted use to fund changes in MRP	(5.910)		(5.910)
Corporate	Financial Resilience Reserve	Budgeted Net Repayments to FRR	1.275		1.275
Corporate	Financial Resilience Reserve	Savings from DRF switching transferred to FRR		10.000	10.000
Corporate	Financial Resilience Reserve	Borrowing from FRR related to Pension Fund timing differences		(1.305)	(1.305)
Corporate	Financial Resilience Reserve	Repayment of Borrowing from FRR for Pension Guarantees no longer required		6.388	6.388
Corporate	Delivery Plan Reserve (formerly Invest to Save)	Budgeted Borrowing	(13.930)		(13.930)
Corporate	Delivery Plan Reserve (formerly Invest to Save)	Part of Underspend transferred to Delivery Plan Reserve		8.210	8.210
	Subtotal (Use of)/Contribution to General Reserves		(18.565)	23.292	4.727
Corporate	Corporate Major Events Reserve	Part of Underspend transferred to new reserve to support Major Events		2.000	2.000
Corporate	City Clean Up Reserve	Part of Underspend transferred to new reserve to support City Clean Ups		12.144	12.144
Corporate	General Policy Contingency Reserve	Part of Underspend transferred to General Policy Contingency in 2021/22		5.500	5.500
Corporate	SEND/Inspection Reserve	Part of Underspend transferred to new reserve to set aside resources for Education and Skills to continue to invest in SEND improvement and respond to challenges raised through external inspection		2.000	2.000
Corporate	Council House Refurbishment Reserve	Part of Underspend transferred to Council House Refurbishment Reserve in 2021/22		2.500	2.500
Corporate	Community Recovery Plan Reserve	Part of Underspend transferred to Community Recovery Plan Reserve in 2021/22		10.000	10.000
Corporate	Budget Smoothing Reserve	Part of Underspend transferred to Budget Smoothing Reserve in 2021/22		36.356	36.356
Corporate	Income Compensation re Collection Fund	Funding due from Government to compensate for exceptional Collection Fund losses due to Covid-19		23.484	23.484
Corporate	Covid 19 Hardship Fund Reserve	Covid Grant carried forward to 2021/22		3.499	3.499
Corporate	Local Restrictions Support Grant Reserve	Covid Grant carried forward to 2021/22		1.772	1.772
Corporate	Additional Restrictions Support Grant Reserve	Covid Grant carried forward to 2021/22		9.013	9.013
Corporate	Capital Fund	Savings from DRF switching transferred to Capital Fund		4.730	4.730
Corporate	Capital Receipts Flexibility Reserve	Savings made from the use of Capital Receipts Flexibility Reserve to support the budget in 2021/22		11.934	11.934
Corporate	Policy Contingency-Modernisation Fund-Social Care	To fund modernisation projects in 2021/22		13.800	13.800
Corporate	Policy Contingency-Inflation	contribution to Policy Contingency Reserves from inflation contingency that was not required in 2020/21 but will be required in 2021/22		1.000	1.000
Corporate	Section 31 Grant Reserve	Funding received from Government to compensate for Business Rates refunds announced by the Government		178.661	178.661
Corporate	Section 31 Covid Hardship Payments Reserve	Payments received from Government to fund shortfall in Collection Fund in 2021/22 related to Hardship Fund reductions in Council Tax payments		7.184	7.184
Corporate	Delivery Plan Programme Management Reserve	To fund Programme Management in 2021/22		1.810	1.810
Corporate	Lease Smoothing Reserve	Contribution to leasing reserve set up to cover technical accounting charges in future years		0.019	0.019
Inclusive Growth	Policy Contingency-Invest to Improve Fund- Route to Zero (R20)	To fund project in 2020/21 from reserve carried forwards		(0.036)	(0.036)
Education & Skills	Policy Contingency-Modernisation Fund-Social Care	Slippage in Early Years expenditure funded from Policy Contingency in 2020/21 carried forwards		0.428	0.428
Finance & Governance	Policy Contingency-Additional Interim Staff	Slippage in expenditure funded from Policy Contingency in 2020/21 carried forwards		0.750	0.750
Inclusive Growth	Policy Contingency-Invest to Improve Fund- Route to Zero (R20)	Slippage in expenditure funded from Policy Contingency in 2020/21 carried forwards		0.082	0.082
Partnerships, Insight & Prevention	Policy Contingency-Invest to Improve Fund-CCTV Decommissioning	To fund project in 2020/21 from reserve carried forwards		(0.093)	(0.093)
Partnerships, Insight & Prevention	Policy Contingency-Covid-19 funding	To fund project in 2020/21 from reserve carried forwards		(0.016)	(0.016)
Corporate	Covid-19 Local Authority Support Grant	Use of Government Grant received in 2019/20 to fund expenditure related to Covid-19 in 2020/21		(38.744)	(38.744)
Corporate	Covid-19 Local Authority Support Grant	Government Grant received in 2020/21 to fund expenditure related to Covid-19 in 2021/22		17.470	17.470
Education & Skills	Library of Birmingham Cyclical Maintenance Reserve	It was planned to use £1.1m in 2020/21, however £1.056m of the cost has slipped to 2021/22	(1.100)	1.056	(0.044)
Corporate	Other Net Uses of Corporate Reserves		(0.553)		(0.553)
	Subtotal (Use of)/Contribution to Corporate Reserves		(1.653)	308.303	306.650
Inclusive Growth	Underpayments & Disputed Sum Reserve	Funds required for delivery of Highways PFI contract and match-funding for future DfT bids for structures grant	5.371	(17.745)	(12.374)
Inclusive Growth	Tame Valley Viaduct A38 Aston Expressway	Funding for Tame Valley Viaduct capital scheme	14.629	(0.260)	14.369
Inclusive Growth	Highways Commuted Sums	Advance payment from third parties to meet ongoing annual highway maintenance liabilities of newly adopted highway assets resulting from developments etc.	(0.003)	0.339	0.336
Inclusive Growth	BCR1 Monitoring	Grant received in advance brought forward to be used to fund later years expenditure	0.000	(0.006)	(0.006)
Inclusive Growth	SUMPS UP	Grant received in advance brought forward to be used to fund later years expenditure	0.000	(0.028)	(0.028)
Inclusive Growth	Clean Air Zone	Grant received in advance brought forward to be used to fund later years expenditure	0.000	(0.317)	(0.317)
Inclusive Growth	Climate KIC	Grant received in advance brought forward to be used to fund later years expenditure	0.000	(0.031)	(0.031)
Inclusive Growth	Unlocking Social and Economic Innovative Together project (USE-IT)	New funding received in year to fund project	0.000	0.193	0.193
Inclusive Growth	COSAFE Project	Project spend not materialised due to Covid required in future years, so carried forwards to 2021/22	(0.002)	0.002	0.000
Inclusive Growth	Section 106 Grant Reserves	S106 funding of transport projects	0.000	(1.383)	(1.383)
Inclusive Growth	CIL - City Wide Projects	CIL received in year to fund future project costs	0.000	0.841	0.841
Inclusive Growth	CIL - Other	CIL received in year to fund future project costs	0.000	0.207	0.207
Inclusive Growth	Clean Air Zone Grant Allocation	Grant in year underspend due to delay in implementation of the CAZ. Required in future years	(3.756)	2.584	(1.172)
Inclusive Growth	Easyrights Reserve	Grant received in advance bfwd to be used to fund later years expenditure	0.000	(0.073)	(0.073)
Inclusive Growth	Boosting Action on Surface Water	Unspent Grant required for Project Completion in 2021/22	0.000	0.027	0.027
Inclusive Growth	E Cycle Extension Grant	Grant received in advance bfwd to be used to fund later years expenditure	0.000	0.199	0.199

Appendix A

Annex A10 Reserves Requests

Detailed Breakdown of Proposed (Use of/ Contribution to Reserves at Outturn					
Directorate making request	Reserve	Reason for request	Budget Approved Period 9* £m	Changes Proposed at Outturn £m	Proposed (Use) /Contribution at £m
Adult Social Care	Syrian Refugee Programme	Funding received in 2020/21 for use in future years	0.000	1.140	1.140
Adult Social Care	Better Care Fund (BCF) and Improved BCF	BCC support to the Early Intervention and Discharge to Assess programmes of work going forward into 2021/22 post Covid.	0.000	5.296	5.296
Adult Social Care	Improved Better Care Fund (Projects)	Nil, no reserve	(5.912)	0.000	(5.912)
Adult Social Care	Improved Better Care Fund (carry forward)	BCF support to the Early Intervention and Discharge to Assess programmes of work going forward into 2021/22 as agreed with CCG / BCC partners.	0.000	10.184	10.184
Adult Social Care	Controlling Migration Fund (CMF)	Reduction in originally budgeted use of reserves. This programme has now ended.	(0.530)	0.180	(0.350)
Adult Social Care	PURE - ESF	Funding received in 2020/21 will be used in 2021/22	0.000	0.018	0.018
Adult Social Care	Rapid Rehousing Pathway	To fund Project expenditure 2020/21	0.000	(0.018)	(0.018)
Adult Social Care	Rough Sleeping Initiative	To fund Project expenditure 2020/21	0.000	(0.185)	(0.185)
Adult Social Care	Crowd Funder	Funding received in 2020/21 for use in 2021/22	0.000	0.083	0.083
Adult Social Care	Out of Hospital Care	Funding received in 2020/21 for use in 2021/22	0.000	0.028	0.028
Adult Social Care	Crowd Funder-Changing Futures	Funding received in 2020/21 for use in 2021/22	0.000	0.015	0.015
Adult Social Care	Community Discharge Grant	Funding received in 2020/21 for use in 2021/22	0.000	0.033	0.033
Adult Social Care	Clinical & Extremely Vulnerable (CEV) Covid Grant	Funding received in 2020/21 for use in 2021/22	0.000	0.800	0.800
Adult Social Care	Emergency Assistance Grant (EAG) Covid	Funding received in 2020/21 for use in 2021/22	0.000	0.377	0.377
Adult Social Care	Infection Control Fund (ICF) Covid	Funding received in 2020/21 for use in 2021/22	0.000	0.402	0.402
Neighbourhoods	Historic England Grant Moseley Rd Pool	Moseley Baths to be used in future years for repairs		0.007	0.007
Neighbourhoods	- HLS Sutton	Grant funding to be used in future years		0.016	0.016
Neighbourhoods	- HLS Grasslands	Grant funding to be used in future years		0.043	0.043
Neighbourhoods	- HLS Lickeys	Grant funding to be used in future years		0.010	0.010
Neighbourhoods	Modern Slavery	To fund Project expenditure 2020/21	0.000	(0.047)	(0.047)
Neighbourhoods	Controlling Migration Fund	To fund Project expenditure 2020/21	0.000	(0.277)	(0.277)
Neighbourhoods	Illegal Money Lending Reserve	Ring fenced grant agreed with HM Treasury to use in future years initiatives	0.000	0.064	0.064
Neighbourhoods	Section 106 Grant Reserves	To fund specific section 106 projects in the Directorate	0.000	(0.584)	(0.584)
Neighbourhoods	Section 106 Place Directorate-The Greet Inn Warwick Road	To fund specific section 106 projects in the Directorate	0.000	(0.002)	(0.002)
Neighbourhoods	Section 106 Place Directorate-Manor House Play Area	To fund specific section 106 projects in the Directorate	0.000	(0.002)	(0.002)
Neighbourhoods	S106 Parks Various	To fund specific section 106 projects in the Directorate	0.000	0.848	0.848
Neighbourhoods	Regional Intelligence Team	Grant funding to be used in future years	0.000	0.021	0.021
Neighbourhoods	Access Programme	To fund Project expenditure 2020/21	0.000	(0.148)	(0.148)
Neighbourhoods	New Burdens	To fund Project expenditure 2020/21	0.000	(0.048)	(0.048)
Neighbourhoods	Housing Assistance Payment Grant	To fund Project expenditure 2020/21	0.000	(0.025)	(0.025)
Neighbourhoods	High Rise Cladding Survey	To fund Project expenditure 2020/21	0.000	(0.016)	(0.016)
Neighbourhoods	Supported Housing Oversight Pilot	Grant activity has slipped into 2021/22 and MHCLG has agreed for underspend to be used in 2021/22 to complete project	0.000	0.657	0.657
Neighbourhoods	COVID Compliance	Value of grant unspent at year end to fund expenditure in 2021/22	0.000	0.042	0.042
Neighbourhoods	National Leisure Recovery Fund	Government funding to support the reopening of leisure facilities operated by external contractors in 2021/22	0.000	2.965	2.965
Neighbourhoods	Sousse Memorial	Grant from Foreign & Commonwealth Office to fund memorial at Cannon Hill Park in future years	0.000	0.226	0.226
Neighbourhoods	Environment Agency - Natural Rivers	Grant from environment agency to fund revenue expenditure in 2021/22	0.000	0.020	0.020
Education & Skills	Section 106 Reserves	Use of reserves to support school capacity.	0.000	(0.413)	(0.413)
Education & Skills	Strategic Libraries	Grant funding received in 2020/21, project activity delayed due to Covid-19 therefore funding required in future years.	0.000	0.177	0.177
Education & Skills	Rev Grant Lifelong Learning skills fund agency	BAES are funded from grant and fees and there is an agreement that any underspend will be appropriated to reserves.	0.000	1.217	1.217
Education & Skills	LACES	Funding to cover additional staffing to support Virtual School Head to be used in 2021/22	0.000	0.077	0.077
Education & Skills	Library of Birmingham	Additional funding received from National Archives for new archive responsibility. Responsibility was transferred late in 2020/21 so funding was not spent in year.	0.000	0.035	0.035
Education & Skills	Lozells Youth Provision	Use of funding received from the West Midlands PCC to support the reduction of serious organised crime and improve community cohesion within Lozells.	0.000	0.037	0.037
Education & Skills	ERDF Funding Project Plus	ERDF funding for Small Business Support received in 2020/21, project activity delayed due to Covid-19 and projects slipped into 2021/22.	0.000	0.168	0.168
Education & Skills	Youth Promise Plus (YPP)	Due to Covid expenditure has been delayed & funding is required to meet DWP targets.	0.000	0.155	0.155
Education & Skills	Emergency Assistance Grant (EAG)	EAG funding was received in 2020-21 and £100k will be paid to Birmingham Voluntary Service Council in 2021-22 to support the emergency food and fuel assistance programme for children and families to approximately June 2021.	0.000	0.100	0.100
Education & Skills	Holiday Activity Fund (HAF)	The holiday activities and food programme funding is to provide healthy food and enriching activities to disadvantaged children in the Easter, summer and Christmas holidays in 2021.	0.000	0.823	0.823
Finance & Governance	WMP Grant - Resilience Team	Carry Forward of WMP Grant Income		0.081	0.081
Partnerships, Insight & Prevention	Public Health	To meet future Public Health recommissioning costs and liabilities.	1.536	7.797	9.333
Partnerships, Insight & Prevention	INLOGOV	To fund Project expenditure 2020/21	0.000	(0.019)	(0.019)
Partnerships, Insight & Prevention	Prevent - counter extremism	To fund Project expenditure 2020/21	0.000	(0.001)	(0.001)
Partnerships, Insight & Prevention	EU migration fund	Underspend of grant carried forward to fund scheme in 2021/22	(0.342)	0.024	(0.318)
Partnerships, Insight & Prevention	Community Safety Strategy - BCSP	To fund Project expenditure 2020/21	0.000	(0.059)	(0.059)
Partnerships, Insight & Prevention	Community Safety Strategy - BCSP	To fund Project expenditure 2020/21	0.000	(0.103)	(0.103)
Partnerships, Insight & Prevention	City Board - Citizen Engagement & Visioning Project	Underspend of grant carried forward to fund scheme in 2021/22	0.000	0.074	0.074
Partnerships, Insight & Prevention	Public Health - Test and Trace	Underspend of grant carried forward to fund scheme in 2021/22	0.000	15.718	15.718
Partnerships, Insight & Prevention	Public Health - Community Champions	Underspend of grant carried forward to fund scheme in 2021/22	0.000	0.440	0.440
Partnerships, Insight & Prevention	EUSS Grant	Underspend of grant carried forward to fund scheme in 2021/22	0.000	0.030	0.030
Partnerships, Insight & Prevention	Brexit WMCA funding	Underspend of grant carried forward to fund scheme in 2021/22	0.000	0.080	0.080
Partnerships, Insight & Prevention	Public Health - Operation Eagle	Underspend of grant carried forward to fund scheme in 2021/22	0.000	0.102	0.102
Partnerships, Insight & Prevention	Public Health - Rough Sleepers Grant	Underspend of grant carried forward to fund scheme in 2021/22	0.000	1.013	1.013
Partnerships, Insight & Prevention	Public Health - Fast Track Cities	Underspend of grant carried forward to fund scheme in 2021/22	0.000	0.207	0.207
Digital & Customer Services	Self Isolation Payments Grant	Carry forward of Social Isolation payments grant (ring fenced) into 21/22	0.000	2.662	2.662
Various	Other Net (Uses) of/Contributions to Grant Reserves		(0.450)	0.000	(0.450)
	Subtotal (Use of)/Contribution to Grant Reserves		10.541	37.094	47.635

Appendix A

Annex A10 Reserves Requests

Detailed Breakdown of Proposed (Use of)/ Contribution to Reserves at Outturn					
Directorate making request	Reserve	Reason for request	Budget Approved Period 9*	Changes Proposed at Outturn	Proposed (Use) /Contribution at Outturn
			£m	£m	£m
Inclusive Growth	Highways Commuted Sums	In Year Commuted Sums received to be applied in future years	(0.001)	0.001	0.001
Inclusive Growth	Bus Lane Enforcement Equipment Renewal (TVV)/Ring-fenced Income	In Year surplus to reserves to fund agreed schedule of capital projects in future years.	0.000	(1.990)	(1.990)
Inclusive Growth	Fire Insurance (old CO-OP Building)	Use of Fire damage insurance proceeds re. the Co-op building at Jennens Road earmarked for rebuilding works as part of Eastside Locks development.	0.000	(1.500)	(1.500)
Inclusive Growth	Joint Venture Contribution		0.000	(0.000)	(0.000)
Inclusive Growth	Speed Camera	Enforcement income received in year to Fund Equipment/Mtce and disposals in future years - Use of relates to increased costs due to expansion of the system	(0.027)	0.047	0.020
	General Maintenance Tenants	This is tenant funding identified under the Landlord and Tenancy Act and has to be accounted for in an annual commercial property service charge review.	0.000	0.315	0.315
Inclusive Growth	Grand Central Reserve	Funding held towards ongoing CPO valuation issues and development problems	0.000	0.117	0.117
Inclusive Growth	Graduate Hub	Use of reserve to fund Graduate Hub costs in 2021/22	0.000	(0.241)	(0.241)
Inclusive Growth	Invest to Save - Central Admin Buildings	Timing difference in expenditure funded by borrowing from ITS Reserve	0.000	0.177	0.177
Inclusive Growth	Invest to Save - Commercial Property - Investment Strategy	Timing difference in expenditure funded by borrowing from ITS Reserve	0.000	0.196	0.196
Inclusive Growth	Invest to Save -Public Hubs	Timing difference in expenditure funded by borrowing from ITS Reserve	0.000	0.200	0.200
Inclusive Growth	Invest to Save - Work Place Parking Levy	Timing difference in expenditure funded by borrowing from ITS Reserve	0.000	0.195	0.195
Inclusive Growth	Health & Safety Surveys Reserve	To fund Health & Safety Surveys in future years	0.000	1.043	1.043
Education & Skills	Youth Promise Plus - Delivery Costs	EU requires 50% match funding to meet grant conditions, an additional reserve of £23k is needed in 2020/21 to meet this. The remaining balance in reserves is for use as Match Funding in future years.	0.000	(0.003)	(0.003)
Education & Skills	Youth Promise Plus - Match Funding	EU requires 50% match funding to meet grant conditions, an additional reserve of £23k is required for use as Match Funding in future years.	0.000	(0.023)	(0.023)
Education & Skills	LOB - Archives Development Fund	Covid 19 has meant that planned expenditure did not take place due to the closure of the Library, so reserve has been carried forwards to 2021/22	(0.087)	0.033	(0.054)
Education & Skills	School Improvement Grant	The school improvement, monitoring and brokering grant was received in 2020-21 and will be used to fund planned commitments in 2021/22.	0.000	0.601	0.601
Education & Skills	Wellbeing Grant	Wellbeing grant to be spent across academic year 2020/21.	0.000	0.050	0.050
Digital & Customer Services	Benefits Service Transformation	To fund transformation within the Benefits Service in response to grant changes + carry fwd of £700k DWP grant received in advance.	0.000	0.791	0.791
Digital & Customer Services	Housing Benefit Subsidy Reserve	To fund subsidy variations and future increases in bad debt write offs and provision	0.000	5.861	5.861
Digital & Customer Services	Revenues NDR Revaluations & Project Developments	To fund delayed costs re legal cost, business revaluation costs and future increases in bad debt write offs also includes burdens funding to assist with catch up of processing of payments in arrears.	0.000	1.751	1.751
Digital & Customer Services	Customer Services Access Strategy Programme Project Support	Carry fwd of underspend relating to slippage of the Brum 3 programm	0.000	0.247	0.247
Digital & Customer Services	ITDS Business Enablement Programme Slippage	Carry Forward of ITDS Business Enable Programme (BEP) underspend relating to slippage of programme costs due to covid related delays	0.000	1.669	1.669
Digital & Customer Services	Business Improvement re Complaints	To Fund delayed cost relating the customer complaints Programme		0.175	0.175
Human Resources	Corporate HR-JEQ Project	Delay in some elements of the programme have meant slippage to 2021/22	0.000	0.080	0.080
Human Resources	Schools HR IT Reserve	Delay in ERP development has resulted in moving implementation to 21/22	(0.324)	0.324	0.000
Neighbourhoods	SERCO Pension Guarantee	Repayment of outstanding Pension Guarantee balance	0.000	1.705	1.705
Neighbourhoods	Manor Farm Park Barn	Use of reserve to fund capital expenditure in 2020/21	0.000	(0.022)	(0.022)
Neighbourhoods	Proceeds of Crime Act (POCA) - Illegal Money Lending Team	To fund community & crime prevention projects ringfenced under the Act	0.000	(0.249)	(0.249)
Neighbourhoods	Proceeds of Crime Act (POCA) - Trading Standards	To fund community & crime prevention projects ringfenced under the Act	0.000	0.023	0.023
Neighbourhoods	Hackney Carriages	Ring fenced deficit to be recovered from fees in future years	0.000	(0.547)	(0.547)
Neighbourhoods	BMT Loan Guarantee	Repayment of BMT loan	0.000	0.102	0.102
Neighbourhoods	Licensing Entertainment/General	Ring fenced deficit to be recovered from fees in future years	0.000	(0.169)	(0.169)
Neighbourhoods	Major Events (Subvention)	Appropriation from reserve to fund events costs in 2020/21 and appropriation to reserve for funding received in advance	0.000	0.205	0.205
Neighbourhoods	Leisure Facilities Refurbishment Works	To fund refurbishment works in future years	0.000	0.000	0.000
Neighbourhoods	Maintenance of Bereavement Infrastructure Assets	Contribution to major works on crematoriums done on a three year cycle (Intended to be annual contributions)		0.160	0.160
Neighbourhoods	Localisation - Post COVID Recovery	Reserve to assist the essential post covid community recovery program to enable and enhance stability capacity building and support recovery		0.102	0.102
Neighbourhoods	Local Grants Vol Organisations/Leader's Portfolio Funding	Approved grants to Vol Bodies which are to be paid over 2 years, will be appropriated in 2021/22. Projects from Leaders initiatives monies slipped into 2021/22		0.844	0.844

Detailed Breakdown of Proposed (Use of)/ Contribution to Reserves at Outturn					
Directorate making request	Reserve	Reason for request	Budget Approved Period 9*	Changes Proposed at Outturn	Proposed (Use)/Contribution at Outturn
			£m	£m	£m
Finance & Governance	Unidentified Income	£1.1m requested appropriation from the reserve draws down the unidentified income balances from 2019/20, carried forward into 2020/21 to allow this income to be claimed as per existing practice. £0.9m is then requested to be carried forwards into 2021/22.	0.000	(0.244)	(0.244)
Finance & Governance	Local Election Costs	To fund full election costs in 2021/22	0.300	0.120	0.420
Finance & Governance	Insurance Reserves	To fund legal fees incurred in 2020/21	2.000	(1.119)	0.881
Finance & Governance	Audit - POCA Reserve	Recovery of POCA in 2020/21 carried forwards to 2021/22. This is ring-fenced funding that can only be spent on anti-fraud activity.	(0.005)	0.044	0.039
Finance & Governance	Finance Birmingham Loan Contingency	In keeping with the nature of this reserve, any in-year surpluses or in-year impairments are transferred to/from this reserve to support transactions associated with the portfolio.	0.000	0.354	0.354
Finance & Governance	ERP System Temporary Reserve	Delays to the Programme in order to pay contractual commitments to SOCITM, Egress and Evosys and SAP archiving.	(1.016)	1.921	0.905
Finance & Governance	Procurement Training Reserve	Funding to procure Category Management Training	0.000	0.150	0.150
Finance & Governance	Audit - PWC	Planned use of reserves to fund service review. Activity deferred from 2019-20 due to Covid restrictions.	0.005	(0.030)	(0.025)
Finance & Governance	Procurement Transport Strategy	Draw down funding to cover employee costs incurred in 2020/21. Reserve was created to reflected revised phasing of spend compared to original invest to save funding provided.	0.000	(0.034)	(0.034)
Various	Other Net (Uses) of/Contributions to Earmarked Reserves		(2.016)		(2.016)
Subtotal (Use of)/Contribution to Earmarked Reserves			(1.171)	13.433	12.262
Education & Skills	Non-Schools Dedicated Schools Grant (DSG)	Carry forward of DSG Grant	0.000	0.000	0.000
Subtotal Non Schools DSG			0.000	0.000	0.000
Education & Skills	School's Reserves	Net increase in Schools Carry Forward balances	0.000	0.000	0.000
Education & Skills	DSG-High Needs	Borrowing from Schools Balances related to High Needs	0.000	0.000	0.000
Subtotal School's Reserves			0.000	0.000	0.000
Total (Use of)/Contribution to Reserves			(10.849)	382.123	371.274

* Note this includes budgeted uses and contributions that were not carried out due it no longer being appropriate to do so

Annex A11 Savings Programme

			2020/21		
Directorate:	Savings Reference	Savings Description	Budgeted Saving (£m)	Savings Delivered	Savings Not Delivered
Adult Social Care	HW4 17+ / AD002 18+ /	Effective and efficient workforce	(1.518)	(1.518)	0.000
Adult Social Care	MYR1 16+ / AD001 18+ / MIA7 16+ / HW317 / AD007 18+ /	Adult Packages of Care	(9.366)	(9.366)	0.000
Adult Social Care	AD005 18+	Corporate Director	(0.070)	(0.070)	0.000
Adult Social Care	CC104 19+	Commercialisation	(0.218)	(0.218)	0.000
		Total Savings in Financial Plan	(11.172)	(11.172)	0.000
		One-off savings	0.000	0.000	0.000
		Total Savings Adult Social Care	(11.172)	(11.172)	0.000
Digital & Customer Services	CC1 17+ CC23 16+ / E23 16+	Implementation of ICT & D strategy to reduce spend on core IT infrastructure and development projects	(0.810)	(0.810)	0.000
Digital & Customer Services	SS008 18+	Customer Services Team	(0.088)	(0.088)	0.000
Digital & Customer Services	WOC1	Allocation of Workforce Savings	(0.183)	(0.183)	0.000
Digital & Customer Services	DCS001 20+	Brum Account - Phase 3	(0.135)	(0.135)	0.000
Digital & Customer Services	DCS006 20+	Brum Account Payments	(0.024)	(0.024)	0.000
Digital & Customer Services	DCS008 20+	Consolidation of support services into Customer Services and Business Support	(0.060)	(0.060)	0.000
Digital & Customer Services	DCS009 20+	Cease handling planning queries at the corporate contact centre and make all enquiries online only	(0.060)	(0.060)	0.000
Digital & Customer Services	DCS010 20+	Implementation of SMS and Customer Payment Journey for the Revenues Service	(0.015)	(0.015)	0.000
Digital & Customer Services	DCS011 20+	Application Platform Modernisation	(0.505)	(0.405)	(0.100)
Digital & Customer Services	DCS013 20+	Corporate voice and mobile telephony rationalisation.	(0.033)	(0.033)	0.000
Digital & Customer Services	DCS014 20+	Utilisation of corporate Microsoft Enterprise Agreement	(0.400)	(0.400)	0.000
Digital & Customer Services	DCS015 20+	ITDS Organisation Structure Review	(0.200)	0.000	(0.200)
Digital & Customer Services	DCS016 20+	Contract Supplier Review and Rationalisation	(0.150)	(0.150)	0.000
Digital & Customer Services	DCS020 20+	Renewal of bulk printing contract including Revenues and Be	0.000	0.000	0.000
Digital & Customer Services	DEBT COLL 20+	Debt Collection Costs	(0.208)	0.000	(0.208)
Digital & Customer Services	CC104 19+	Commercialisation	(0.013)	(0.013)	0.000
		Total Savings in Financial Plan	(2.884)	(2.376)	(0.508)
		One-off savings	0.000	0.000	0.000
		Total Savings Digital & Customer Services	(2.884)	(2.376)	(0.508)
Education & Skills	P22 16+	Early Years	(0.981)	(0.981)	0.000
Education & Skills	PFS	Corporate funding of pension fund strain	0.002	0.002	0.000
Education & Skills	CC104 19+	Commercialisation	(0.040)	(0.040)	0.000
Education & Skills	PL126 19+	Review of managerial arrangements across the Directorate	(0.031)	(0.031)	0.000
Education & Skills	PL130 19+	Service	(0.004)	(0.004)	0.000
Education & Skills	ESS008 20+	Generation of income from legal process training to provided to schools and alternative providers; and fees payable from education providers for advice and guidance following Ofsted outcomes. This proposal relates to the General Fund only (Education Welfare Service teams)	(0.020)	(0.020)	0.000
Education & Skills	ESS010 20+	Education Infrastructure	(0.137)	(0.137)	0.000
Education & Skills	ESS011 20+	Service redesign (General Fund only)	(0.052)	(0.052)	0.000
Education & Skills	ESS013 20+	School & Governor Support - fully traded service	(0.050)	(0.050)	0.000
Education & Skills	ESS014 20+	Development of a traded service to sit alongside (and complement) the required service delivery to meet statutory duties.	(0.019)	(0.019)	0.000
Education & Skills	ESS015 20+	SENDIASS Income	(0.020)	(0.020)	0.000
Education & Skills	ESS019 20+	Birmingham Careers Service - Employee reduction	(0.050)	(0.050)	0.000
Education & Skills	ESS026 20+	Savings in the Children Trust budget from initiatives on the supply and demand side for services which will generate savings from 2021/22 onwards.	0.000	0.000	0.000
		Total Savings in Financial Plan	(1.402)	(1.402)	0.000
		Savings delivered on a one-off basis in 2019/20			
Education & Skills	CC002 18+	Efficiency Target	(0.563)	(0.563)	0.000
Education & Skills	WOC1	Allocation of Workforce Savings	(0.283)	(0.283)	0.000
Education & Skills	CY109 19+	Management Review and Structure	(0.164)	(0.164)	0.000
Education & Skills	EC104 19+	Employment and Skills Cross Directorate Rationalisation	(0.036)	(0.036)	0.000
Education & Skills	CC104 19+	CC104 19+ Commercialisation	(0.429)	(0.429)	0.000
		One-off savings	(1.475)	(1.475)	0.000
		Total Savings Education & Skills	(2.877)	(2.877)	0.000

Appendix A

Annex A11 Savings Programme

			2020/21		
		Savings Description	Budgeted Saving (£m)	Savings Delivered	Savings Not Delivered
Directorate:	Savings Reference				
Finance & Governance	CC23 16+	Reduction in costs relating to the SAP investment plan	(0.050)	(0.050)	0.000
Finance & Governance	FG001 18+ / FG002 18+ /	City Finance	(0.090)	(0.090)	0.000
Finance & Governance	WOC1	Allocation of Workforce Savings	(0.185)	(0.185)	0.000
Finance & Governance	PFS	Corporate funding of pension fund strain	0.063	0.063	0.000
Finance & Governance	CC104 19+	Commercialisation	(0.137)	(0.017)	(0.120)
Finance & Governance	FG101A 19+	Delivery of further efficiency savings following the	(0.100)	0.000	(0.100)
Finance & Governance	FG102 19+	Reduced external legal spend	(0.100)	0.000	(0.100)
Finance & Governance	ESS022 20+	Reduced external legal spend	(0.049)	(0.049)	0.000
Total Savings in Financial Plan			(0.648)	(0.328)	(0.320)
Savings delivered on a one-off basis in 2019/20					
Finance & Governance	FG102 19+ CF	Reduced external legal spend	(0.200)	0.000	(0.200)
Finance & Governance	SS002 17+ CF	Corporate Procurement Services	(0.030)	(0.030)	0.000
One-off savings			(0.230)	(0.030)	(0.200)
Total Savings Finance & Governance			(0.878)	(0.358)	(0.520)
Human Resources	WOC1	Allocation of Workforce Savings	(0.074)	(0.074)	0.000
Human Resources	HR105 19+	Apprenticeship Levy – one provider of all training and administration	(0.023)	(0.023)	0.000
Human Resources	HR107 19+	Post implementation of ERP system	0.000	0.000	0.000
Human Resources	HRS001 20+	Deletion of part-time vacancy. Amalgamation of two management posts, in Health and Safety and Occupational Health to be one management post.	(0.035)	(0.035)	0.000
Total Savings in Financial Plan			(0.132)	(0.132)	0.000
Total Savings Human Resources			(0.132)	(0.132)	0.000
Inclusive Growth	JS4A	Reduce West Midlands Combined Authority Transport Levy	0.001	0.001	0.000
Inclusive Growth	SN9A NEW	Civil parking Enforcement	(0.010)	(0.010)	0.000
Inclusive Growth	WOC1	Allocation of Workforce Savings	(0.195)	(0.195)	0.000
Inclusive Growth	CC104	Commercialisation	(0.090)	(0.090)	0.000
Inclusive Growth	EC016 18+/EC103A 19+	Property Strategy/Commercial Income Growth	(0.472)	0.000	(0.472)
Inclusive Growth	EC103B	Operational Hub Programme	(0.322)	0.000	(0.322)
Total Savings in Financial Plan			(1.088)	(0.294)	(0.794)
Inclusive Growth	SN35 16+ CF	Expansion of City Centre on-street parking, concessions and restrictions	(0.463)	(0.154)	(0.309)
Inclusive Growth	CC26 16+CF	Council administrative buildings reduction	(0.536)	(0.286)	(0.250)
Inclusive Growth	Inreach	Inreach	(0.007)	0.000	(0.007)
One-off savings			(1.006)	(0.440)	(0.566)
Total Savings Inclusive Growth			(2.094)	(0.734)	(1.360)
Neighbourhoods	SN21 16+	Removal of universal superloos	0.000	0.000	0.000
Neighbourhoods	WOC1a	Allocation of Workforce Savings - Street Scene	(0.292)	0.000	(0.292)
Neighbourhoods	PFS	Corporate funding of pension fund strain	0.032	0.032	0.000
Neighbourhoods	PL126a 19+	Review of managerial arrangements Street Scene	(0.158)	0.000	(0.158)
Neighbourhoods	PL128 19+	Garden and bulky waste fees and charges review	(0.150)	(0.150)	0.000
Total Street Scene			(0.568)	(0.118)	(0.450)
Neighbourhoods	£0.601m	Temporary Accommodation - B&B cost saving	(0.601)	(0.601)	0.000
Total Housing General Fund			(0.601)	(0.601)	0.000
Neighbourhoods	WOC1c	Allocation of Workforce Savings - Neighbourhoods	(0.065)	(0.065)	0.000
Neighbourhoods	PL104 19+	Transfer management of community centres to third parties	(0.030)	(0.030)	0.000
Neighbourhoods	PL118 19+	Reduction in grant to the Active Wellbeing Society	(0.108)	0.000	(0.108)
Neighbourhoods	PL126c 19+	Review of managerial arrangements Neighbourhoods	(0.025)	(0.025)	0.000
Total Neighbourhoods			(0.228)	(0.120)	(0.108)
Neighbourhoods	PL126d 19+	Review of managerial arrangements Reg & Enforcement	(0.169)	(0.169)	0.000
Neighbourhoods	WOC1d	Allocation of Workforce Savings - Reg & Enforcement	(0.124)	(0.118)	(0.006)
Total Regulation & Enforcement			(0.293)	(0.287)	(0.006)
Total Savings in Financial Plan			(1.690)	(1.126)	(0.564)

Directorate:	Savings Reference	Savings Description	2020/21		
			Budgeted Saving (£m)	Savings Delivered	Savings Not Delivered
		Savings delivered on a one-off basis in 2019/20			
Neighbourhoods	PL003 18+	Parks and Nature Conservation	(0.200)	0.000	(0.200)
Neighbourhoods	PL126a 19+CF	Review of managerial arrangements Street Scene	(0.158)	0.000	(0.158)
Neighbourhoods	PL129 19+CF	Parks Fees and Charges Review	(0.180)	0.000	(0.180)
Neighbourhoods	SN45 16+ CF	Disposal of unwanted/under utilised parks land (8 acres	(0.200)	0.000	(0.200)
		Total Street Scene	(0.738)	0.000	(0.738)
Neighbourhoods	£0.417m	Temporary Accommodation - B&B cost saving	(0.417)	(0.417)	0.000
		Total Housing General Fund	(0.417)	(0.417)	0.000
Neighbourhoods	SN26 16+	Discontinue Non Framework Contract at Health and Wellbeing Centres	(0.047)	(0.047)	0.000
Neighbourhoods	PL112 19+	Redesign of Birmingham BID Support	(0.055)	(0.055)	0.000
Neighbourhoods	PL126c 19+CF	Review of managerial arrangements Neighbourhoods	(0.056)	(0.056)	0.000
Neighbourhoods		Total Neighbourhoods	(0.158)	(0.158)	0.000
Neighbourhoods	PL126d 19+CF	Review of managerial arrangements Reg & Enforcement	(0.169)	(0.169)	0.000
Neighbourhoods	PL127 19+	Bereavement Services Fees and Charges Review	(0.594)	(0.594)	0.000
Neighbourhoods	SN24 16+ CF	Provide above ground mausoleums and vaults	(0.209)	0.000	(0.209)
Neighbourhoods		Total Regulation & Enforcement	(0.972)	(0.763)	(0.209)
		One-off savings	(2.285)	(1.338)	(0.947)
		Total Savings Neighbourhoods	(3.975)	(2.464)	(1.511)
Partnerships, Insight and Prevention	WOC1	Allocation of Workforce Savings	(0.039)	(0.028)	(0.011)
Partnerships, Insight and Prevention	CC104 19+	Commercialisation	(0.003)	0.000	(0.003)
Partnerships, Insight and Prevention	PL113 19+	Phased reduction of salaried staffing at the Hall of Memory to be replaced with appropriate voluntary staffing	(0.008)	(0.008)	0.000
		Total Savings in Financial Plan	(0.050)	(0.036)	(0.014)
Partnerships, Insight and Prevention	CC002 18+	CC002 18+ Efficiency Target	(0.016)	(0.016)	0.000
		One-off savings	(0.016)	(0.016)	0.000
Partnerships, Insight and Prevention		Total Savings Partnerships, Insight and Prevention	(0.066)	(0.052)	(0.014)
Corporate	FGS003 20+	Procurement Savings Opportunity Assessment	(3.000)	(0.860)	(2.140)
		Total Savings in Corporate	(3.000)	(0.860)	(2.140)
		Grand Total savings	(27.078)	(21.025)	(6.053)

Annex B Capital**1.0 Overview**

- 1.1 The capital programme final outturn spend position for the 2020/21 financial year is £501.3m. This is £382.9m below the planned expenditure of £884.2m as shown in the table below:

	£m Previous Quarter 3	£m Qtr 4 Movements	£m Annual Total
2020/21 Original Budget	710.091	0.000	710.091
Change in budget	158.596	15.481	174.077
2020/21 Revised Budget	868.687	15.481	884.168
Less: Cumulative Slippage	(342.904)	(43.835)	(386.739)
Less: Forecast/actual (under) / overspends	(6.406)	10.282	3.876
= Outturn (Expenditure in year)	519.377	(18.072)	501.305

- 1.2 The City Council analyses the capital programme budget variations between:
- 1.2.1 Changes in the timing of budgeted expenditure - where the expenditure is still required but takes place later than planned this is called slippage and shown in brackets, and acceleration if earlier than planned; and
- 1.2.2 Underspends (shown in brackets) or overspends, which represent a decrease or increase in the total capital cost of a project, which may be over several years.
- 1.3 The 2020/21 Capital programme projected slippage of £(342.9)m and an underspend of £(6.4)m for the year at Quarter 3. Details can be found in the Quarter 3 Corporate Monitoring Report presented to Cabinet on 9th February 2021. Further slippage of £(43.8)m and an overspend of £10.3m are now being reported as the final outturn for 2020/21. This means that full year slippage is £(386.7)m along with a net overspend of £3.9m as shown in the table above. Total Capital programme spend in 2020/21 was £501.3m.
- 1.4 It is important to note that no financial resources will be lost as a result of the slippage. The resources and planned expenditure will be “rolled forward” into future years.

2. Reasons for variations

- 2.1 Annex B1 summarises the capital expenditure for 2020/21 by Directorate. It also shows the variations since Quarter 3 against the final budget, this is in addition to what has been reported previously.

Annex B2 provides details of the budget changes between Quarter 3 and year end and describes the reasons for the major variations.

- 2.2 The cumulative variance against budget for the 2020/21 financial year is £(382.8)m, made up of £(386.7)m slippage and an overspend of £3.9m. Total capital programme spend was £501.3m. Many projects during the 2020/21 financial year have been affected by Covid 19, ranging from a temporary complete cessation of works to the redesign of schemes due to delays in delivery once works recommenced as social distancing rules were adhered to.
- 2.3 The reasons for these variations have been reported in quarterly financial monitoring reports to Cabinet throughout the year and the major variations are summarised here as follows:

2.4 Education and Skills. Total directorate variation of £ 5.9m. The main variances are as follows:

- 2.4.1 **Basic Need Additional School Places – A variation of £9.7m** made up of £8.7m of accelerated projects and a £1m overspend, key variances are:
- 2.4.2 The Skilts relocation project; the good weather over the winter period allowed projects to progress quicker than previously planned as there was no downtime on site resulting in an acceleration of £4.1m and this project being handed over earlier than originally planned.
- 2.4.3 Turves Green Girls and Eden Girls school projects have progressed quicker than anticipated resulting in an additional £2.6m and £2m acceleration respectively.
- 2.4.4 The Basic Need programme is funded through a specific Department for Education grant. It should be noted that there are no adverse financial implications and capital funding will be accelerated to match this expenditure.
- 2.4.5 The remaining reported overspend of £1m relates to additional capital spend in schools to be funded by Section 106 reserves and in-year revenue funding.

2.5 Neighbourhoods. Total directorate variation of (£36.4m). The main variances are as follows:

- 2.5.1 **Waste Management - Slippage of £(14.7)m.** The works at Perry Barr Depot have slipped due to the impact of Covid 19 on the programme and delays in the submission of the planning application (submitted February 2021) having led to a delay in the start date.
- 2.5.2 Covid 19 has affected the delivery of the new waste vehicles with approximately only half being delivered before April 2021. The remaining

vehicles will be delivered by June 2021. This has resulted in £(5.9)m slipping into the 2021/22 financial year. There is also slippage at the Tyseley Energy Recycling Facility plant works due to the site being closed for a period of time as a result of Covid 19. The delayed works have been re-scheduled and will now be implemented in 2021/22

- 2.5.3 **Parks & Nature Conservation - Slippage of £(10.3)m.** Covid 19 has resulted in slippage across various sites. As well impacting on the delivery of new grounds maintenance vehicles. The service has also delayed further purchases of vehicles whilst it embeds its processes.
- 2.5.4 **Housing Improvement Programme - A variance of £10.4m.** This programme consists of a number of projects and this variance is made up of an overspend of £6.8m which will be funded by underspends in the Housing Other Programmes budget and an increase in revenue contributions from the Housing Revenue Account (HRA). There is also an acceleration of spend of £3.6m. In light of additional needs and funding identified, approval is sought to fund £5.1m investment on the HRA Housing Investment Programme through HRA revenue contributions in 2021/22.
- 2.5.5 The main variances in this programme are as follows:
- 2.5.6 The overspend is due to an increase in spend of £2.1m in the Fire Protection Programme, resulting from undertaking enhanced fire safety work on the exteriors of High-Rise Blocks. This is being funded partly from reductions in door replacement and door entry projects along with reallocating other HRA Budgets (increase in revenue contributions and from the Adaptations budget). There have also been changes within the overall programme, funded mainly through realignments and from the adaptations budget such as increases to windows, kitchens, bathrooms, communal decorations and environmental works of £1.3m and structural investigations of £1.0m, offset by reductions in the heating and structural investment budgets.
- There is also slippage within the sprinkler programme due to a judicial review at Canterbury and Salisbury Towers and a Leaseholder challenge at Bakeman House.
- 2.5.7 **Housing Redevelopment - Slippage of £(13.2)m.** This has occurred as a result of a number of reasons including, delays bringing forward further sites becoming increasingly challenging, responding to changing legislation and policy and approvals taking longer. There have been contract signing delays, procurement has been carried out successfully through Covid 19 but finalising contracts has taken longer due to increased due diligence as a result of Covid 19 and the impact of Brexit. Work on site has progressed but been slower than originally anticipated because of distancing impacting on labour levels. There have also been delays with utilities, services and the Environment Agency which have resulted in delays to projects, with worse case examples experiencing delays of six to twelve months. Brexit is now impacting on start dates and costs because of shortages in key materials causing price rises or materials being unavailable. The acquisitions programme suffered as contractors withdrew during negotiations possibly due to an uncertainty about Brexit, the impact of Covid 19 impacting people's decisions and there was a lack of available properties in the target areas.

There has also been slippage on the Clearance Programme due to rehousing delays.

2.6 Inclusive Growth Directorate. Total directorate variation of (£291.5m). The main variances are as follows:

2.6.1 Planning & Development: Paradise Circus slippage of £(13.9)m due to three main factors. An agreement of variation to the original building contract to now include above ground construction works (not funded by the Enterprise Zone (EZ)) which has meant a re-programming of the EZ funded element of works causing slippage against the original plan. The effect of the Covid 19 pandemic and the need for re-programming due to revised operational arrangements and delay in works. The triggering of mechanisms within the agreement to compulsorily purchase the Copthorne Hotel.

2.6.2 Housing Development: InReach slippage £(1.2m) - This budget was to provide equity and loan funding to InReach, a wholly owned company of the Council, for housing redevelopment. The Brasshouse scheme did not proceed. The £1.2m slippage relates to equity investment into to the Council's wholly owned company, InReach, to support the Key Hill development. This report seeks approval to make the equity investment in 2021/22.

2.6.3 Major Projects £(18.8)m and Transport Connectivity Programme slippage of £(54.4)m has occurred across a number of transport schemes, including Dudley Road £(2.7)m slippage, which has been redesigned for greater non-motor use, and greater cycling, walking and bus usage. The redesign has changed the scheme and is awaiting approval from the Department of Transport (DfT).
Wharfedale Bridge has £(2.6)m slippage. This scheme is currently being delivered by Network Rail and has been put on hold. The slippage relates to a BCC contribution to Network Rail to widen the bridge.
Tame Valley has slippage of £(3.4)m mainly due to delays procurement and the award of contract which may be further impacted by Covid 19 regarding the availability of resources and material within the supply chain. The provisional funding allocation from the Department for Transport will be confirmed once a full business case has been approved. (Note - DfT remains supportive of this project).
Air Quality slippage of £(36.7)m. This is mainly due to the Clean Air Zone (CAZ) operational date being postponed until June 2021. Despite this delay there has been a focus to complete as much of the work as soon as possible. The CAZ mitigations budget has been reprofiled as a result of the later expected start of the CAZ with most of the expenditure now expected in the 2021/22 financial year.

2.6.4 Property Strategy slippage of £(62.9)m. The whole budget of £62.9m has been slipped into future years. External consultants were appointed to seek out appropriate avenues to invest and have reviewed the commercial portfolio and made recommendations in terms of asset disposals to support the investment fund. Opportunities, however, to acquire new properties are totally

dependent on the right opportunities coming to market and no acquisitions have been made this year so the budget will slip into future years.

2.6.5 Perry Barr Residential Scheme (PBRs) slippage of £(137.2)m. A detailed review of all costs and anticipated income generation from the PBRs commenced following the decision in August 2020 that the scheme would not be used for athletes and officials accommodation for the Commonwealth Games in 2022, with the review also seeking to quantify the financial and programme impacts of Covid 19. This review is complex and time consuming, and once completed, the full implications will be reported to Cabinet, likely to be in Summer 2021. Whilst this wider review is continuing, an assessment has been undertaken of the likely phasing of expenditure based on the existing approved scheme and known and anticipated Covid 19 impacts to the end of the 2020/21 financial year, resulting in anticipated slippage to future years of £137.2m.

2.7 Corporate Capital Programmes. Total variation of (£31.4m). The main variances are as follows:

2.7.1 Contingency: Slippage of £(27.1)m as most of the contingency and Modernisation fund budget has not been required this year and will be slipped into future years to provide contingency and funding for relevant projects.

2.8 Commonwealth Games 2022. Total variation of (£17.8m). The main variances are as follows:

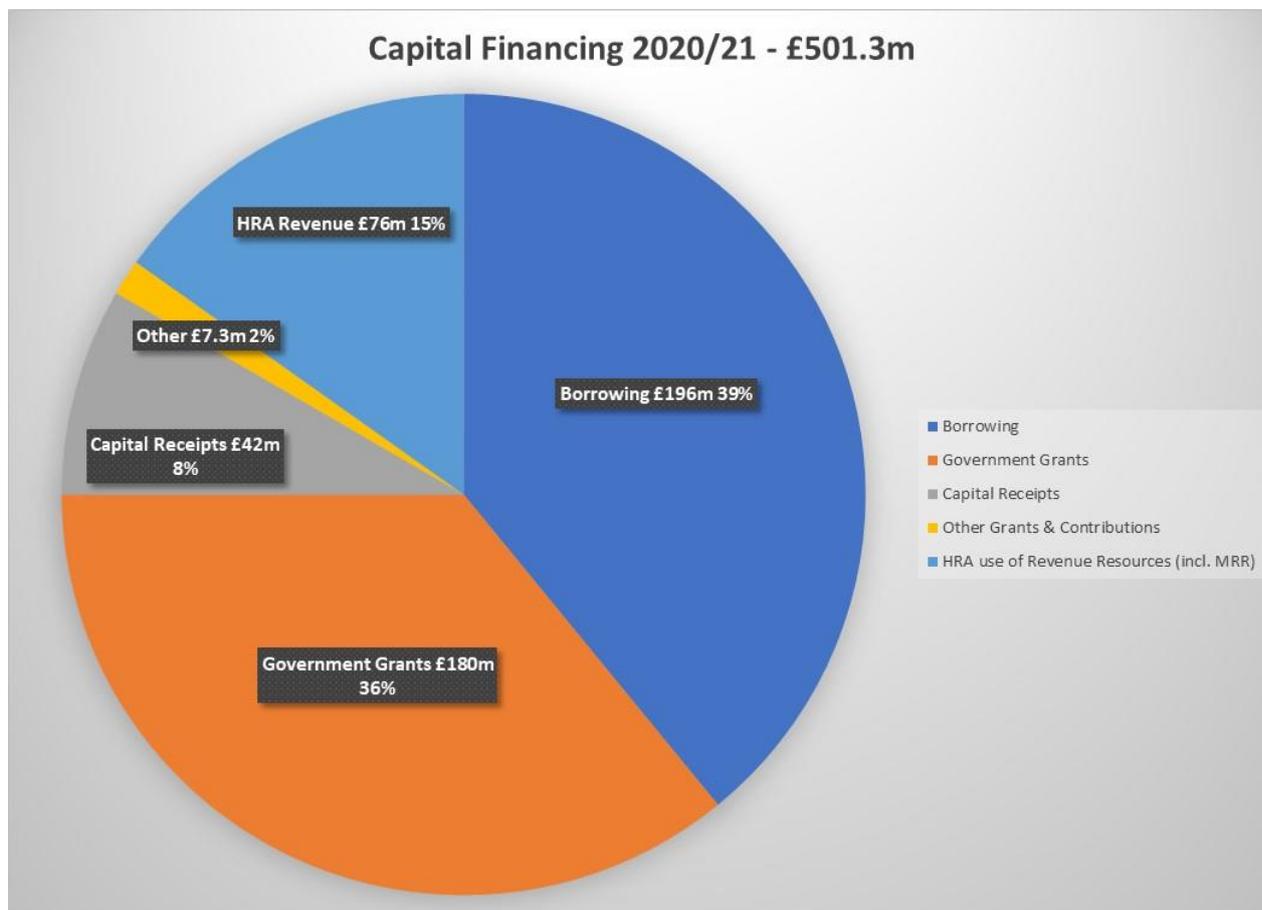
2.8.1 Alexander Stadium slippage of £(11.8)m. Expenditure has been reprofiled between financial years to reflect updated cashflow forecasts from the main contractor taking into account the impacts of Covid 19 and the subsequent requirement to re sequence elements of the construction programme to ensure handover of the completed stadium to the Birmingham 2022 Organising Committee by March 2022. Whilst the timing of expenditure has been updated, the programme remains on schedule to achieve completion to the required timescales.

3 Financing of Capital Expenditure

3.1 The proposed financing arrangements in respect of the City Council capital expenditure in 2020/21 of £501.3m are summarised in the table and graph below:

Financing method	£m
Borrowing	195.977
Government Grants	180.095
Capital Receipts	41.994
Other Grants and Contributions	7.290
HRA use of Revenue Resources (incl. MRR)	75.949

Total financing	501.305
------------------------	----------------



- 1.2 The Budget 2020+ included a strategy to maximise the availability of capital receipts to fund equal pay liabilities, and to use the Government's capital receipts flexibility to meet the cost of eligible projects generating revenue savings. Accordingly, borrowing where possible has been used to finance the outturn capital programme in place of capital receipts, in order to make receipts available for equal pay and the capital receipts flexibility.
- 3.3 Actual prudential borrowing of £196.0m is less than the £368.8m originally planned in the Financial Plan 2020-2024. This is due largely to slippage in the capital programme described above and in previous corporate monitoring reports. Monitoring of the full prudential indicators at outturn is set out in Annex 5 to the Treasury Management annual report (Annex C).

CAPITAL

ANNEX B

Annex B1

Capital Outturn as at 31st March 2021						
Capital Expenditure 2020/21 by Directorate						
	(a)	(b)	(c)	(d)	(e)	
	2020/21	New	2020/21	Previously	Further	2020/21
	Quarter 3	Schemes	Quarter 4	Reported	Variation	Outturn
	Approved	&	Revised	Variation	Quarter 4	
	Budget	Resources	Budget			
			(a+b)			(c+d+e)
	£m	£m	£m	£m	£m	£m
Adult Social Care	14.286	0.000	14.286	(5.105)	1.032	10.213
Education & Skills	72.784	0.000	72.784	0.000	5.881	78.665
Neighbourhoods						
Neighbourhood Other	46.127	0.000	46.127	(23.263)	(4.298)	18.566
Housing Revenue Account	114.919	0.000	114.919	(8.553)	(0.255)	106.111
Total Neighbourhoods Directorate	161.046	0.000	161.046	(31.816)	(4.553)	124.677
Inclusive Growth						
Planning & Development	45.191	0.188	45.379	(12.936)	(0.548)	31.895
Transportation	109.245	0.000	109.245	(64.138)	(9.074)	36.033
Highways	3.961	0.000	3.961	(1.640)	(0.893)	1.428
Housing Development	1.218	0.000	1.218	0.000	(1.218)	0.000
Property Services	344.484	0.000	344.484	(178.604)	(22.455)	143.425
Total Inclusive Growth Directorate	504.099	0.188	504.287	(257.318)	(34.188)	212.781
Finance & Governance	40.063	15.293	55.356	(32.262)	(3.549)	19.545
Digital & Customer Services	10.580	0.000	10.580	(1.397)	(1.525)	7.658
Commonwealth Games	65.579	0.000	65.579	(21.412)	3.599	47.766
Assistant Chief Executive	0.250	0.000	0.250	0.000	(0.250)	0.000
	868.687	15.481	884.168	(349.310)	(33.553)	501.305

CAPITAL OUTTURN 2020/21 - BUDGET CHANGES (QUARTER 4)

Annex B2

Ref.	Quarter 3 Budget £m	Quarter 4 Budget £m	Change £m
<u>ADULT SOCIAL CARE DIRECTORATE</u>			
<u>Adult Care & Health</u>			
Property Schemes	0.364	0.364	0.000
Adults IT	0.980	0.980	0.000
Independent Living	12.942	12.942	0.000
Total Adult Social Care Directorate	14.286	14.286	0.000
<u>EDUCATION AND SKILLS DIRECTORATE</u>			
<u>Education & Early Years</u>			
Devolved Capital Allocation to Schools	3.861	3.861	0.000
School Condition Allocations	13.021	13.021	0.000
Basic Need - Additional School Places	53.713	53.713	0.000
Other Minor Schemes - Schools	0.013	0.013	0.000
EarlyYrs&Childcare	0.136	0.136	0.000
IT Investment	0.576	0.576	0.000
Total Education & Early Years	71.320	71.320	0.000
<u>Skills & Employability</u>			
Adult Ed & Youth	1.270	1.270	0.000
Birmingham Libraries	0.194	0.194	0.000
Total Skills & Employability	1.464	1.464	0.000
Total Education and Skills Directorate	72.784	72.784	0.000
<u>NEIGHBOURHOODS DIRECTORATE</u>			
<u>Street Scene</u>			
Waste Management Services	27.794	27.794	0.000
Parks & Nature Conservation	12.137	12.137	0.000
Total Street Scene	39.931	39.931	0.000
<u>Housing Services</u>			
Housing Options Service	0.064	0.064	0.000
Private Sector Housing	0.979	0.979	0.000
<u>Housing Revenue Account</u>			
Housing Improvement Programme	73.562	73.562	0.000
Redevelopment	30.662	30.662	0.000
Other Programmes	10.695	10.695	0.000
Total Housing Revenue Account	114.919	114.919	0.000
Total Housing Services	115.962	115.962	0.000
<u>Neighbourhoods</u>			
Community, Sport & Events	1.141	1.141	0.000
Neighbourhoods	0.030	0.030	0.000
Cultural Development	0.611	0.611	0.000
Total Neighbourhoods	1.782	1.782	0.000
<u>Regulation & Enforcement</u>			
Bereavement	0.249	0.249	0.000
Markets Services	0.300	0.300	0.000
Environmental Health	0.000	0.000	0.000
Mortuary/Coroners	2.733	2.733	0.000

Illegal Money Lending	0.089	0.089	0.000
Total Regulation & Enforcement	3.371	3.371	0.000
Total Neighbourhoods Directorate	161.046	161.046	0.000
<u>INCLUSIVE GROWTH DIRECTORATE</u>			
<u>Planning & Development</u>			
Major Projects			
Enterprise Zone - Paradise Circus	28.123	28.123	0.000
Enterprise Zone - Site Development & Access	0.000	0.000	0.000
Enterprise Zone - Connecting Economic Opportunities	0.293	0.293	0.000
Enterprise Zone - Smithfield	0.031	0.031	0.000
Enterprise Zone - Southside Public Realm	2.442	2.442	0.000
Enterprise Zone - LEP Investment Fund	0.000	0.000	0.000
Enterprise Zone - HS2-Interchange Site	0.000	0.000	0.000
EZ Phase II - HS2 Station Environment	1.210	1.210	0.000
EZ Phase II - HS2 Site Enabling	0.000	0.000	0.000
EZ Phase II - Local Transport Improvements	0.000	0.000	0.000
EZ Phase II - Metro Extension to E Bham/Solihull	0.000	0.000	0.000
EZ Phase II - Social Infrastructure	0.000	0.000	0.000
EZ Capitalised Interest	1.160	1.160	0.000
Jewellery Quarter Cemetery	0.520	0.520	0.000
Unlocking Housing Sites	3.459	3.459	0.000
Life Sciences	0.973	0.973	0.000
Other (Major Projects)	1.902	1.902	0.000
Total Major Projects	40.113	40.113	0.000
ERDF	2.973	2.973	0.000
Public Realm	1.091	1.279	0.188
Infrastructure	0.014	0.014	0.000
Grants/Loans Programme	1.000	1.000	0.000
Total Planning & Development	45.191	45.379	0.188
<u>Housing Development</u>			
In Reach	1.218	1.218	0.000
CWG-Sale To In Reach	0.000	0.000	0.000
Total Housing Development	1.218	1.218	0.000
<u>Transport Connectivity</u>			
Major Schemes			
Ashted Circus	0.199	0.199	0.000
Metro Extension	0.100	0.100	0.000
Iron Lane	4.990	4.990	0.000
Minworth Unlocking	0.000	0.000	0.000
Battery Way Extension	0.322	0.322	0.000
Longbridge Connectivity	0.303	0.303	0.000
A457 Dudley Road	5.839	5.839	0.000
Journey Reliability	0.705	0.705	0.000
Tame Valley Phase 2 & 3	4.544	4.544	0.000
Selly Oak New Road Phase 1B	3.278	3.278	0.000
Wharfdale Bridge	2.683	2.683	0.000
Snow Hill Station	5.884	5.884	0.000
Other (Major Schemes)	3.385	3.385	0.000
Total Major Schemes	32.232	32.232	0.000
Inclusive & Sustainable Growth	13.632	13.632	0.000

Walking & Cycling		4.423	4.423	0.000
Local Measure		0.000	0.000	0.000
Infrastructure Dev		1.203	1.203	0.000
Air Quality & Climate		52.154	52.154	0.000
Emergency Active Travel Fund		5.585	5.585	0.000
Transportation & highways Funding Strategy		0.000	0.000	0.000
Section 278/S106		0.016	0.016	0.000
Total Transport Connectivity		109.245	109.245	0.000
<u>Highways Infrastructure</u>				
Safer Routes to Schools		0.339	0.339	0.000
Network Integrity and Efficiency		1.794	1.794	0.000
S106 & S278 Schemes		0.125	0.125	0.000
Road Safety		0.991	0.991	0.000
District Schemes		0.712	0.712	0.000
Total Highways Infrastructure		3.961	3.961	0.000
<u>Property Services</u>				
Attwood Green Parks		0.059	0.059	0.000
AttwoodGreen-Holloway Head Playing Field		0.015	0.015	0.000
Attwood Green-Woodview Community Centre		0.089	0.089	0.000
Council House Major Works		0.675	0.675	0.000
Bham Crisis Centre-Nursery Extenson		0.001	0.001	0.000
Lee Bank Business Centre		0.000	0.000	0.000
Highbury Hall Essential Works		0.701	0.701	0.000
Property Strategy		62.957	62.957	0.000
Perry Barr Residential Scheme		279.987	279.987	0.000
Total Property Services		344.484	344.484	0.000
Total Inclusive Growth Directorate		504.099	504.287	0.188
<u>DIGITAL & CUSTOMER SERVICES DIRECTORATE</u>				
ICT & Digital		10.580	10.580	0.000
Total Digital & Customer Services Directorate		10.580	10.580	0.000
<u>FINANCE & GOVERNANCE DIRECTORATE</u>				
<u>Development & Commercial</u>				
Gateway/Grand Central Residual Costs		5.233	5.233	0.000
Capital Loans & Equity		1.991	1.991	0.000
Total Development & Commercial		7.224	7.224	0.000
<u>Corporately Held Funds</u>				
Revenue Reform Projects	FG1 ●	5.234	20.527	15.293
Corporate Capital Contingency		27.113	27.113	0.000
Total Corporately Held Funds		32.347	47.640	15.293
SAP Investments		0.492	0.492	0.000
Total Finance & Governance Directorate		40.063	55.356	15.293
<u>ASSISTANT CHIEF EXECUTIVE DIRECTORATE</u>				
Public Health		0.250	0.250	0.000
Total Assistant Chief Executive Directorate		0.250	0.250	0.000
<u>COMMONWEALTH GAMES 2022</u>				
CWG Alexander Stadium		37.134	37.134	0.000
CWG Organising Cttee		28.445	28.445	0.000
Total Commonwealth Games 2022		65.579	65.579	0.000
Total Capital Programme		868.687	884.168	15.481

CAPITAL OUTTURN 2020/21 - BUDGET MOVEMENTS (QUARTER 4) - COMMENTARY

Ref	Project / Programme	2020/21		
		Reported Quarter 4	Reported Quarter 3	Movement Since Quarter 3
FG1	Revenue Reform Projects - further projects identified during 2020/21 which meet the criteria for the Flexible Use of Capital Receipts, as approved by Full Council in February 2021.	20.527	5.234	15.293

CAPITAL OUTTURN 2020/21 - OUTTURN VARIATIONS (QUARTER 4)

Ref.	2020/21 Outturn				Movement Since Quarter 3 £m	(Slippage) / Acceleration £m	Overspend / (Underspend) £m
	Current Budget £m	2020/21 Outturn £m	Quarter 4 Variation £m	Quarter 3 Variation £m			
ADULT SOCIAL CARE DIRECTORATE							
Adult Care & Health							
	0.364	0.088	(0.276)	(0.169)	(0.107)	(0.107)	0.000
	0.980	0.248	(0.732)	(0.400)	(0.332)	(0.332)	0.000
AS1	12.942	9.877	(3.065)	(4.536)	1.471	1.471	0.000
Total Adult Social Care Directorate	14.286	10.213	(4.073)	(5.105)	1.032	1.032	0.000
EDUCATION AND SKILLS DIRECTORATE							
Education & Early Years							
ES1	3.861	2.466	(1.395)	0.000	(1.395)	(1.395)	0.000
	13.021	12.358	(0.663)	0.000	(0.663)	(6.160)	5.497
ES2	53.713	63.393	9.680	0.000	9.680	8.704	0.976
	0.013	0.000	(0.013)	0.000	(0.013)	(0.013)	0.000
	0.136	0.136	0.000	0.000	0.000	0.000	0.000
	0.576	0.093	(0.483)	0.000	(0.483)	(0.483)	0.000
	0.000	0.119	0.119	0.000	0.119	0.119	0.000
Total Education & Early Years	71.320	78.565	7.245	0.000	7.245	0.772	6.473
Skills & Employability							
ES3	1.270	0.000	(1.270)	0.000	(1.270)	(1.270)	0.000
	0.194	0.100	(0.094)	0.000	(0.094)	(0.094)	0.000
Total Skills & Employability	1.464	0.100	(1.364)	0.000	(1.364)	(1.364)	0.000
Total Education and Skills Directorate	72.784	78.665	5.881	0.000	5.881	(0.592)	6.473
NEIGHBOURHOODS DIRECTORATE							
Street Scene							
NB1	27.794	13.101	(14.693)	(13.443)	(1.250)	(1.114)	(0.136)
NB2	12.137	1.875	(10.262)	(7.124)	(3.138)	(3.094)	(0.044)
Total Street Scene	39.931	14.976	(24.955)	(20.567)	(4.388)	(4.208)	(0.180)
Housing Services							
	0.064	0.048	(0.016)	0.000	(0.016)	(0.057)	0.041
	0.979	0.191	(0.788)	(0.594)	(0.194)	(0.194)	0.000
Housing Revenue Account							
NB3	73.562	83.925	10.363	4.694	5.669	3.565	2.104
NB4	30.662	17.480	(13.182)	(7.824)	(5.358)	(5.296)	(0.062)
	10.695	4.706	(5.989)	(5.423)	(0.566)	(0.097)	(0.469)
Total Housing Revenue Account	114.919	106.111	(8.808)	(8.553)	(0.255)	(1.828)	1.573
Total Housing Services	115.962	106.350	(9.612)	(9.147)	(0.465)	(2.079)	1.614
Neighbourhoods							
	1.141	0.292	(0.849)	(0.983)	0.134	(0.113)	0.247
	0.030	0.017	(0.013)	0.000	(0.013)	(0.013)	0.000
	0.611	0.737	0.126	1.000	(0.874)	(0.874)	0.000
Total Neighbourhoods	1.782	1.046	(0.736)	0.017	(0.753)	(1.000)	0.247
Regulation & Enforcement							
	0.249	0.064	(0.185)	0.000	(0.185)	(0.185)	0.000
	0.300	0.476	0.176	0.000	0.176	0.000	0.176
NB5	2.733	1.704	(1.029)	(2.119)	1.090	1.090	0.000
	0.089	0.061	(0.028)	0.000	(0.028)	(0.028)	0.000
Total Regulation & Enforcement	3.371	2.305	(1.066)	(2.119)	1.053	0.877	0.176
Total Neighbourhoods Directorate	161.046	124.677	(36.369)	(31.816)	(4.553)	(6.410)	1.857
INCLUSIVE GROWTH DIRECTORATE							
Planning & Development							
Major Projects							
IG1	28.123	14.181	(13.942)	(12.815)	(1.127)	(1.127)	0.000
	0.000	0.000	0.000	0.000	0.000	0.000	0.000
	0.293	0.318	0.025	0.099	(0.074)	(0.074)	0.000
	0.031	0.000	(0.031)	0.000	(0.031)	(0.031)	0.000
IG2	2.442	1.064	(1.378)	0.000	(1.378)	(1.378)	0.000
	1.210	1.085	(0.125)	(0.093)	(0.032)	(0.032)	0.000
	0.000	0.544	0.544	0.000	0.544	0.544	0.000
IG3	1.160	4.663	3.503	(0.295)	3.798	3.798	0.000
	0.520	0.461	(0.059)	0.000	(0.059)	(0.059)	0.000
	3.459	3.255	(0.204)	0.000	(0.204)	0.000	(0.204)
	0.973	0.006	(0.967)	(0.865)	(0.102)	(0.102)	0.000
	1.902	2.792	0.890	1.383	(0.493)	(0.585)	0.092
IG4	2.973	1.739	(1.234)	0.000	(1.234)	(1.234)	0.000
Total Major Projects	43.086	30.108	(12.978)	(12.586)	(0.392)	(0.280)	(0.112)
Public Realm	1.279	0.388	(0.891)	(0.350)	(0.541)	(0.523)	(0.018)
Infrastructure	0.014	0.000	(0.014)	0.000	(0.014)	0.000	(0.014)
Grants/Loans Programme	1.000	1.000	0.000	0.000	0.000	0.000	0.000
Minor Projects	0.000	0.399	0.399	0.000	0.399	0.000	0.399
Total Planning & Development	45.379	31.895	(13.484)	(12.936)	(0.548)	(0.803)	0.255
Housing Development							
IG5	1.218	0.000	(1.218)	0.000	(1.218)	(1.218)	0.000
Total Housing Development	1.218	0.000	(1.218)	0.000	(1.218)	(1.218)	0.000
Transport Connectivity							
Major Schemes							
	0.199	0.074	(0.125)	(0.049)	(0.076)	(0.076)	0.000
	0.100	0.239	0.139	0.050	0.089	0.089	0.000
	4.990	2.941	(2.049)	(1.271)	(0.778)	(0.778)	0.000
	0.322	0.082	(0.240)	0.000	(0.240)	(0.240)	0.000
	0.303	0.079	(0.224)	(0.153)	(0.071)	(0.071)	0.000
	5.839	3.162	(2.677)	(2.339)	(0.338)	(0.338)	0.000
	0.705	0.043	(0.662)	(0.194)	(0.468)	(0.468)	0.000
	4.544	1.159	(3.385)	(3.172)	(0.213)	(0.213)	0.000
	3.278	2.632	(0.646)	(0.228)	(0.418)	(0.418)	0.000
	2.683	0.001	(2.682)	(2.578)	(0.104)	(0.104)	0.000
	5.884	2.121	(3.763)	(3.645)	(0.118)	(0.118)	0.000
	3.385	0.925	(2.460)	(2.552)	0.092	0.092	0.000
Total Major Schemes	32.232	13.458	(18.774)	(16.131)	(2.643)	(2.643)	0.000
Inclusive & Sustainable Growth	13.632	1.901	(11.731)	(10.868)	(0.863)	(0.863)	0.000
Walking & Cycling	4.423	1.738	(2.685)	(1.776)	(0.909)	(0.909)	0.000

Local Measure		0.000	(0.006)	(0.006)	0.000	(0.006)	(0.006)	0.000
Infrastructure Dev		1.203	1.187	(0.016)	0.000	(0.016)	(0.016)	0.000
Air Quality & Climate	IG6 ●	52.154	15.453	(36.701)	(31.846)	(4.855)	(4.855)	0.000
Emergency Active Travel Fund		5.585	2.005	(3.580)	(3.525)	(0.055)	(0.055)	0.000
Section 278/S106		0.016	0.297	0.281	0.008	0.273	0.273	0.000
Total Transport Connectivity		109.245	36.033	(73.212)	(64.138)	(9.074)	(9.074)	0.000
Highways Infrastructure								
Safer Routes to Schools		0.339	0.197	(0.142)	(0.035)	(0.107)	(0.107)	0.000
Network Integrity and Efficiency		1.794	0.789	(1.005)	(0.586)	(0.419)	(0.419)	0.000
S106 & S278 Schemes		0.125	0.006	(0.119)	(0.081)	(0.038)	(0.038)	0.000
Road Safety		0.991	0.393	(0.598)	(0.487)	(0.111)	(0.111)	0.000
Flood Management		0.712	0.043	(0.669)	(0.451)	(0.218)	(0.218)	0.000
Total Highways Infrastructure		3.961	1.428	(2.533)	(1.640)	(0.893)	(0.893)	0.000
Property Services								
Attwood Green Parks		0.059	0.000	(0.059)	0.000	(0.059)	(0.059)	0.000
AttwoodGreen-Holloway Head Playing Field		0.015	0.000	(0.015)	0.000	(0.015)	(0.015)	0.000
Attwood Green-Woodview Community Centre		0.089	0.000	(0.089)	0.000	(0.089)	(0.089)	0.000
Council House Major Works		0.675	0.000	(0.675)	0.000	(0.675)	(0.675)	0.000
Bham Crisis Centre-Nursery Extension		0.001	0.001	0.000	0.000	0.000	0.000	0.000
Lee Bank Business Centre		0.000	0.000	0.000	0.000	0.000	0.000	0.000
Highbury Hall Essential Works		0.701	0.677	(0.024)	0.000	(0.024)	(0.024)	0.000
Property Strategy		62.957	0.000	(62.957)	(62.958)	0.001	0.001	0.000
Perry Barr Residential Scheme	IG7 ●	279.987	142.748	(137.239)	(115.646)	(21.593)	(21.593)	0.000
Total Property Services		344.484	143.426	(201.058)	(178.604)	(22.454)	(22.454)	0.000
Total Inclusive Growth Directorate		504.287	212.782	(291.505)	(257.318)	(34.187)	(34.442)	0.255
DIGITAL & CUSTOMER SERVICES DIRECTORATE								
ICT & Digital	DCS1 ●	10.580	7.658	(2.922)	(1.397)	(1.525)	(1.525)	0.000
Total Digital & Customer Services Directorate		10.580	7.658	(2.922)	(1.397)	(1.525)	(1.525)	0.000
FINANCE & GOVERNANCE DIRECTORATE								
Development & Commercial								
Gateway/Grand Central Residual Costs		5.233	0.056	(5.177)	(5.158)	(0.019)	(0.019)	0.000
Capital Loans & Equity		1.991	2.736	0.745	0.000	0.745	(0.491)	1.236
Total Development & Commercial		7.224	2.792	(4.432)	(5.158)	0.726	(0.510)	1.236
Corporately Held Funds								
Revenue Reform Projects	FG1 ●	20.527	16.290	(4.237)	0.000	(4.237)	(4.237)	0.000
Corporate Capital Contingency		27.113	0.000	(27.113)	(26.613)	(0.500)	(0.500)	0.000
Total Corporately Held Funds		47.640	16.290	(31.350)	(26.613)	(4.737)	(4.737)	0.000
SAP Investments		0.492	0.462	(0.030)	(0.491)	0.461	0.000	0.461
Other		0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Finance & Governance Directorate		55.356	19.544	(35.812)	(32.262)	(3.550)	(5.247)	1.697
ASSISTANT CHIEF EXECUTIVE DIRECTORATE								
Community Safety & Emergency Planning		0.250	0.000	(0.250)	0.000	(0.250)	(0.250)	0.000
Total Assistant Chief Executive Directorate		0.250	0.000	(0.250)	0.000	(0.250)	(0.250)	0.000
COMMONWEALTH GAMES 2022								
CWG Alexander Stadium	CWG1 ●	37.134	25.325	(11.809)	(19.001)	7.192	7.192	0.000
CWG Organising Cttee	CWG2 ●	28.445	22.441	(6.004)	(2.411)	(3.593)	(3.593)	0.000
Total Commonwealth Games 2022		65.579	47.766	(17.813)	(21.412)	3.599	3.599	0.000
Total Capital Programme		884.168	501.305	(382.863)	(349.310)	(33.553)	(43.835)	10.282

CAPITAL OUTTURN 2020 21 - OUTTURN VARIATIONS (QUARTER 4) - COMMENTARY

ADULT SOCIAL CARE DIRECTORATE

Ref	Major capital variations and associated key issues	2020/21		
		Reported Quarter 4 £m	Reported Quarter 3 £m	Movement Since Quarter 3 £m
AS1	Independent Living - The programme of major works and adaptations to service users' homes was paused during the initial lockdown period earlier in the financial year, with further COVID related restrictions post lockdown impacting on service delivery. Some slippage has, therefore, occurred. The service ran at a relatively normal rate towards the end of the financial year which has resulted in a reduction of £1.471m in the previously reported slippage figure. Although there are no backlogs of work reported, the pandemic has impacted on the amount of major works and adaptations the team have been able to provide during 2020/21 which cannot be reversed. There will be no impact on the funding of the scheme as the Disabled Facilities Grant can be utilised next year.	(3.065)	(4.536)	1.471

EDUCATION AND SKILLS DIRECTORATE

Ref	Major capital variations and associated key issues	2020/21		
		Reported Quarter 4 £m	Reported Quarter 3 £m	Movement Since Quarter 3 £m
ES1	Devolved Capital Allocation to Schools - This relates to slippage across a number of local authority maintained schools. Spend is informed by individual school decisions and schools can carry forward their allocation for up to 3 years.	(1.395)	0.000	(1.395)
ES2	Basic Need Additional School Places - The Skilts relocation project has progressed faster than anticipated resulting in an acceleration of £4.1m and will be handed over earlier than originally planned. The good weather over the winter period has allowed projects to progress quicker as there was no downtime on site. Turves Green Girls and Eden Girls projects were progressed quicker than anticipated resulting in an additional £2.6m and £2m acceleration respectively . It should be noted that there are no adverse financial implications and capital funding will be accelerated to match this expenditure. The Basic Need programme is funded through a specific Department for Education grant. The remaining reported overspend of £0.980m relates to additional capital spend in schools to be funded by Section 106 reserves and in-year revenue funding.	9.680	0.000	9.680
ES3	Adult Education & Youth - The purchase of the freehold interest in Aston Learning Centre by South & City College has been delayed. The purchase is anticipated to be completed by the end of Quarter 1 of the new financial year.	(1.270)	0.000	(1.270)

NEIGHBOURHOODS DIRECTORATE

Ref	Major capital variations and associated key issues	2020/21		
		Reported Quarter 4 £m	Reported Quarter 3 £m	Movement Since Quarter 3 £m
NB1	Waste Management Services - Slippage across various projects in the Waste Service. Mainly in relation to the Depot Redevelopment projects at Lifford Lane and Montague Street.	(14.693)	(13.443)	(1.250)
NB2	Parks & Nature Conservation - Slippage across various sites within the Parks Service including (£2.160)m for Grounds Maintenance vehicles. This is due to the Service wanting to embed processes before committing to purchase further specialist vehicles.	(10.262)	(7.124)	(3.138)

NB3	HRA - Housing Improvement Programme - This covers various programmes of work. There has been slippage of £3.494m mainly on the Sprinkler System Programme due to a judicial review and leaseholder issues; Door Replacement due to obtaining Q mark standard following a change in guidance post Grenfell. Accelerated spend of £7.059m has occurred mainly on the Fire Protection Programme; the Kitchen & Bathroom Programme; Structural Investments; Central Heating; Rewiring for CAT 2 work requiring immediate action following on from the Test and Inspect Programme and other minor variations. In addition there is an overspend of £2.104m mainly within the Fire Protection Programme due to revised insulation specifications regarding the age and condition of the materials; Door Entry Programme due to additional Health & Safety works; Window Replacement due to increased material costs on high rise blocks; additional Environmental works funded by the revenue Housing Liaison and Aerial Budgets and other minor underspends of (£0.062m). The net acceleration & slippage of £3.565m and overspend of £2.104m have been funded by an increased revenue contribution from the HRA.	10.363	4.694	5.669
NB4	HRA - Redevelopment - Slippage of (£5.5m) for the BMHT programme, offset by acceleration of £1.5m on a number of projects. The slippage emanates for the following reasons 1. Delays bringing forward sites because increasingly they are challenging, responding to changing legislation and policy and approvals take longer. 2. Contract signing delays - procurement has been carried out successfully through Covid/ new homeworking but getting contracts signed has taken longer because of new caution around terms and conditions caused by Covid and the impact of Brexit with people becoming more risk adverse and looking to protect themselves. 3. Work on site has progressed but slower because of distancing impacting on labour levels. 4. Delays from Utilities, Services and the Environment Agency have resulted in push back on projects with examples of 6 to 12 month delays at worst. 5. Brexit, now is impacting on start on sites because of shortages in key materials causing price hikes or becoming available. 6. The acquisitions programme suffered as people withdrew during negotiations possibly due to an uncertainty about Brexit, the impact of Covid19 impacting people's decisions and there was a lack of available properties in the target areas. Further slippage of (£1.3m) for the Clearance Programme due to rehousing delays; Delays due to Covid 19 on property acquisitions and Baverstock Academy; Tender delays at Alfred / Beach Road; delay in final accounts at Heath House and various other minor schemes.	(13.182)	(7.824)	(5.358)
NB5	Mortuary / Coroners - Accelerated spend of £1.280m due to refurbishment and internal works at the Coroners Court accelerating in the last quarter. A revised FBC has been approved and additional £400k added to the 21/22 budget	(1.030)	(2.119)	1.089

INCLUSIVE GROWTH DIRECTORATE

Ref	Major capital variations and associated key issues	2020/21		
		Reported Quarter 4 £m	Reported Quarter 3 £m	Movement Since Quarter 3 £m
IG1	Enterprise Zone - Paradise Circus - Slippage due to work being pushed back to be delivered later in the period to ensure safe work areas for the steel workers and block work to commence after March 2021.	(13.942)	(12.815)	(1.127)
IG2	Enterprise Zone - Southside Public Realm - Slippage due to complexities and issues associated with completion of works procurement exercise. This delayed the FBC's completion/decisions resulting in delay to contract award and start date of the works. The contract is due to be signed in May 2021.	(1.378)	0.000	(1.378)
IG3	Enterprise Zone - Capitalised Interest - Interest on Enterprise Zone borrowing is capitalised during the asset construction period, and is dependant on the level of works carried out to date. The cost of the borrowing is funded from a prudent forecast of EZ business rates growth in accordance with the agreed EZ Financial Principles, and is included in EZ and LEP financial forecasts.	3.503	(0.295)	3.798
IG4	Property Investment / Business Growth ERDF - Slippage of £(1.234)m - Both schemes have now been extended to 2023 following Cabinet approval in April 2020 & slippage is due to the investment plan being affected by Covid 19.	(1.234)	0.000	(1.234)
IG5	Housing Development - InReach - Equity investment into InReach to facilitate further developments has slipped pending internal approvals. This report seeks approval for this equity investment.	(1.218)	0.000	(1.218)
IG6	Air Quality & Climate - the majority of the further slippage (£3.356m) relates to the delivery of the Clean Air Zone (CAZ) infrastructure, road signage and IT to support cameras which will occur in the new financial year. Works are progressing and will complete prior to the go-live date of 1st June 2021. The remaining slippage of £1.499m relates to minor variations across a number of projects.	(36.701)	(31.846)	(4.855)

IG7	Perry Barr Residential Scheme - The greater slippage from Q3 projection is due to delays in expenditure in relation to the relocation of the NX bus depot (£8.9m) dependent on receipt of claims from NX. A34 Highways works expenditure was lower than anticipated at year-end (£6.0m) as activities were reshuffled to reflect COVID restrictions, but completion timescales remain unchanged. Other slippage includes land assembly (£2.1m) due to protracted negotiations with existing owners and the consequential impacts on professional fees and capitalised interest charges (£2.2m).	(137.239)	(115.646)	(21.593)
------------	--	-----------	-----------	----------

DIGITAL & CUSTOMER SERVICES DIRECTORATE

Ref	Major capital variations and associated key issues	2020/21		
		Reported Quarter 4 £m	Reported Quarter 3 £m	Movement Since Quarter 3 £m
DCS1	ICT & Digital - Netfurther slippage of (£1.525m) due mainly to the effects of Covid (£0.881m) on the Brum Account, Insight and Corporate Voice Telephony Schemes. Slippage of (£0.584m) on the Application Platform Modernisation scheme is accounted for due to the migration out of the data centre, requiring less hardware initially (both legacy and new hardware) to support the exit at this stage. It is expected that this budget will be utilised in the next financial year to support the final configuration of the new data centres along with the exit of the existing 3 Capita data centres. This position is being constantly reviewed based on real world utilisation of the new infrastructure following go live and in line with 'the final hardware order' in the project schedule.	(2.922)	(1.397)	(1.525)

FINANCE & GOVERNANCE DIRECTORATE

Ref	Major capital variations and associated key issues	2020/21		
		Reported Quarter 4 £m	Reported Quarter 3 £m	Movement Since Quarter 3 £m
FG1	Revenue Reform Projects - Minor slippages ave occurred across a number of the transformational schemes. These will continue into the next financial year along with the capital receipts funding	(4.237)	0.000	(4.237)

COMMONWEALTH GAMES 2022

Ref	Major capital variations and associated key issues	2020/21		
		Reported Quarter 4 £m	Reported Quarter 3 £m	Movement Since Quarter 3 £m
CWG1	Alexander Stadium - The reduced slippage between Q3 and Outturn is due to better than anticipated progress being made on site in relation to steelworks and concrete pouring despite ongoing COVID restrictions.	(11.809)	(19.001)	7.192
CWG2	Organising Committee - the increased slippage is due to the budgeted contingency of £4.972m not being utilised in 2020/21. This will be carried over to future years as delivery of key projects continues. This slippage has been offset by accelerated capital expenditure by WM Police / Organising Committee within the overall multi-year funding envelope. This expenditure is not directly controllable by the Council, but managed within overall CWG cash limits.	(6.004)	(2.411)	(3.593)

Annex C Treasury Management**TREASURY MANAGEMENT ANNUAL REPORT****1. Outline**

This report reviews the results of the full financial year as well as providing quarter 4 monitoring information in line with normal quarterly management reporting. The most significant elements of treasury management activity during 2020/21 were:

- At 31st March 2021, the Council's total loan debt net of treasury investments stood at £3,162.3m, compared to net loan debt of £2,998.3m as at 31st March 2020.
- The Council's treasury investments held at 31st March 2021 were £193.6m. This was higher than originally planned due to receipt of COVID grants in advance from the Government. The Council also held investments of £93.6m as accountable body.
- The Council did not breach any of its prudential limits set under the Local Government Act 2003 and the Chartered Institute of Public Finance and Accountancy (CIPFA) Prudential Code for Capital Finance.
- Treasury management costs totalled £255.5m gross, and £131.4m after recharges to other services. This was £0.1m below the budget of £131.5m.

2. Background

- 2.1 The Council, like all local authorities, is permitted by government to finance capital investment and day to day cash flows from borrowing, in accordance with the prudential borrowing system. The Council's net loan debt at 31st March 2021 stood at £3,162.3m (excluding accountable body investments). This report reviews how the debt and associated investments were managed during the financial year 2020/21.
- 2.2 The Council has adopted CIPFA's Code of Practice for Treasury Management in the Public Services which includes the requirement to present a treasury management annual report.
- 2.3 Loans and investments are shown at nominal value unless otherwise indicated, consistent with budget and monitoring reports and the Prudential Indicators. The basis of accounting in the Financial Accounts is different in some cases where required by proper accounting practices.

3. The objective of treasury management

- 3.1 CIPFA defines the objective of Treasury Management as "the management of the organisation's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks". In balancing risk against return, local authorities should be more concerned to avoid risks than to maximise return. This requires a balance to be struck when borrowing, between:
 - The security offered by long term fixed rate funding
 - The expected cost of short term and variable rate funding, compared with long term funding
- 3.2 When investing surplus funds, the emphasis should be on the security of capital invested rather than maximising the rate of return.

4. Financial markets during 2020/21

- 4.1 The financial year to March 2021 was dominated by the spread of the coronavirus pandemic, as the world tried to manage the balancing act of containing the transmission of the virus through lockdown measures and keeping the economy going through unprecedented government stimulus measures.

- 4.2 UK economic growth fell sharply by 19.8% in the first quarter before rebounding in the next 2 quarters; the final quarter of 2020/21 is expected to show a decline due to the national lockdown. The Bank of England maintained Bank Rate at 0.1% throughout the year but raised the possibility of using negative rates should the economic position deteriorate. However, the approval of COVID vaccines in the UK and their subsequent rollout, and the last minute Brexit trade deal agreed by the 31 December 2020 deadline, mean that the economic outlook has improved.
- 4.3 The US economy rebounded by 33.4% in the second quarter of 2020/21 with the recovery driven by major government stimulus packages totalling over \$5 trillion. This includes the \$1.9 trillion stimulus package signed off by new president Joe Biden who replaced Donald Trump following US elections in January 2021. The European Union also continued their stimulus policies with the base rate maintained at 0% and the asset purchase scheme increased to €1.85 trillion and extended to March 2022.
- 4.4 The global monetary and fiscal stimulus measures have helped to support equity markets as they recovered following the initial decline in the first quarter of 2020/21. Treasury yields in the US and the UK remained low until the improved economic outlook in the final quarter caused government bonds to sell off and yields to rise sharply, on expectations for higher inflation.
- 4.5 Credit Risk Default Swaps (CDS) for banks, an indicator of credit risk, recovered to pre-pandemic levels following their sharp rise at the start of 2020/21. However, the ratings agency Moody's downgraded the UK sovereign credit rating which impacted the credit outlook for local government and other UK institutions.
- 4.6 An element of credit risk remains for UK financial institutions as they continue to recover from the economic slowdown; the Council has kept its investment counterparty list under constant review, supported by the advice it received from its treasury management advisor, Arlingclose. Risks to the Council's investments were relatively low as it invests in mainly liquid AAA rated money market funds.

5. Treasury strategy and activities during the year

- 5.1 The Council's treasury management strategy for 2020/21, included as part of the Financial Plan 2020-24, was approved by City Council on 25 February 2020.
- 5.2 The Council's actual net loan debt at 31st March 2021 was £3,162.3m compared to the expected net loan debt at the time of the Original Budget in February 2020 of £3,791.8m. Actual net loan debt was lower due to slippage in capital expenditure and the receipt of COVID support grants during the year. This meant that additional long term loans taken during the year only amounted to £65m compared to the planned assumption of £415m. The planned long term borrowing included 1-3 year loans to fund the advanced pension payment in April 2021; £156m of these loans were actually taken towards the end of 2019/20.

5.3 The treasury strategy implemented in the year:

- Maintained a balanced strategy which enabled the Council to benefit from low short term interest rates, by maintaining a significant short term and variable rate loan portfolio.
- Acknowledged the risk that maintaining a significant short term and variable rate loan debt may result in increasing borrowing costs in the longer term, but balanced this against the savings arising from cheaper variable rates in the short term.
- Reviewed treasury management activity in the context of the Council's current financial position together with the outlook for interest rates.
- Continuously reviewed the advantages and disadvantages of different sources of borrowing.
- Opportunities to improve risk management or make savings by prematurely repaying loans were kept under review.

5.4 The Council's Treasury Strategy in recent years has sought to maintain a significant exposure to short-term and variable-rate borrowing in order to take advantage of cheaper short-term rates at around bank base rate. Variable short term borrowing was £377.3m at 31st March 2021 (see Table 7.1). This was borrowed at an average rate of 0.35%. By borrowing short term rather than more expensive long term fixed rate loans, savings were generated, but at the risk that interest rates may subsequently rise.

5.5 The short term debt portfolio size remained below the £600m indicated in the Treasury Management Strategy, as the Council's borrowing needs during the year were lower than forecast. The majority of the Council's borrowing needs during the year were still met from short term borrowing, helping to minimise its interest costs.

5.6 Local authorities continue to use the Public Works Loan Board (PWLB), a lending facility operated on behalf of HM Treasury, for their long term borrowing needs. The significance of the PWLB as a lender increased in November 2020 as they reduced their loan margins above gilt yields from 1.8% to 0.8%, making market alternatives less competitive. Changes to their lending terms also meant PWLB loans would only be made available to local authorities who have confirmed they are not planning to purchase investment assets primarily for yield, in the current and next two financial years.

5.7 During the year, the Council had explored market alternatives for long term borrowing, in particular a private placement from private debt capital markets. However, this was put on hold when the PWLB changed its lending terms to more preferential rates. The Council confirmed to HM Treasury that it does not currently hold or intend to hold investment assets primarily for yield; in March 2021 the Council secured a £30m PWLB loan at an interest rate of 1.95%.

- 5.8 Appendix 1 shows PWLB rates throughout the year, including the sharp reduction in November 2020. Although PWLB rates started to increase again from January 2021, on the back of rising gilt yields (see paragraph 4.4), they remained lower than rates before the change in lending terms.
- 5.9 HRA loan debt is accounted for separately in accordance with the two pool debt system, which the Council introduced following the reform of Housing Subsidy. During 2020/21, the level of HRA loan debt has decreased from £1,067.8m, to £1,067.1m, taking account new capital investment and HRA debt repayment provision (or MRP) in the year. No long term loans were taken for the HRA during the year in order to maintain prudent exposure for the HRA to cheaper short term interest rates. Short term borrowing represented 13% of the total HRA loan debt in 2020/21 (was 12% in 2019/20).

6 Investment management

- 6.1 Treasury Investments are made in accordance with the creditworthiness criteria in the Treasury Management Policy and are also reported to Cabinet as part of the quarterly capital monitoring reports in line with the liquidity management objective for investments. Under the current treasury strategy, a working balance of around £40m short term investments is targeted in order to provide liquidity to meet cash flow fluctuations.
- 6.2 Due to the coronavirus pandemic, councils experienced increased uncertainty over their cashflows during 2020/21. Central Government provided significant grants to the Council as it looked to use local authorities to coordinate the support required by the local population in dealing with the financial impact of the pandemic. As a result, the Council held liquid cash balances that far exceeded the guidance of £40m throughout the year. As at 31 March 2021, the Council's treasury investments held were £193.6m.
- 6.3 Lending has continued to be limited to short periods of less than a year; the higher cash balances remained very liquid as they consisted mainly of COVID support grants for distribution. The Council retained lending to the institutions within the Treasury Management Policy's criteria. A range of information has been used to assess investment risk, in addition to credit ratings. Regular meetings are held to review outstanding investments and criteria for new investments in the light of developments in market conditions.
- 6.4 Towards the end of December 2020, there had been concerns of temporary disruptions to the international payments system as a result of the UK's exit from the EU, with or without a trade agreement. This could have delayed redemptions from the Council's predominately EU domiciled Money Market Funds (MMFs), and the payments the Council was required to make. As a precaution, the Chief Finance Officer agreed to temporarily increase investment limits and increase cash balances in the Council's UK domiciled MMFs and also put short term deposits with the Government's Debt Management Account Deposit Facility (DMADF), so any disruptions would not affect its payments. The temporary increase to UK domiciled MMFs were removed in January 2021, as the risk for

any disruptions subsided. None of the Council's treasury investments has defaulted.

- 6.5 Actual investments are reported quarterly to Cabinet as part of accountability for decisions made under treasury management delegations. Appendix 3.1 lists all investments made during Quarter 4 of 2020/21 for the Council.
- 6.6 Investments outstanding at 31st March 2021 are summarised as follows.

Period Outstanding	Value Invested £m	Weighted Average Interest Rate %
Instant Access	193.6	0.02%
Fixed Overnight	0	0.00%
Up to 3 months	0	0.00%
3 to 6 months	0	0.00%
Total	193.6	0.02%

- 6.7 The Council also continues to manage substantial funds as Accountable Body for an increasing number of Government programmes: they include the Growing Places Fund, the Regional Growth Fund and the Local Growth Fund, amongst others. These funds are managed by the Council but are not the Council's own money. The unspent balance of the funds at 31st March 2021 was £93.6m as set out in Appendix 3.2.
- 6.8 Accountable Body funds are invested in accordance with the Accountable Body agreements in very low-risk deposits such as the Government's DMADF and Government MMFs. Towards the end of 2020, the Government MMFs started yielding negative rates as they primarily invested in short term government securities. Although credit risk associated with Government Funds remained very low, the negative yields meant the Accountable Body balances invested with them would start to erode. As a result these balances were moved to the DMADF.

7 Debt profile

- 7.1 Long term borrowing is taken at a range of maturities to ensure that debt maturing in any year does not generally exceed 10% of total external debt, and that short-term/variable rate debt does not exceed the limit of 30% set in the Council's prudential indicators (full maturity profile at Appendix 4). This ensures that the Council is not overly exposed to the risk of high refinancing costs in any year. The following table summarises how the maturity profile of the Council's debt changed within the year.

Debt Profile (General Fund and HRA combined)	31.03.20	31.03.21
	£m	£m
Fixed rate over 40 years	140.0	140.0
Fixed rate 20 to 40 years	1,311.2	1,311.2
Fixed rate 10 to 20 years	900.9	934.2
Fixed rate 5 to 10 years	314.0	314.4
Fixed rate 1 to 5 years	246.5	241.3
Fixed < 1 year (note 1)	40.2	37.5
Variable and short term	292.1	377.3
Gross Debt	3,244.9	3,355.9
Investments < 1 year	(246.6)	(193.6)
Net Debt	2,998.3	3,162.3

Note: LOBO loans shown at final maturity

- 7.2 The average interest rate paid on all the Council's debt in 2020/21 was 4.15%, a reduction on the average rate of 4.40% paid in 2019/20. This includes the cost of historic debt taken when fixed interest rates were higher.
- 7.3 The above maturity profile assumes that Lender's Option Borrower's Option (LOBO) loans are repaid at their final maturity date. A full maturity profile at 31st March 2021 compared to 31st March 2020 is given in Appendix 4.
- 7.4 At 31st March 2021 the debt portfolio included £71.1m LOBOs, less than 3% of the total portfolio. No LOBO loans have had their options called by the lenders since the arrangements were entered into. Given the current and forecast low interest rate environment it is considered to be a low risk that this will take place in the foreseeable future. The Council continues to look for opportunities to repay its LOBO loans early but only if it is financially advantageous to do so.

8 Revenue cost of borrowing

- 8.1 The actual net cost of borrowing to corporate treasury budgets was £131.4m. This is £0.1m below the budget and the Treasury Management outturn for 2020/21 is summarised in the following table:

	Budget £m	Actual £m	Variation £m
Gross interest payable	130.9	129.3	(1.6)
Interest receivable	(0.4)	(0.4)	0.0
Revenue charge for debt repayment	129.3	129.3	0.0
Other Costs	(1.7)	(2.7)	(1.0)
Total Treasury Management Budget	258.1	255.5	(2.6)
<i>Less recharges to:</i>			
HRA	(57.8)	(57.8)	0.0
Other Services	(68.8)	(66.3)	2.5
Net Corporate Treasury	131.5	131.4	(0.1)

9 Prudential Indicators

- 9.1 The Council is required under the Local Government Act 2003 and the CIPFA Prudential Code for Capital Finance in Local Authorities to set various prudential indicators and limits covering capital finance and treasury management. The outturn position against the Council's approved prudential indicators is attached at Appendix 5. The Council did not breach any of its prudential limits set under the Local Government Act 2003 and the CIPFA Prudential Code for Capital Finance.

10 Risk management and performance

- 10.1 Risk management is at the centre of treasury performance and monitoring. The Council has adopted the CIPFA Treasury Management Code's policy recommendation that "the successful identification, monitoring and control of risk are the prime criteria by which the effectiveness of its treasury management activities will be measured."
- 10.2 There is no single quantitative measure which summarises the management of the different types of treasury risk and their financial impact. Key reporting and review processes include:
- Quarterly monitoring reports to Cabinet provide an overview of key treasury decisions and indicators.
 - The adequacy of risk control arrangements are tested regularly by internal and external audit.
 - The Council's Treasury Management Policy and Strategy sets out policies, limits and strategies for managing treasury risks, which have been reviewed throughout this report.

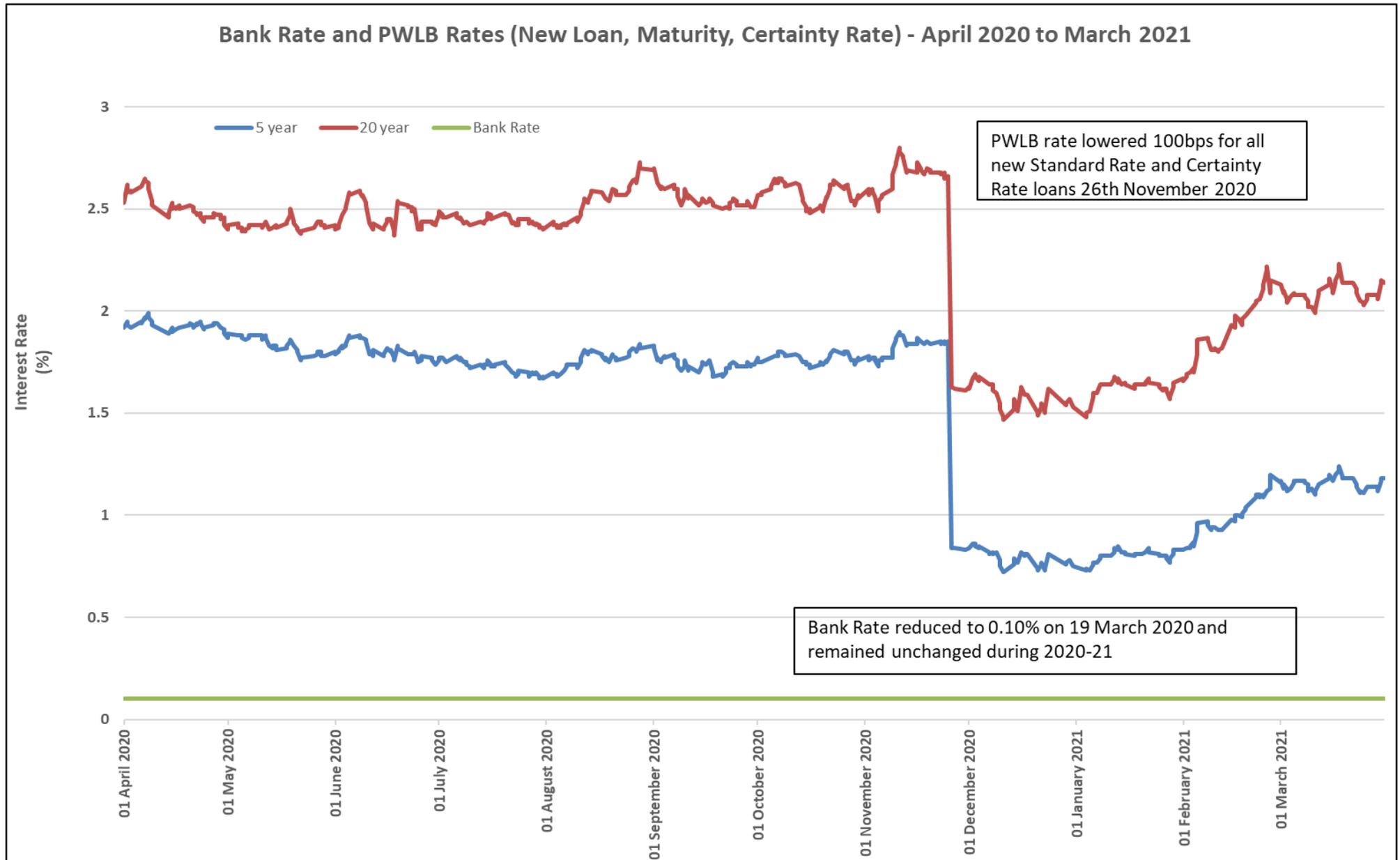
Headline indicators include:

Has the Council complied with the CIPFA Treasury Management Code?	YES
Were the Council's lending criteria complied with during the year?	YES
Were treasury investment defaults avoided in the year?	YES

Were the Council's treasury prudential limits complied with?	YES
Were revenue costs kept within budget?	YES

11 Decisions taken under treasury management delegations

- 11.1 Each quarter, decisions taken by the Chief Finance Officer and the treasury management team are reported to Cabinet as part of Capital and treasury monitoring. Long term borrowing decisions during Quarter 4 are included in Appendix 2, and investment activity during Quarter 4 is reported at Appendix 3 below.



1st April 2020 - 31st March 2021

New Long Term Loans taken out during the year.

Date of loan	Loan	Counter Party	Interest Rate	Maturity Date
20 April 2020	£20m	Cornwall Council	1.70%	20 April 2022
24 April 2020	£5m	Lancashire Combined Fire Authority	1.45%	25 April 2022
24 April 2020	£10m	London Borough of Barking & Dag	1.70%	22 April 2022
05 March 2020	£30m	PWLB	1.95%	05 March 2037

New Long Terms Loans to fund LOBO refinancing.

Date of loan	Loan	Counter Party	Interest Rate	Maturity Date
None				

Long Term Loans prematurely repaid during the year.

Date of repayment	Loan/ (Repayment)	Counter Party	Interest Rate	Maturity Date	Premia/ (Discounts)
None					

Appendix 3.1

Treasury Management Investment Details
1st January 2021 to 31st March 2021

Investments - Fixed Term Deposits

Date Out	Date In	Borrower	Amount £	Interest Rate
08/01/2021	15/01/2021	DMO DMADF	25,000,000	0.01%
12/01/2021	20/01/2021	DMO DMADF	22,000,000	0.01%
15/01/2021	22/01/2021	DMO DMADF	170,000,000	0.03%
22/01/2021	29/01/2021	DMO DMADF	110,000,000	0.03%
25/01/2021	01/02/2021	DMO DMADF	25,000,000	0.01%
26/01/2021	02/02/2021	DMO DMADF	15,000,000	0.01%
28/01/2021	26/02/2021	London Borough of Barking & Dagenham	5,000,000	0.02%
29/01/2021	05/02/2021	DMO DMADF	23,000,000	0.01%
01/02/2021	08/02/2021	DMO DMADF	6,000,000	0.01%
02/02/2021	09/02/2021	DMO DMADF	30,000,000	0.01%
08/02/2021	08/03/2021	Woking Borough Council	10,000,000	0.01%
09/02/2021	09/03/2021	London Borough of Barking & Dagenham	5,000,000	0.01%
22/02/2021	15/03/2021	Leeds City Council	5,000,000	0.01%
16/02/2021	16/03/2021	Calderdale MBC	1,500,000	0.02%
19/02/2021	19/03/2021	Wrexham County Borough Council	5,000,000	0.02%
18/02/2021	24/03/2021	Glasgow City Council	10,000,000	0.02%

In addition to the above deposits with individual institutions the Council uses money market funds and other call accounts where money may be added or withdrawn usually without notice. A summary of transactions for the quarter is as follows:

Investments - Call Account

	<u>No of Transactions</u>		<u>Average</u>	<u>Average</u>
	<u>Investments</u>	<u>Withdrawals</u>	<u>Balance £</u>	<u>Rate Earned</u>
Barclays Bank PLC FIBCA A/C	3	3	4,977,778	0.00%
HSBC	1	1	11,374,438	0.00%

Investments - Money Market Funds

	<u>No of Transactions</u>		<u>Average</u>	<u>Average</u>
	<u>Investments</u>	<u>Withdrawals</u>	<u>Balance £</u>	<u>Rate Earned</u>
Aberdeen Standard Liquidity Fund	16	15	25,044,444	0.01%
Aviva Money Market Fund	9	8	11,600,000	0.01%
CCLA MMF*	2	6	47,633,333	0.04%
Deutsche Money Market Fund	14	15	26,377,778	0.01%
Federated Money Market Fund*	4	9	45,611,111	0.01%
JPMorgan Sterling Liquidity Fund	5	9	8,911,111	0.00%
LGIM Sterling Liquidity Fund	3	7	1,700,000	0.00%

* Balances exceeded limits set in the Treasury Management Policy due to the temporary Brexit risks strategy applied - see paragraph 6.4 in the main body of the report.

Note

This appendix reports on the exercise of investment delegations to the Chief Finance Officer in the last quarter of the financial year. Investment activity in previous quarters has been reported in the relevant quarterly Capital & Treasury Monitoring to Cabinet.

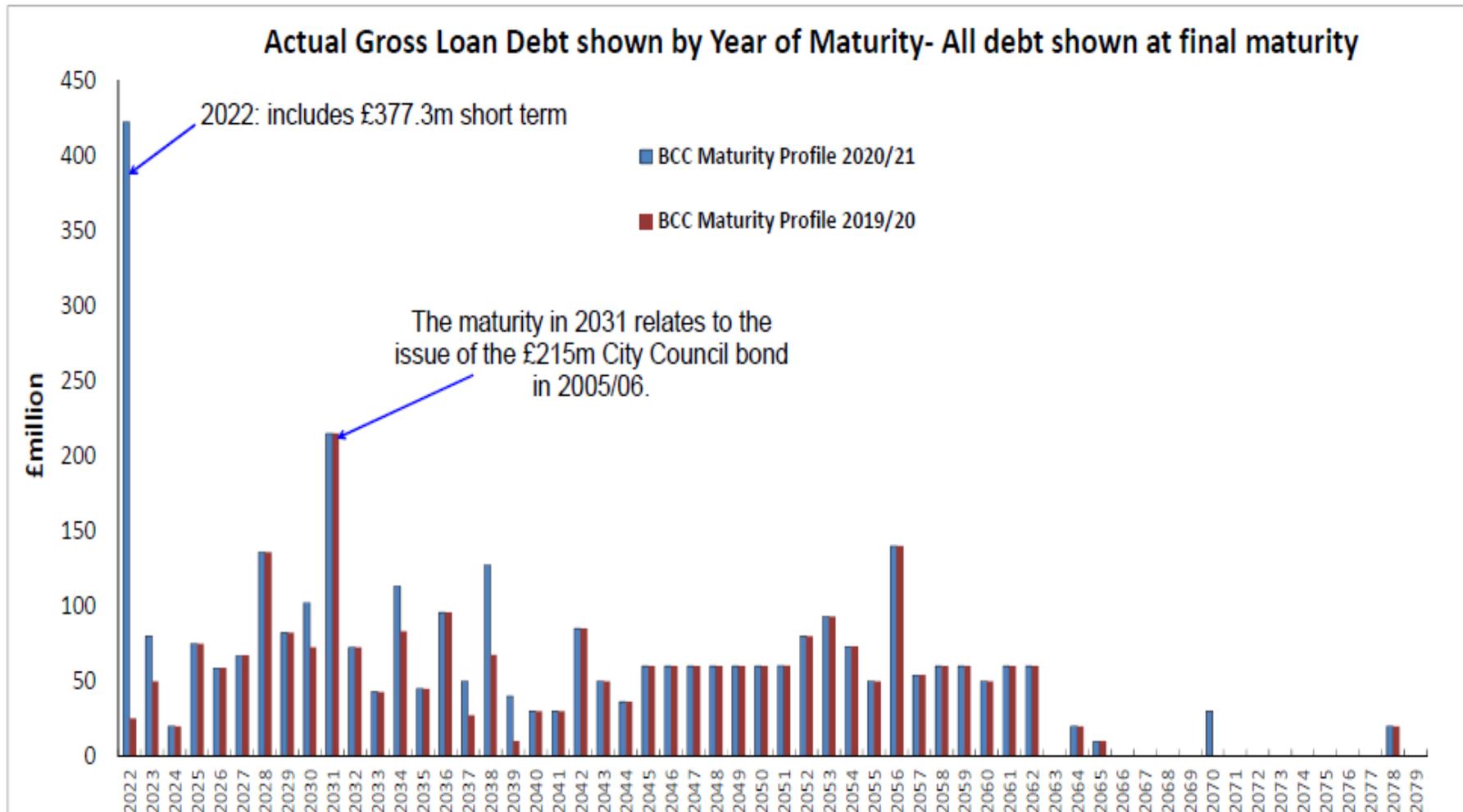
Appendix 3.2

Accountable Body Investments - 31st March 2021

	Advanced Manufacturing Supply Chain Initiative (AMSCI)	Growing Places Fund (GPF)	Local Growth Fund 3 (LGF3)	LOGRO Fund	National Manufacturing Competitiveness Levels (NMCL)	Regional Growth Fund (RGF)	Total
	£000	£000	£000	£000	£000	£000	£000
BlackRock Money Market Fund				11,448			11,448
Morgan Stanley Money Market Fund	25,114	7,716		452	76	5,698	39,056
Total Money Market Funds	25,114	7,716	0	11,900	76	5,698	50,504
Debt Management Office	15,016	71	665	17,035	906	9,399	43,091
							0
Total Accountable Body investments	40,130	7,788	665	28,935	981	15,096	93,595

Note

This appendix shows amount invested externally by The Council as Accountable Body. These are separate from The Council's own investments.



This appendix provides monitoring against the Council's approved Prudential Indicators

DEBT AND PRUDENTIAL INDICATORS

WHOLE COUNCIL

	20/21 Indicators £m	20/21 Outturn £m
Capital Finance		
1 Capital Expenditure - Capital Programme	710.1	501.3
2 Capital Expenditure - other long term liabilities	38.2	38.3
3 Capital expenditure	748.3	539.6
4 Capital Financing Requirement (CFR)	4,839.3	4,559.9
Planned Debt		
5 Peak loan debt in year	3,849.9	3,573.5
6 + Other long term liabilities (peak in year)	415.5	416.8
7 = Peak debt in year	4,265.4	3,990.3
8 does peak debt exceed year 3 CFR?	no	no
Prudential limit for debt		
9 Gross loan debt	4,084.5	3,573.5
10 + other long term liabilities	415.5	416.8
11 = Total debt	4,500.0	3,990.3

Notes

- 1 There is a net increase in forecast capital expenditure due mainly to slippage from previous years.
- 4 The Capital Financing Requirement represents the underlying level of borrowing needed to finance historic capital expenditure (after deducting debt repayment charges). This includes all elements of CFR including Transferred Debt.
- 5-7 These figures represent the forecast peak debt (which may not occur at the year end). The Prudential Code calls these indicators the Operational Boundary.
- 8 It would be a cause for concern if the City Council's loan debt exceeded the CFR, but this is not the case due to positive cashflows, reserves and balances.
- 11 The Authorised limit for debt is the statutory debt limit. The City Council may not breach the limit it has set, so it includes allowance for uncertain cashflow movements and potential borrowing in advance for future needs.

Appendix 5B

DEBT AND PRUDENTIAL INDICATORS

HOUSING REVENUE ACCOUNT		20/21	20/21
		Indicators	Outturn
		£m	£m
Capital Finance			
1	Capital expenditure	125.8	106.1
HRA Debt			
2	Capital Financing Requirement (CFR)	1,097.1	1,067.1
Affordability			
3	HRA financing costs	97.2	100.4
4	HRA revenues	279.9	276.9
5	HRA financing costs as % of revenues	34.7%	36.3%
6	HRA debt : revenues	3.9	3.9
7	Forecast Housing debt per dwelling	£18,423	£17,894

Notes

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

DEBT AND PRUDENTIAL INDICATORS

GENERAL FUND	20/21 Indicators £m	20/21 Outturn £m
Capital Finance		
1 Capital expenditure (including other long term liabilities)	622.5	433.4
2 Capital Financing Requirement (CFR)	3,742.2	3,492.8
General Fund debt		
3 Peak loan debt in year	2,752.8	2,506.4
4 + Other long term liabilities (peak in year)	415.5	416.8
5 = Peak General Fund debt in year	3,168.3	2,923.2
General Fund Affordability		
6 Total General Fund financing costs	255.6	252.7
7 General Fund net revenues	852.9	852.9
8 General Fund financing costs (% of net revenues)	30.0%	29.6%

Note

- 4 Other long term liabilities include PFI, finance lease liabilities, and transferred debt liabilities.
- 6 Financing costs include interest and MRP (in the General Fund), for loan debt, transferred debt, PFI and finance leases.
- 8 This indicator includes the revenue cost of borrowing and other finance, including borrowing for the Enterprise Zone and other self-supported borrowing.

Appendix 5D

PRUDENTIAL INDICATORS

TREASURY MANAGEMENT		20/21	20/21
		Indicators	Outturn
1	General Fund impact of an unbudgeted 1% rise in interest rates	£3.8m	£0.8m
2	Variable rate exposures vs upper limit 30%		13%
Maturity structure of borrowing		Limit	Forecast
(lower limit and upper limit)			Year End
3	under 12 months	0% to 30%	13%
4	12 months to within 24 months	0% to 30%	2%
5	24 months to within 5 years	0% to 30%	5%
6	5 years to within 10 years	0% to 30%	18%
7	10 years to within 20 years	5% to 40%	19%
8	20 years to within 40 years	10% to 60%	39%
9	40 years and above	0% to 40%	4%
Investments longer than 364 days			
upper limit on amounts maturing in:		Limit	Outturn
10	1-2 years	400	0
11	2-3 years	100	0
12	3-5 years	100	0
13	later	0	0

Note

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

Annex D Housing Revenue Account (HRA)

	Current Budget £m	Outturn £m	Outturn Variation Over / (Under) spend	Movement from Quarter 3 Variation
Rent Income	(253.793)	(253.294)	0.499	0.299
Service Charges	(14.406)	(14.383)	0.023	0.023
Other Income	(11.698)	(11.966)	(0.268)	(0.168)
Total Income	(279.898)	(279.643)	0.254	0.154
Repairs	65.023	61.199	(3.824)	(2.524)
Estate Services	19.777	17.096	(2.681)	(1.381)
General Management	68.332	59.714	(8.618)	(5.218)
Bad Debt Provision	5.616	4.645	(0.971)	(5.771)
Capital Financing	66.403	58.330	(8.072)	(3.378)
Capital Programme Funding	54.747	75.948	21.201	16.801
Total Expenditure	279.898	276.933	(2.965)	(1.471)
Net Surplus	0.000	(2.711)	(2.711)	(1.317)

Overall Position

The overall net surplus on the HRA at outturn is (£2.7m), an additional £1.3m on what was reported at Quarter 3. This surplus will be added to the current revenue reserve of £8.5m, which will mean that the HRA revenue reserve will increase to £11.2m. Due to increased favourable variances across the HRA there is an additional £16.8m of revenue funding of the capital programme. As a result, new borrowing on the capital programme in 2020/21 is £7.0m, a reduction of £8.3m on the budget.

The main reasons for the change since Quarter 3 are:

- A change of £5.8m on the bad debt provision compared to cautious rent collection projections throughout the year, given the challenging circumstances. The better performance is due to the extension of furlough, extension of the Universal Credit additional payment to tenants and the level of DWP payments applied for and received.
- Net savings of £2.5m on Repairs due to a technical adjustment on the pension provision (£1.3m); continued improvement on void dwellings resulting in savings on void repairs (£1.0m) and council tax (£0.7m); various other minor savings (£0.1m); offset by additional costs incurred on Lift and Legionella repairs managed by Acivico, £0.6m.
- Savings of £1.4m on Estates due to lower than anticipated premises costs (£1.1m), including utility costs and cleaning, on Sheltered Housing, High-Rise and Low-Rise flats; savings on caretaker transport and refuse costs (£0.2m); and various other minor savings (£0.1m)

- Savings of £5.2m on General Management due to lower than anticipated recharges (£2.7m), including Rent Team, Birmingham Property Services and ICT charges; further savings on employee costs (£0.9m) due to vacancies and turnover, and savings on pension costs; savings on office costs (£1.0m); savings on transport costs (£0.3m); and various other minor savings (£0.3m).
- Savings of £3.4m on Capital Financing Costs mainly due a reduction in the anticipated level of debt as a result of delay in appropriations into the HRA (appropriations in 2020/21 only £3.1m), and a reduction in new borrowing (new borrowing £7.0m) due to increased revenue contributions. The outstanding debt on the HRA at 31st March 2021 is £1,067.1m.
- An increase on Capital Funding expenditure of £16.8m as a result of savings elsewhere on the HRA being used to fund the programme.

Covid-19

The cost of Covid-19 on the HRA in 2020/21 was £2.7m. This was mainly due to an increase in HRA current arrears provision, £1.7m, and an increase in the bad debt provision on HRA commercial assets, £0.7m. These costs were due to the economic impacts of Covid-19 on tenants. In addition, there have been other costs incurred, £0.3m on items such as additional cleaning of communal areas and offices; and the purchase of protective equipment. Due to the HRA ring-fence, these additional costs have been funded from savings within the overall HRA.

ANNEX E COLLECTION FUND OUTTURN – 2020/21**1. Background**

1.1. The Council is required to establish and maintain a Collection Fund under the Local Government Finance Acts 1988 and 1992. The Fund accounts for the collection of Council Tax and Business Rates or National Non-Domestic Rates (NNDR) and the distribution of sums received to relevant authorities. These amounts are kept separate from the main activities of the Council which are accounted for in the General Fund. Transfers from the Collection Fund to the General Fund are made at a planned level and, therefore, if the actual position is better or worse than planned leading to a greater surplus/deficit than previously forecast, this will be rolled forward to be taken into account in the next budget setting round, which will be 2022/23 in this instance.

2. Council Tax*2.1. Council Tax Summary*

The Collection Fund position for 2020/21 applicable to the Council Tax element of the Fund is summarised below:

Table 1	£m	£m
Income:		
Council Tax Income due in 2020/21	(431.523)	
Contribution to Bad Debt Provision	27.278	
Government funding of Council Tax Support	(8.301)	
Total Income		(412.546)
Budgeted Precepts 2020/21		
Birmingham City Council	365.669	
New Frankley in Birmingham Parish	0.041	
Sutton Coldfield Town Council	1.854	
West Midlands Police & Crime Commissioner	41.394	
West Midlands Fire and Rescue Authority	15.739	
Total Expenditure		424.697
2020/21 In Year (Surplus)/Deficit		12.151
2019/20 Deficit b/fwd		3.129
Cumulative Council Tax (Surplus)/Deficit c/fwd		15.279

2.2. The actual in-year deficit on the Council Tax element of the Collection Fund for 2020/21 was £12.2m. The cumulative balance brought forward from 2019/20 amounted to a

deficit of £3.1m, giving a closing cumulative deficit at the end of 2020/21 of £15.3m. This is after applying £8.3m of Government funding for Council Tax Support.

2.3. An £8.4m cumulative deficit was forecast when setting the 2021/22 budget. The final cumulative deficit is £6.8m lower/higher, resulting in a surplus/deficit of £6.8m to be carried forward into future years. The make-up of this is summarised in table 2:

Table 2				£m	£m
Forecast Cumulative Deficit position for 2020/21 Budget Setting					8.437
Reduction in Growth				1.653	
Changes to Exemptions and Discounts				(1.069)	
Decrease in Council Tax Support (CTS)				(2.765)	
Offset by reduction in use of funding from Government				1.699	
Prior Year Adjustments, mainly change in Bad Debt Provision				7.194	
Other				0.130	
					6.842
Cumulative Council Tax (Surplus)/ Deficit c/fwd					15.279

2.4. The Council's share of the deficit is £13.2m, which compares to a deficit of £7.3m anticipated when the Council Tax for 2021/22 was set. This **deficit** will be taken into account when setting the budget for 2022/23. The allocation of the total accumulated surplus, from Council Tax at 31 March 2021 is outlined in Table 3:

Table 3	Forecast (Surplus) /Deficit	Outturn	Variance
	£m	£m	£m
Council	7.302	13.223	5.921
Police & Crime Commissioner	0.822	1.489	0.667
Fire & Rescue Authority	0.313	0.567	0.254
Total Surplus	8.437	15.279	6.842

2.5. Council Tax Arrears

A summary of the Council Tax Arrears position for the end of 2020/21 is shown in Table 4.

Table 4	Prior Years	2020/21	Total
	£m	£m	£m
Balance b/f prior years	110.731		110.731
Due in year		431.523	431.523
Collected	(15.484)	(388.294)	(403.778)
Amounts Written Off	(2.299)	(0.007)	(2.305)
Credits Written On	(0.000)	0.000	(0.000)
Council Tax Arrears	92.948	43.223	136.171

A summary of the Council Tax Arrears position for 2020/21 compared with 2019/20 is shown in Table 5.

Table 5	31-Mar-20	31-Mar-21	Change
	£m	£m	£m
Council Tax Arrears Prior Years	76.524	92.948	16.424
Council Tax Arrears In Year	34.207	43.223	9.016
Council Tax Debtors	110.731	136.171	25.439

2.6. Provision for Doubtful Debts

The provision for bad and doubtful debts stands at £60.8m as at 31 March 2021, £25.0m more than the amount set aside at the end of 2019/20. The 2020/21 year end provision is compared in Table 6 to the prior year:

Table 6	31-Mar-20	31-Mar-21	Change
	£m	£m	£m
Council Tax Arrears Debtors (Gross)	110.731	136.171	25.439
Less Provision for Bad or Doubtful Debts	(35.824)	(60.804)	(24.980)
Council Tax Debtors (Net)	74.907	75.367	0.460
Bad Debt Provision as % of Gross Debtors	32.4%	44.7%	12.3%

During the year there has been a net amount of £2.3m written off relating to Council Tax debts compared with £8.9m net write-offs in 2019/20. After making a further contribution to the provision for bad and doubtful debts of £27.3m in 2020/21, the overall provision has increased by £25.0m.

2.7. Collection Performance

Set out below is the in-year collection performance for the past three years. This shows the in- year collection rates as reported to the Ministry for Housing Communities and Local Government (MHCLG) as required by the Final Quarterly Return for the Collection of Council Tax and Business Rates (QRC4).

The adjusted actual in year collection rate was 92.6% which includes adjustments as per QRC4 guidelines.

Table 7 shows the comparative prior year rates:

Table 7	Actual In Year Council Tax Collection Rates		
	2018/19	2019/20	2020/21
QRC4 Base	94.4%	94.3%	92.6%

In 2020/21, there was a significant reduction in collection rates due to the impact of Covid-19. This was in line with national trends. However, it is hoped that the eventual collection rate over time will reach the estimated rate of 97.1% assumed when setting the budget since the Council will continue to collect outstanding debt in future years.

3. **Business Rates - National Non-Domestic Rates (NNDR)**

3.1. In 2020/21 the Council has continued to be part of a Business Rates Pilot for the local retention of 100% Business Rates. This means that the Council retains 99% of Business Rates income with 1% being paid over to the West Midlands Fire & Rescue Authority. This has been in place since 1st April 2017 before which, Business Rates was apportioned between Central Government (50%), The City Council (49%) and the West Midlands Fire & Rescue Authority (1%).

3.2. *Business Rates Summary*

The Collection Fund position for 2020/21 applicable to the Business Rates element of the Fund is summarised below:

Table 8	£m	£m	£m	£m
	Outside the EZ		Enterprise Zone (EZ)	
Business Rates Income due for 2020/21	(277.298)		(0.636)	
Contribution to Appeals Provision	34.038		0.477	
		(243.261)		(0.159)
Contribution to Bad Debt Provision (incl credits written on)	27.905		0.013	
Cost Of Collection Allowance	1.823		-	
		29.727		0.013
Total Income		(213.533)		(0.146)
Expenditure:				
Budgeted Proportionate Shares 2020/21:				
Central Government	-		-	
Birmingham City Council	441.204		-	
West Midlands Fire and Rescue Authority	4.457		-	
Enterprise Zone	-		10.183	
Total Expenditure		445.661		10.183
2020/21 In Year Deficit/(Surplus)		232.128		10.037
2019/20 Deficit b/fwd	1.449		-	
		1.449		-
Cumulative Business Rates Deficit/(Surplus) c/fwd		233.577		10.037
Section 31 Grant Compensation (Surplus)		(180.465)		
Total Deficit after Section 31 Surplus		53.111		10.037

3.3. After taking into account Section 31 Grant Compensation, excluding the Enterprise Zone (EZ), the actual in-year deficit on the Business Rates element of the Collection Fund for 2020/21 was £51.7m. The cumulative balance brought forward from 2019/20 amounted to a deficit of £1.4m. Therefore the closing position at the end of 2020/21 is a deficit of £53.1m.

3.4. A £50.6m deficit was forecast when setting the 2021/22 budget and the main reasons for the increase of £2.5m in the deficit can be explained as follows:

- Provision for Doubtful Debt (£8.1m adverse movement) – Given that collection has been impacted by Covid-19, and the continuing financial uncertainty, it is prudent for the Council to increase its Bad Debt Provision.
- Retail Reliefs (£1.1m adverse movement). There has been a further increase in reliefs awarded. This is offset by additional Section 31 Grants to the General Fund

This has been partially offset by:

- Appeals (£4.4m favourable movement) – There has been a reduction in the anticipated appeals losses or contributions to the appeals provision compared to that assumed when setting the 2020/21 budget. This follows the receipt of updated information from the Valuation Office Agency (VOA) regarding appeals related to material changes of circumstances due to Covid-19.
- Growth Forecast (£1.0m favourable movement) – While growth was less than less than forecast when setting the 2020/21 budget, there was a small improvement compared with the forecast.
- Section 31 Grants to the General Fund (£1.4m favourable movement). The increase in retail relief mentioned above was offset by improvements in compensatory grants.

Table 9 shows the movement between the forecast and outturn surplus positions:

Table 9	£m	£m
Forecast Cumulative Deficit for 2021/22 Budget Setting		50.611
Forecast Deficit due to anticipated growth less than budgeted	12.582	
Actual Deficit due to anticipated growth	11.619	
		(0.963)
Forecast Deficit due to reliefs to Retail Properties	178.506	
Actual Deficit due to reliefs to Retail Properties	179.575	
		1.069
Forecast Deficit due to increase in other reliefs	6.056	
Actual Deficit due to increase in other reliefs	6.131	
		0.075
Forecast Deficit due to increase in provision for doubtful debts	10.335	
Actual Deficit due to increase in provision for doubtful debts	18.412	
		8.077
Forecast Deficit due to increase in provision for appeals	20.733	
Actual Deficit due to increase in provision for appeals	16.391	
		(4.342)
Forecast Surplus in Section 31 funding	(179.051)	
Actual Surplus in Section 31 funding	(180.465)	
		(1.415)
Cumulative Business Rates Deficit c/fwd		53.111

3.5. The following table shows the proportionate shares of the 2020/21 Business Rates surplus compared with the forecast for the 2021/22 budget setting process:

Table 10:	Forecast	Outturn	(Improvement)/ Decline
	£m	£m	£m
Central Government (nil for 2021/22)	0.000	0.000	0.000
Fire (1%)	0.506	0.531	0.025
BCC (99%)	50.104	52.580	2.476
Total	50.610	53.111	2.501

3.6. The Council's share of the deficit at outturn is £52.6m, which is £2.5m worse than the position anticipated when the budget for 2021/22 was set. This £2.5m will be taken into account when setting the budget for 2022/23.

3.7. Within the Enterprise Zone the actual in year income generated relating to Business Rates was £0.1m. This compares to £10.2m when the budget for 2020/21 was set resulting in a significant **deficit** of £10.0m.

3.8. Business Rates Arrears 2020/21

A summary of the Business Rates Arrears position for the end of 2020/21 including the element attributable to the Enterprise Zone, is shown in Table 11:

Table 11	Prior Years	2020/21	Total
	£m	£m	£m
NNDR Arrears b/fwd prior years	96.379		96.379
Adjustments/Net of Refunds	-		-
Due in year:			
Non EZ		277.298	277.298
Enterprise Zone (EZ)		0.636	0.636
Collected	(6.802)	(236.714)	(243.516)
Amounts Written Off	(2.857)	-	(2.857)
Credits Written On	0.027	-	0.027
Business Rates Arrears	86.747	41.220	127.967

A summary of the Business Rates Arrears position for 2020/21 compared with 2019/20 is shown in Table 12:

Table 12	31 March 2020	31 March 2021	Change
	£m	£m	£m
Business Rates Arrears Prior Years	63.715	86.747	23.031
Business Rates Arrears In Year	32.665	41.220	8.555
Business Rates Debtors	96.379	127.966	31.587

3.9. Provision for Doubtful Debts

The Business Rates Bad Debt provision has moved from £47.6m to £72.7m, an increase of £25.1m. The 2020/21 year end provision is compared in Table 13 to the previous year:

Table 13	31 March 2020	31 March 2021	Change
	£m	£m	£m
Business Rates Arrears (Gross)	96.379	127.966	31.587
Less Provision for Bad or Doubtful Debts	(47.578)	(72.665)	(25.087)
Business Rates Debtors (Net)	48.802	55.301	6.500
Bad Debt Provision as % of Gross Debtors	49.4%	56.8%	7.4%

During the year there has been a net amount of £2.8m written off relating to Business Rates debts compared with £20.5m net write-offs in 2019/20. After making a further contribution to the provision for bad and doubtful debts in 2020/21 of £27.9m, including amounts relating to the Enterprise Zone, the overall provision has increased by £25.1m.

3.10. Collection Performance

For Business Rates the adjusted actual in year collection rate calculated was 91.3% (2019/20 96.9%). This is the in-year collection rate as reported to the Ministry for Housing Communities and Local Government as required by the Final Quarterly Return for the Collection of Council Tax and Business Rates (QRC4) and is inclusive of allowable adjustments.

Set out below is the QRC4 in-year collection performance for the past three years.

Table 14	Actual In Year Business Rates Collection Rates		
	2018/19	2019/20	2020/21

QRC4 Base	96.3%	96.9%	91.3%
-----------	-------	-------	-------

There has been a decrease of 5.6% in the reported in year collection rate. This is very largely due to the impacts of Covid-19.

The service will focus more on the collection of Business rates moving forward. However, it is hoped that the eventual collection rate over time will reach the estimated rate of 98.0% assumed when setting the budget as the Council will continue to collect outstanding debt in future years.

4. Overall Position

- 4.1. Taken together, the forecast position for the Collection Fund and related income streams was a deficit of £57.4m to be carried forward and taken into account in setting the budget for 2021/22 (£7.3m deficit for Council Tax and a £50.1m deficit for Business Rates).
- 4.2. At year end, there has been a deterioration of £8.4m (£5.9m further deficit for Council Tax and a further £2.5m deficit for Business Rates. This deficit will be rolled forward to be taken into account in the next budget setting round, which will be 2022/23 in this instance.
- 4.3. However, it should be noted that the Government has stated that local authorities will be compensated in 2021/22 for 75% of the in-year loss in 2020/21 Collection Fund Income. The Council expects to receive £23.5m based on the guidance issued by the Government. The Council can also spread any deficit incurred in 2020/21 over the following three years. The forecast deficit less £39.6m forecast compensation is reflected in the Council's budget for 2021/22 and subsequent years. The further deficit of £8.4m will be reflected in 2022/23 and 2023/24. The reduction in compensation of £16.1m will be reflected in the three years from 2021/22 to 2023/24.