

## APPENDIX A

### Month 10 Financial Monitoring Report 2021/22

#### 1. High Level Summary Financial Position

- 1.1. At the end of Month 10, there is a forecast net revenue underspend on the Council's General Fund of **£0.6m** (Column E in table 2) which represents -0.1% of the £828.7m budget and a **£4.8m** improvement since Month 9. This is made up of a **£37.1m** (Column D in table 2) revenue budget non-Covid underspends and a **£36.4m** (Column C in table 2) overspend related to direct covid expenditure and reduction in income.
- 1.2. Direct covid related expenditure and reduction in income of **£36.4m** is after applying funding; **£17.5m** of un-ringfenced Covid-19 related grant funding from the government received in 2020/21 carried forward into 2021/22, release of **£1.0m** from specific grant funding, **£6.0m** of Public Health Grant to fund Covid related spending in 2021/22, funding due from the Government for income losses of **£2.8m** and **£12.5m** pressures funded in the 2021/22 budget from the application of Tranche 5 of Government Covid funding. It is also after applying an estimate of **£38.0m** cost from the redeployment of staff on a similar basis to that reported in the 2020/21 outturn. The covid overspend has worsened by £0.5m since Month 9, largely due to increases in costs for City Operations. We will continue to look to maximise the use of other specific covid funding to reduce this estimated cost.

**Table 1: High level position**

<b>Table 1 : High level position.</b>	<b>Covid Variation</b>	<b>Non-Covid Variation</b>	<b>Total Variation</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Directorate Sub Total	26.8	1.7	28.5
Corporate Budgets	11.5	5.3	16.7
Application of Tranche 5 Funding Budget 2021/22	(12.5)	0.0	(12.5)
Covid Funding	(17.5)	0.0	(17.5)
Specific Grant Funding	(1.0)	0.0	(1.0)
Public Health Grant	(6.0)	0.0	(6.0)
Income Loss Scheme Funding	(2.8)	0.0	(2.8)
Corporate funding for Home to School Transport	0.0	(6.1)	(6.1)
<b>City Council General Fund Sub Total</b>	<b>(1.6)</b>	<b>0.9</b>	<b>(0.6)</b>
Transfer of Indirect Covid Costs	38.0	(38.0)	0.0
<b>General Fund after transferring indirect costs</b>	<b>36.4</b>	<b>(37.1)</b>	<b>(0.6)</b>

- 1.3. In terms of savings, **£33.4m** of the **£36.7m** savings targets are either delivered or on track which represents 91% of the total savings target. This represents an increase of £1.9m in the savings that are delivered or on track since Month 9. The £20.1m establishment saving has been fully delivered.
- 1.4. To help manage costs and mitigate the forecast overspend the council introduced a series of spending controls. The key areas of spend under control were staffing, properties / facilities management, and procurement. These controls were implemented in November and remain in place for the whole of this Financial Year.
- 1.5. The revenue budget non-Covid position is a net underspend of **£37.1m** (Column D in table 2). This is an improvement of **£5.4m** on Month 9. This includes improvement of

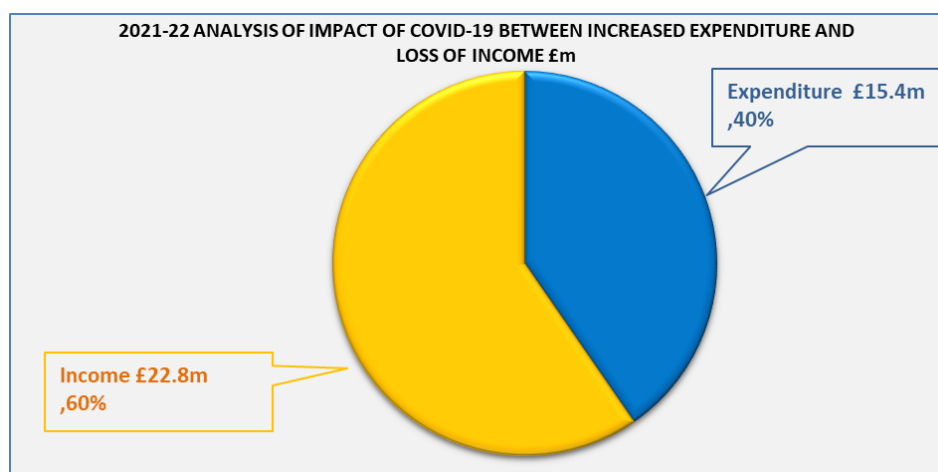
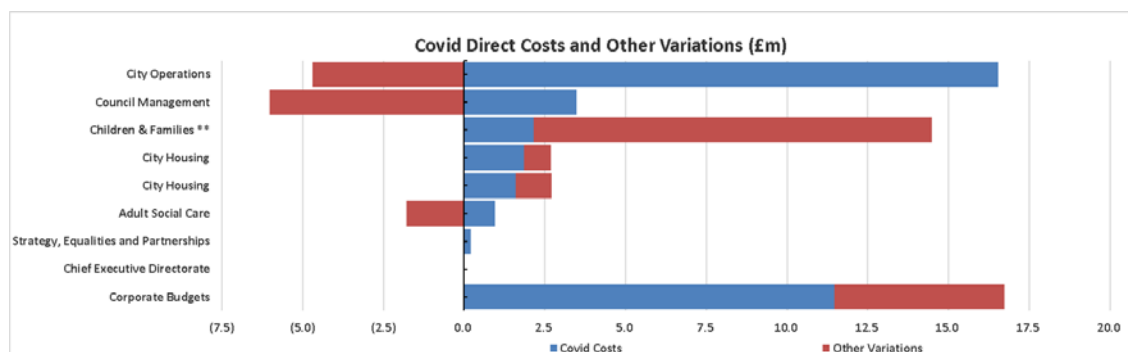
£1.9m Adult Social Care, £0.9m City Operations, £2.4m Council Management, Children & Families £0.3m, £0.5m Place, Prosperity and Sustainability, which is offset by a deterioration of £0.5m on corporate budgets and £0.1m City Housing.

1.6. The direct covid related expenditure and reduction in income is a **£36.4m** overspend, including indirect covid spending of **£38.0m**, and is shown in table 2 (column C in table 2) below. This is a deterioration of **£0.5m** since Month 9.

1.7. For individual directorate positions please see table 2 below.

1.8. The corporate position is detailed below in table 2. The headlines are :-

- £5.4m shortfall in local tax support funding expected to be received compared to the forecast when the budget was set.
- The likely under achievement of £0.4m of transport savings
- The likely under achievement of contract saving target of £0.7m (a deterioration from Month 9).
- £0.3m Over achievement of establishment saving target (an improvement since Month 9).
- Reminder that there is a forecast cost of £8.3m for estimated costs of the pay award of 1.75% which has been offset by a £9.3m forecast underspend of Policy Contingency.



The Pie chart shows the direct covid related expenditure and reduction in income overspend split between income and expenditure.

- 1.9. Income loss forecast due to covid has not changed since Month 9. However, there is an increase of £0.5m in covid expenditure giving a directorates net deterioration of £0.5m. There is no change in forecast funding for income loss.

**Table 2: High Level Summary**

Table 2 :High Level Summary	A	B	C	D	E	F
Directorate	Current Budget	Forecast Outturn	Covid 19 Financial Impact Included	Over/(Under) spend Non Covid costs	Total Over/(Under) Spend *	Movement since Month 9
	£m	£m	£m	£m	£m	£m
Children & Families **	298.159	312.631	2.165	12.307	14.472	(0.318)
City Operations	185.980	197.822	16.539	(4.697)	11.842	(0.379)
Place, Prosperity and Sustainability ***	61.834	64.515	1.864	0.817	2.681	(0.451)
City Housing	12.731	15.446	1.592	1.123	2.715	0.127
Adult Social Care	333.897	333.077	0.959	(1.779)	(0.820)	(1.763)
Strategy, Equalities and Partnerships	3.923	4.112	0.211	(0.022)	0.189	(0.022)
Council Management	52.804	50.249	3.473	(6.028)	(2.555)	(2.462)
Chief Executive Directorate	0.485	0.485	0.000	0.000	0.000	0.000
<b>Directorate Sub Total</b>	<b>949.813</b>	<b>978.337</b>	<b>26.803</b>	<b>1.721</b>	<b>28.524</b>	<b>(5.268)</b>
Corporate Budgets	(121.143)	(104.412)	11.470	5.261	16.731	0.473
Application of Tranche 5 Funding Budget 2021/22	0.000	(12.515)	(12.515)	0.000	(12.515)	0.000
Covid Funding	0.000	(17.471)	(17.471)	0.000	(17.471)	0.000
Specific Grant Funding	0.000	(1.000)	(1.000)	0.000	(1.000)	0.000
Public Health Grant	0.000	(6.000)	(6.000)	0.000	(6.000)	0.000
Income Loss Scheme Funding	0.000	(2.838)	(2.838)	0.000	(2.838)	0.000
Corporate funding for Home to School Transport	0.000	(6.076)	0.000	(6.076)	(6.076)	0.000
<b>Corporate Subtotal</b>	<b>(121.143)</b>	<b>(150.312)</b>	<b>(28.354)</b>	<b>(0.815)</b>	<b>(29.169)</b>	<b>0.473</b>
<b>City Council General Fund</b>	<b>828.671</b>	<b>828.025</b>	<b>(1.551)</b>	<b>0.906</b>	<b>(0.645)</b>	<b>(4.795)</b>
Indirect Covid Costs			37.998	(37.998)	0.000	0.000
<b>General Fund after transferring indirect costs</b>	<b>828.671</b>	<b>828.025</b>	<b>36.447</b>	<b>(37.092)</b>	<b>(0.645)</b>	<b>(4.795)</b>
Financial Position as at M9	828.671	832.821	35.869	(31.719)	4.150	
<b>Movement from M9</b>	<b>0.000</b>	<b>(4.795)</b>	<b>0.578</b>	<b>(5.373)</b>	<b>(4.795)</b>	
<b>Movement from M9 %</b>	<b>0.000%</b>	<b>(0.58)%</b>	<b>1.61%</b>	<b>16.94%</b>	<b>(115.55)%</b>	

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

\*\* **Children and Families** was previously known as Education & Skills Directorate

\*\*\* **Place, Prosperity and Sustainability** was previously known as City & Municipal Development Directorate.

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

	Non delivery of savings £m	Expenditure variations £m	Income variations £m	One-off mitigations £m	Non Covid 19 Financial Impact Included £m
Children & Families	0.000	13.489	(1.183)	0.000	12.307
City Operations	1.508	3.068	(1.353)	(7.920)	(4.697)
City Housing	0.000	3.375	(2.252)	0.000	1.123
Place, Prosperity and Sustainability	0.000	(0.954)	1.771	0.000	0.817
Strategy, Equalities and Partnerships	0.000	(0.022)	0.000	0.000	(0.022)
Chief Executive	0.000	0.000	0.000	0.000	0.000
Adult Social Care	0.000	1.330	(3.109)	0.000	(1.779)
Council Management	0.200	(1.582)	(3.557)	(1.089)	(6.028)
<b>Directorate Sub Total</b>	<b>1.708</b>	<b>18.704</b>	<b>(9.683)</b>	<b>(9.009)</b>	<b>1.721</b>
Corporate	1.147	8.300	5.369	(15.631)	(0.815)
<b>Total</b>	<b>2.855</b>	<b>27.004</b>	<b>(4.314)</b>	<b>(24.640)</b>	<b>0.906</b>

1.10. **One off mitigation:** actions taken by Directorates to deliver a balanced budget for 2021/22, which also includes mitigation for non-delivery of savings target (over £0.5m).

1.11. **City Operations:** The main mitigation is an underspend of £3.6m on borrowing costs due to delays in procurement of the new fleet. Out of a total of 74 new vehicles that have been ordered 31 vehicles were delivered and in use by the end of March 2021 with the remaining 43 received in June. In addition, further Garden and Bulky Waste income of £0.6m has been achieved. Waste Disposal contract underspend and additional income generated at the Tyseley Plant of £1.9m, projected underspend of £1.1m on the Environmental improvements/cleanliness budgets and capitalisation of £0.4m of transformation revenue costs related to the Waste Strategy project.

1.12. **Council Management:** There are one-off mitigating actions that have been identified by Human Resources including the use of £0.3m Policy Contingency and £0.6m use of various reserves carried forward from the previous year that will be considered as part of the Outturn. These mitigations combined with other significant surpluses on Housing Benefit Overpayment Recovery of £3.5m and Revenue Services Income of £1.5m has contributed toward the directorates projecting an underspend of £6.0m (see paragraph 3.42 & 3.43 for more details).

1.13. **Corporate:** £9.3m of the mitigation is the underspend in policy contingency and £6.1m is the use of Financial Resilience Reserve (FRR) to cover costs of Home to School Transport. There is also a £0.3m of over achievement of establishment saving.

## **2. Capital Expenditure**

### **4-Year Capital Programme 2021/22 - 2024/25**

2.1. The Capital expenditure for the year 2021/22 is forecast at £678.7m against a revised capital budget of £764.4m, representing a net variation of £85.7m.

2.2. This is a net increase in forecast spend of £9.3m since Month 9. This is due to net forecast acceleration within the Council Management Directorate. Further details for the major variations (>£1m) are provided in Section 2.5 below.

- 2.3. Expenditure to date recorded on the ledger is £363.2m which is 53% of the year-end total forecast. In comparison spend to date at Month 10 in 2019/20 (the year prior to Covid-19) was 60%.
- 2.4. Capital Receipts are a key element of the programme and at Month 10 in 2021/22 they amount to £54.2m, being £23.2m of the £65m Asset Review programme and £31.0m of the £35m Business as Usual programme. Further detail is provided in paragraph 2.14 below.

**Table 4: Summary 2021/22 Capital Programme Financial Position**

	Spend to date	Month 9 Budget	Budget Changes Month 10	Revised Budget Month 10	Forecast net overspend/ (slippage)	Forecast Outturn
	£m	£m	£m	£m	£m	£m
General Fund	276.8	652.4	(6.3)	646.1	(89.7)	556.4
HRA	86.4	118.3	0.0	118.3	4.0	122.3
<b>TOTAL</b>	<b>363.2</b>	<b>770.7</b>	<b>(6.3)</b>	<b>764.4</b>	<b>(85.7)</b>	<b>678.7</b>

- 2.5. The revised 2021/22 budget is a £6.3m net decrease from the budget at Month 9. The reason for the budget change is included in Table 5 below.

**Table 5: Movements from the Month 9 to Month 10 Budget 2021/22 (>£1m)**

Directorate	Amount in 21/22 £m	Capital Project	Funding	Cabinet Approval
Council Management	(12.5)	Corporate Capital Contingency	Corporate Prudential Borrowing	February 2022
City Operations	6.2	Waste Management Services – new build depot and relocation of Montague Street & Redfern Road (Atlas Works)	Capital Receipts	October 2021
<b>Total</b>	<b>(6.3)</b>			

**Table 6: Year End forecast by Directorate**

<b>Capital Forecast 2021/22 by Directorate</b>							
<b>Directorate</b>	<b>(a) 2021/22 Month 9 Budget</b>	<b>(b) 2021/22 Month 10 Budget Movements</b>	<b>(c) 2021/22 Month 10 Revised Budget</b>	<b>(d) 2021/22 Spend to Date</b>	<b>(e) Previously Reported Variance Month 9</b>	<b>(f) Further Forecast Variation Month 10</b>	<b>(g) 2021/22 Forecast Outturn</b>
	<b>£m</b>	<b>£m</b>	<b>(a+b) £m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Commonwealth Games</b>	<b>72.5</b>	<b>0.0</b>	<b>72.5</b>	<b>53.3</b>	<b>0.4</b>	<b>0.0</b>	<b>72.9</b>
<b>Council Management</b>							
Development & Commercial	1.1	0.0	1.1	1.9	4.7	0.0	5.8
Corporately Held Funds	78.9	(12.5)	66.4	3.0	(29.0)	10.8	48.2
ICT & Digital	9.3	0.0	9.3	2.6	(2.3)	(1.5)	5.5
<b>Total Council Management</b>	<b>89.3</b>	<b>(12.5)</b>	<b>76.8</b>	<b>7.6</b>	<b>(26.6)</b>	<b>9.3</b>	<b>59.5</b>
<b>City Operations</b>							
Control Centre Upgrade	1.0	0.0	1.0	0.0	0.0	0.0	1.0
Street Scene	33.4	6.2	39.6	16.7	(3.0)	0.0	36.6
Private Sector Housing	2.7	0.0	2.7	0.2	(1.0)	0.0	1.7
Neighbourhoods	2.9	0.0	2.9	0.2	(1.2)	0.0	1.7
Regulation & Enforcement	1.6	0.0	1.6	1.2	0.0	0.0	1.6
Highways Infrastructure	4.9	0.0	4.9	1.5	(1.5)	0.0	3.4
<b>Total City Operations</b>	<b>46.4</b>	<b>6.2</b>	<b>52.6</b>	<b>19.7</b>	<b>(6.7)</b>	<b>0.0</b>	<b>45.9</b>
<b>City Housing</b>							
Housing Options Service	2.1	0.0	2.1	1.5	1.0	0.0	3.1
HRA	118.3	0.0	118.3	86.4	4.0	0.0	122.3
<b>Total City Housing</b>	<b>120.4</b>	<b>0.0</b>	<b>120.4</b>	<b>87.8</b>	<b>5.0</b>	<b>0.0</b>	<b>125.4</b>
<b>Places, Prosperity &amp; Sustainability</b>							
Planning & Development	53.9	0.0	53.9	30.9	(0.7)	0.0	53.2
Transport & Connectivity	83.2	0.0	83.2	15.6	(48.6)	0.0	34.6
Housing Development	1.6	0.0	1.6	0.0	0.0	0.0	1.6
Perry Barr Residential Scheme	182.4	0.0	182.4	111.9	0.0	(0.0)	182.4
Property Services	60.6	0.0	60.6	7.3	(5.0)	0.0	55.6
<b>Total Places, Prosperity &amp; Sustainability</b>	<b>381.7</b>	<b>0.0</b>	<b>381.7</b>	<b>165.7</b>	<b>(54.3)</b>	<b>(0.0)</b>	<b>327.4</b>
<b>Children &amp; Families</b>	<b>46.9</b>	<b>0.0</b>	<b>46.9</b>	<b>19.6</b>	<b>(12.0)</b>	<b>0.0</b>	<b>34.9</b>
<b>Adult Social Care</b>	<b>13.5</b>	<b>0.0</b>	<b>13.5</b>	<b>9.4</b>	<b>(0.7)</b>	<b>0.0</b>	<b>12.8</b>
<b>TOTAL</b>	<b>770.7</b>	<b>(6.3)</b>	<b>764.4</b>	<b>363.2</b>	<b>(94.9)</b>	<b>9.3</b>	<b>678.7</b>

**2.6. Forecast Variation of £9.3m at Month 10 > £1m (additional variations from those reported at Month 9).**

**2.7. Council Management – net acceleration of £9.3m**

2.8. Revenue Reform Projects – slippage of £1.6m within the ICT - Customer Programme. The project was approved by Cabinet in December 2021 with scoping of the scheme expected towards the end of March 2022. Spend will be incurred in 2022/23 - with no impact of the availability of resources or project delivery.

2.9. Corporate Capital Contingency – technical adjustment of £12.5m. The forecast for the Capital Contingency budget has been aligned with the revised budget approved by Cabinet in February 2022 within the Month 9 Monitoring Report 2021/22 to better reflect the projected variation.

2.10. ICT & Digital – slippage of £1.6m. This is mainly due to the Application Platform Modernisation project where there has been a delay in hardware purchases due to supply chain issues caused by the global silicon shortage. The spend will now take place in 2022/23 and there is no impact on the availability of capital resources.

**2.11. Risks and Issues**

2.12. The impact of Brexit on the construction industry is still ongoing and together with the continuing impact of Covid-19 and economic recovery casts greater uncertainty particularly about the supply and import of materials and labour. This applies to most projects within the capital programme and the impact of this situation will continue to be monitored.

2.13. Revenue Reform Projects (Flexible Use of Capital Receipts) – Revenue expenditure which qualifies as being eligible for funding under the Flexible Use of Capital Receipts i.e. Transformational spend that results in revenue savings at Month 10 is £3.6m. Currently this is forecast to spend below budget at £26.3m due to slippage of £19.8m - more detailed monitoring of this spend is provided in Table 7 below:

**Table 7: Flexible Use of Capital Receipts**

Capital Monitoring Month 10 2021-22						
Flexible Use of Capital Receipts						
Directorate	(a) 2021/22 Month 9 Budget	(b) 2021/22 Month 10 Budget Movements	(c) 2021/22 Month 10 Revised Budget	(d) 2021/22 Spend to Date	(e) Forecast Variation Month 10	(f) 2021/22 Forecast Outturn
	£m	£m	(a+b) £m	£m	£m	(c+e) £m
<b>Council Management Directorate:</b>						
<b>Corporately Held Funds:</b>						
Redundancy & Pension Strain	0.0	0.0	0.0	0.5	0.0	0.0
Travel Assist	0.1	0.0	0.1	0.0	0.0	0.1
Tyseley ERF & Transfer Station	0.7	0.0	0.7	0.0	0.0	0.7
Business Improvement & Change	1.8	0.0	1.8	1.8	0.0	1.8
Finance Transformation Involvement	1.3	0.0	1.3	0.0	0.0	1.3
Service Innovation & SAP	0.0	0.0	0.0	0.0	0.0	0.0
Cyber Security	3.0	0.0	3.0	0.5	(1.4)	1.6
Insight Programme	1.1	0.0	1.1	0.6	(1.0)	0.1
Customer Programme	5.6	0.0	5.6	0.0	(5.6)	0.0
Eclipse IT Support	0.7	0.0	0.7	0.0	0.0	0.7
Early Interventions Transformation	0.5	0.0	0.5	0.0	0.0	0.5
Community Equipment	0.2	0.0	0.2	0.0	0.0	0.2
Life Courses Project	1.8	0.0	1.8	0.0	0.0	1.8
Flexible Use of Capital Receipts - Other	10.7	0.0	10.7	0.0	0.0	10.7
Inclusive Growth Delivery Plan	15.0	0.0	15.0	0.0	(10.0)	5.0
Birmingham Childrens Partnership	1.1	0.0	1.1	0.0	0.0	1.1
<b>Total Corporately Held</b>	<b>43.7</b>	<b>0.0</b>	<b>43.7</b>	<b>3.5</b>	<b>(18.0)</b>	<b>25.7</b>
<b>ICT &amp; Digital Services:</b>						
ITD Transition Programme	0.2	0.0	0.2	0.0	(0.2)	0.0
Application Platform Modernisation	1.7	0.0	1.7	0.4	(1.2)	0.4
Networks & Security	0.0	0.0	0.0	0.0	0.0	0.0
Insight	0.1	0.0	0.1	0.6	0.0	0.1
Field Work Project	0.4	0.0	0.4	0.0	(0.4)	0.0
<b>Total ICT &amp; Digital Services</b>	<b>2.4</b>	<b>0.0</b>	<b>2.4</b>	<b>0.9</b>	<b>(1.8)</b>	<b>0.6</b>
<b>TOTAL</b>	<b>46.1</b>	<b>0.0</b>	<b>46.1</b>	<b>4.5</b>	<b>(19.8)</b>	<b>26.3</b>

2.14. **Review of the Disposals Programme & Expected Capital Receipts** – The 2021/22 budget anticipated capital receipts of £100.0m. At present £54.2m of receipts have been achieved (this includes £13.3m for the CHEP site in Bickenhill that was received and accounted for at the end of 2020/21) £23.2m against the £65m Asset Review programme and £31.0m against the Business-as-Usual programme. By the year end it is anticipated that receipts will be in the region of £80m, which while less



than budget will not impact on our financial plans as expenditure is less than planned in year and the receipts will be received next year.

It should also be noted that the disposals programme is back-end loaded meaning that a large number of receipts are due to be received towards the end of the 2021/22 financial year and relate to a small number of high value cases. Some receipts previously forecast this year are now expected to slip into the new financial year due to timings and the anticipated receipts below reflect this.

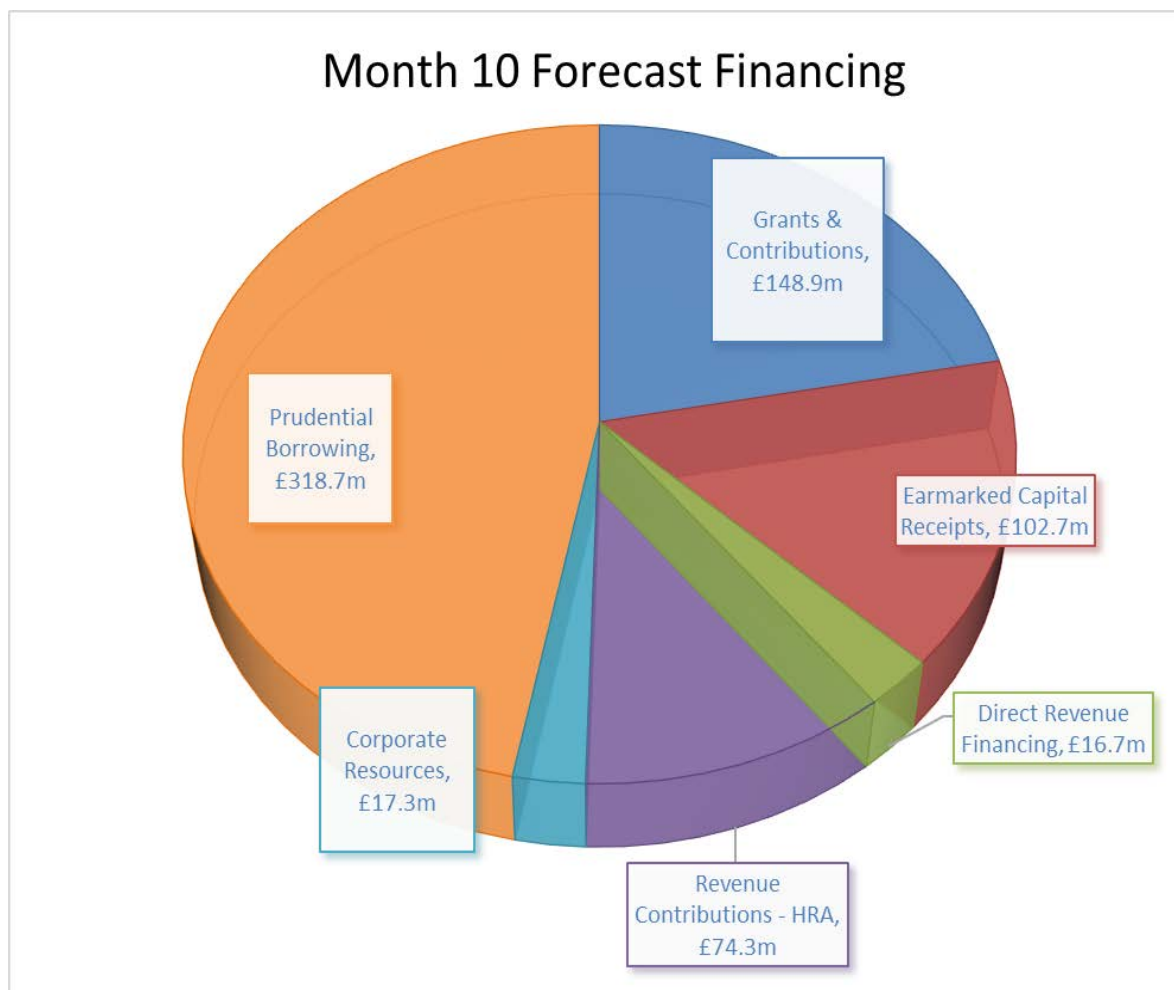
**Table 8: Disposals Programme 2021/22**

<b>Capital Receipts &amp; Disposals Programme 2021/22</b>	
	<b>2021/22 £m</b>
<b>Budget</b>	<b>100.0</b>
Achieved at Month 10	54.2
Further Anticipated Receipts	27.3
<b>Potential Shortfall</b>	<b>(18.5)</b>

#### **Financing the Month 10 Forecast Outturn**

- 2.15 The Month 10 forecast outturn will be financed as shown in the pie chart and the Table 9 below.

#### **Forecast Financing Chart - £678.7m**





## 2.16 Table 9: Capital Financing.

Summary of Capital Funding Month 10 2021-22			
	General Fund	Housing Revenue Account	Total
	£m	£m	£m
<b>Forecast Capital Expenditure</b>	<b>556.4</b>	<b>122.3</b>	<b>678.7</b>
<b>Forecast Funding:</b>			
Grants & Contributions	(140.3)	(8.6)	(148.9)
Earmarked Receipts	(77.5)	(25.2)	(102.7)
Direct Revenue Funding - Departmental	(16.7)		(16.7)
Direct Revenue Funding - HRA		(74.3)	(74.3)
Corporate Resources	(17.3)	0.0	(17.3)
Prudential Borrowing	(304.6)	(14.1)	(318.7)
<b>Total Funding</b>	<b>(556.4)</b>	<b>(122.3)</b>	<b>(678.7)</b>

### 3. Month Key Issues

#### Non Covid-19 Related Issues -Significant variances above £0.5m

- 3.1. **Afghan Refugees;** Under the original ARAP (Afghan Resettlement and Assistance Policy) scheme, BCC committed to, and began, welcoming 80 individuals and families into Birmingham. By the end of February, 76 individuals and families had been welcomed into Birmingham, with the remainder expected by the end of March. In September 2021 this was amended to become the ACRS (Afghan Citizens Resettlement Scheme). BCC has now extended their commitment to a total of 220 individuals and families over the next two years, split as 110 in 2022/23 and 110 in 2023/24.
- 3.2. The resettlement schemes include funding of £20,520 per individual for welcome, integration and support, £4,500 per child for education provision for one year, and £850 per adult for English language provision. Individual will receive support for 3 years and therefore the last year of funding will be in 2025/26 based on when the last individual settles into Birmingham.
- 3.3. The Housing is funded through the introduction amount, benefits, and additional grant funding to meet any gap between cost and benefits. Based on existing resettlement schemes, which attract the same funding offer, this is considered sufficient for the costs of administering and providing services required. The risk in this scheme is if families cannot fund their housing once the top up is removed, and present as homeless at that stage. The impact on wider BCC services over the longer term cannot be estimated without knowledge of the individuals and families and what skills and needs they bring, but without doubt are minimised by the successful implementation of resettlement.

#### Children & Families

- 3.4. At the end of Month 10, there is a forecast **overspend of £12.3m** relating to revenue budget non-Covid expenditure for the Directorate. **This is an improvement of £0.3m since Month 9.**

- 3.5. There is a forecast overspend for **Inclusion and SEND** of **£11.4m**. The forecast overspend relates to Home To School Transport and is made up of £9.5m transport costs and £1.9m on guides. This forecast is following extensive work completed by the project diagnostic group that was established to calculate a more accurate projection during November and December 2021.
- 3.6. The forecast on Home To School Transport does not include the costs of transformation activity for which additional one-off funding of £2.7m has been approved by Cabinet on 12 October 2021.
- 3.7. The council have terminated a contract with North Birmingham Travel, the additional cost of the alternative provider (procured at short notice and including set up costs) will be up to £3.3m (worst case). The additional cost of the contract will be funded from the Financial Resilience Reserve and is not included in the £11.4m projection above.
- 3.8. In May 2021 Birmingham hosted Ofsted and CQC to conduct their Local Area SEND Revisit in order to establish if the partnership has made sufficient progress against the 13 areas of significant weakness identified in the 2018 inspection. The outcome of this revisit was published in July 2021, with Birmingham making sufficient progress in 1 of the 13 areas of significant weakness. As a result of the revisit, there is a need for a SEND Improvement Programme for the city which will require significant one-off investment from the general fund, alongside ongoing investment from the High Needs Block and General Fund to address capacity issues within the system. Cabinet has approved in July 2021 extra funds to address the capacity issues. Also, a bid for one-off transformation costs was approved 12<sup>th</sup> October 2021 by Cabinet.
- 3.9. The forecast overspend for **Birmingham Children's Trust** is **£1.9m**, this is no change since Month 9. Details of the overspend are as follows:
- 3.10. This forecast overspend arises from £6.4m pressures on placement costs and reduced placement related income, broken down as follows:
- *£3.6m supported accommodation*
  - *£1.6m disabled children*
  - *£1.2m shortfall in contributions from partners*
- 3.11. Whilst some of this can be attributed to an increase in the care population, the rate of increase in the number of children in care has actually reduced from around 6% to less than 3%. A key reason for the increase in placement costs is that children's needs are increasing in complexity, including mental health and trauma caused by domestic abuse and exploitation. The shortfall in income contributions is also a cause for concern, particularly health given the complexity of need.
- 3.12. Despite other pressures in the system, the Trust have achieved one-off mitigations, delivered savings and additional income which total £2.5m, and is benefitting from £2.0m from the release of the Housing Support Grant, to reduce the overall forecast pressure to £1.9m.
- 3.13. The Trust continues to promote better outcomes for children and its Stronger Families initiative is intended to place more children with their families which in turn is expected to reduce costs by **£2.0m** this year. This benefit has already been factored into the forecast for the year.

- 3.14. The Director of Council Management and former Interim Director of Education and Skills commissioned the Chartered Institute of Public Finance & Accountancy (CIPFA) to carry out a budget sufficiency review of the Education and Skills budget. The Local Government Association (LGA) also supported with work in this area. The work has concluded and briefings are taking place.

### **City Housing**

- 3.15. At the end of Month 10, there is a forecast **overspend of £1.1m** relating to revenue budget non-Covid Homelessness Service expenditure. **This is a deterioration of £0.1m since Month 9.**

#### **Housing General Fund -projected year end £1.1m overspend:**

- 3.16. The forecast overspend is due to projected temporary accommodation demand levels over the course of the year reflecting significant increase following the lifting of the eviction ban at the end of May. We saw an increase at the end of August which was earlier and higher than previously anticipated. This level has continued through quarter 3, and current modelling assumes continuation of current demand levels of 20 per week until the end of March. This continues to be monitored. Resulting cost pressure is **£3.1m**. The major pressure is in the additional use of leased properties which are cheaper than bed & breakfast placements but more expensive than the block and framework contracts as they are paid on a nightly rate.
- 3.17. The figures above assume £0.3m reduction in B&B spend from the development of hostel accommodation at Oscott Gardens, the timing of which is now considered to be at risk, and unlikely to be in this financial year. Changes will be reflected in Month 11 monitoring once the impact is understood and the financial impact understood.
- 3.18. Other mitigations have been explored generating a further £1.7m saving. This includes savings in procurement of commissioned services and alternative funding sources (£0.4m) and furniture and other underspends (£1.3m).

### **City Operations**

- 3.19. At the end of Month 10, there is a forecast underspend of £4.7m relating to revenue budget non-Covid expenditure for the Directorate. This has improved by £0.9m since Month 9.
- 3.20. **Street Scene service** is reporting a forecast underspend of **£1.6m**, details of major variances are below:
- 3.21. The Street Scene service is projecting pressures totalling £6.3m offset by mitigations of £7.9m giving a net underspend of £1.6m. This is consistent with Month 9 position.
- 3.22. Pressures are primarily within employees and vehicles. The Waste Vehicle Garage service is forecasting an income shortfall of £1.0m due to reduced client base. This has been exacerbated by the procurement of new grounds maintenance fleet which will be covered by warranty arrangements in the first year of operation thereby

reducing the reliance on the internal garage service. However, after the warranty lapses, the Vehicle Garage service will be able to repair these vehicles where required. There is also a forecast overspend of £1.8m on maintenance and vehicle hire due to old and mechanically less reliable vehicles being past their natural life (this includes non-delivery of £0.5m saving target) and a further £0.4m resulting from operating non-compliant vehicles in the Clean Air Zone (CAZ).

3.23. The employee position is forecast to be £2.0m overspent due to the delay in implementing the Street Scene Service re-design. This includes non-delivery of £0.6m saving target and additional agency costs pending permanent recruitment. There are a number of other non-material pressures which when aggregated together total £1.1m.

3.24. The mitigations are as detailed in paragraph 1.11 earlier.

**3.25. Neighbourhoods Service -forecast underspend of £1.0m:**

3.26. The main variance is an underspend of £0.7m relating to net operational reductions mainly within Community and Leisure facilities.

**3.27. Regulation & Enforcement forecast year end underspend £0.9m.**

3.28. Improvement of £0.6m from Month 9 due to improved income within Markets and Bereavement and underspend within Private Sector Housing to mitigate income pressure.

3.29. Forecast pressures of £0.5m offset by forecast underspends of £1.4m.

**3.30. Highways & Infrastructure projected year end £0.9m underspend**

3.31. Improvement of £0.4m from Month 9 due to receipt of additional developer income and additional recharge to the CAZ.

3.32. The Highways and Infrastructure underspend includes a forecast overspend of £0.5m on electricity costs for street lighting and traffic lines and signals. This is impacted by increasing electricity costs but work is ongoing to implement new energy efficient street lighting which will reduce future energy consumption.

3.33. This pressure is offset by forecast underspends of £1.4m including forecast surpluses of £0.9m from recharges for work on projects and support to other service areas and £0.4m savings in supplies and services and other miscellaneous items.

### **Adult Social Care**

3.34. At the end of Month 10, the directorate has a **forecast underspend of £1.8m** relating to revenue budget non-Covid expenditure. This is an improvement of £1.9m since Month 9.

3.35. **Packages of Care** at Month 10 is reporting a forecast overspend of £1.2m for Older Adults (OA) driven by increased activity; and a forecast underspend of (£1.5m) for Young Adults (YA) driven by reduced activity (predominantly Day Care in Adults with a Learning Disability (LD)) partially offset by a reduction in income. There has been a decrease in forecast of £1.1m compared to month 9 due to reduced activity

across all client groups specifically over the Christmas period related to the impact of Omicron on Domiciliary Care.

3.36. **Commissioning – £0.9m underspend** – There are underspends of £0.6m against the overall third sector grant budget linked to a reduction in activity. For month 10 £0.3m of costs linked to home from hospital discharges due to confirmed funding from the Better Care Fund and Household Support Fund.

3.37. **Community & Social Work Ops** – £0.3m underspend - Staffing and agency are reporting an underspend of £0.8m. Additional contribution towards corporate workforce savings in addition to the existing £5.7m. There is a recruitment campaign to fill vacancies, but progress has been slow together with the difficulty in sourcing agency workers, so some posts remain unfilled. The forecast favourable movement of £0.6m is linked to lower than anticipated costs relating to health funded Discharge Facilitators and higher than anticipated client contributions towards internal residential care services.

### **Place, Prosperity and Sustainability**

3.38. At the end of Month 10, there is a forecast **overspend of £0.8m** relating to revenue budget non-Covid expenditure for the Directorate, largely relating to commercial rent shortfalls. This is an improvement of **£0.5m** since Month 9.

3.39. **Transportation and Connectivity projected year end £0.5m underspend, a improvement of £0.2m from Month 9.** The year end underspend consisting mainly of a £0.3m underspend on Integrated Transport Levy Payments (ITA Levy) to the West Midlands Combined Authority (WMCA). A reduced contribution was confirmed by WMCA letter to the City Council on 12 February 2021 as part of their 2021/22 annual budget process.

3.40. A surplus of £0.1m is forecast to be generated from the Local Land Charges service reflecting increased activity in the housing market in recent months and a £0.3m surplus in income from project officer recharges to capital projects.

3.41. **Property Services** are forecasting an overspend of **£2.0m, an improvement of £0.3m from Month 9** primarily due to pressure on commercial rent of £1.7m (in addition to this is a further £1.1m rent pressure reported within the Covid position). A review of the estimated bad debt provision required at year-end has been undertaken which indicates further pressure of £0.9m primarily as a result of the moratorium on debt recovery proceedings during Covid. This is partially mitigated by £0.8m of prudential borrowing no longer required from the former Working for the Future programme. The position has improved from that reported in Month 9 following improved collection of commercial rent.

### **Council Management Directorate**

3.42. At the end of Month 10, there is a forecast non covid **underspend of £6.0m**, (an improvement of £2.4m since Month 9).

3.43. The overall underspend is largely relating to Housing Benefit Overpayment recovery performing better than last year, the ongoing review of supported exempt accommodation (SEA) is identifying Landlords where this status is not applicable resulting in a reclaim of overpaid Housing Benefit. Overpayment recoveries from the Department of Work and Pensions are also performing better than last year.

Improved collection of overpayments has contributed to a revised expected surplus on our benefit subsidy claim of **£3.5m** for 2021/22

3.44. Revenues Service – The expectation is to achieve a surplus of **£1.5m** against budgeted income target on the proviso there are no further covid-19 lockdown that would impact on court case hearings.

3.45. There are other minor variations totalling £1.1m across the service.

### **Risks that cannot be quantified**

3.46. There are a number of risks that cannot be quantified. These include the following:

- Recovery from Covid
- Economic impact of Covid
- Brexit
- Housing and homelessness
- Highways Re-procurement
- Clean Air Zone impact on Parking Income

## Savings Programme

3.47. The savings programme for 2021/22 is £36.7m of which £3.3m of savings are either at risk or undeliverable. £33.4m of the savings are either achieved or on target, which is 91% of the target. This is improvement of £1.9m since Month 9.

**Table 10: Summary of Saving programme.**

Directorate	Non-Delivery of Saving		Saving at Risk	Saving Delivered and on Track	Total Saving
	Delayed Because of Covid-19	High Risk & Undeliverable			
	£m	£m	£m	£m	£m
Adult Social Care	0.000	0.000	0.000	8.793	8.793
City Operations	0.000	1.508	0.000	0.673	2.181
Council Management	0.116	0.200	0.000	3.069	3.385
Children & Families	0.000	0.000	0.000	0.050	0.050
Place, Prosperity and Sustainability	0.360	0.000	0.000	0.685	1.045
Corporate	0.000	1.147	0.000	20.132	21.279
<b>Directorate Sub Total</b>	<b>0.476</b>	<b>2.855</b>	<b>0.000</b>	<b>33.402</b>	<b>36.733</b>

3.48. The £36.7m savings programme for 2021-22 (shown in the following charts) is now showing £33.4m as delivered or on track.

- **Corporate** has the largest saving target of £21.2m, of which 95% has been achieved, £20.1m is from establishment saving which has been fully delivered. Within the Corporate savings, there is a target of £0.7m for contract savings and £0.4m transport savings, neither of these are considered likely to be achieved.
- **Adult Social Care** forecast that all savings of £8.8m will be delivered this financial year.
- **Places, Prosperity & Sustainability Directorate** has £1.0m savings target of which £0.7m has been achieved and £0.4m has been assessed as at risk or undeliverable (mainly Public Hubs).
- **City Operations** has £2.2m savings target. The current assessment is that £1.5m of those savings are considered unlikely to be delivered. The key highlights of which are:
  - **£0.6m** Street Services redesign
  - **£0.2m** Consultation of land sales.
  - **£0.2m** implementation of commercialisation programme (car parks)
  - **£0.5m** continued extensive hire of vehicles and associated repairs and maintenance costs there is a risk that the revenue savings from the Waste Management Replacement Strategy capital project will not be achieved.
- **Council Management** has £3.4m saving target of which £3.1m has been achieved and there is £0.3m of saving that is unlikely to be delivered.

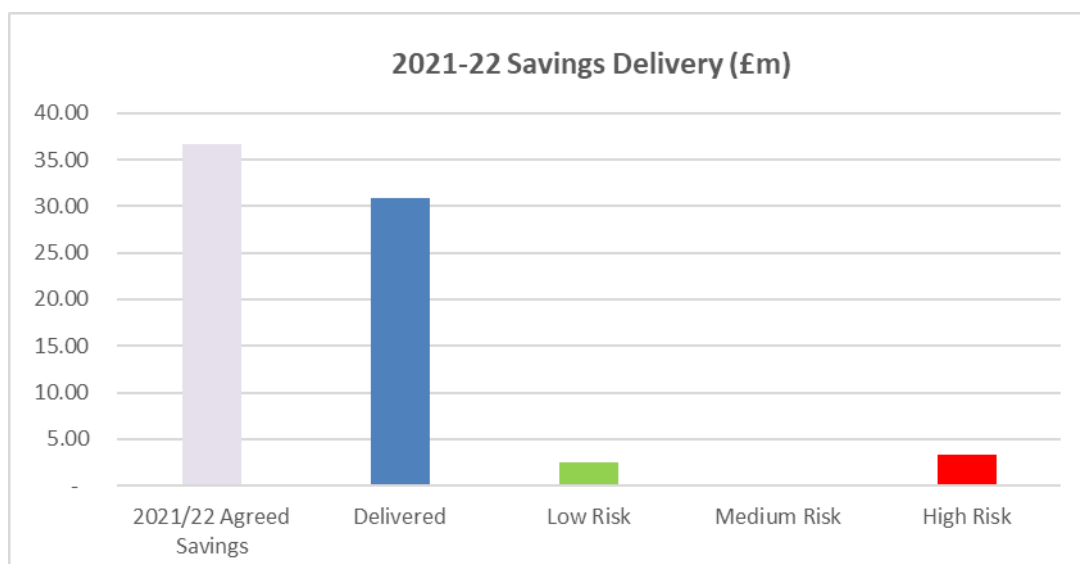


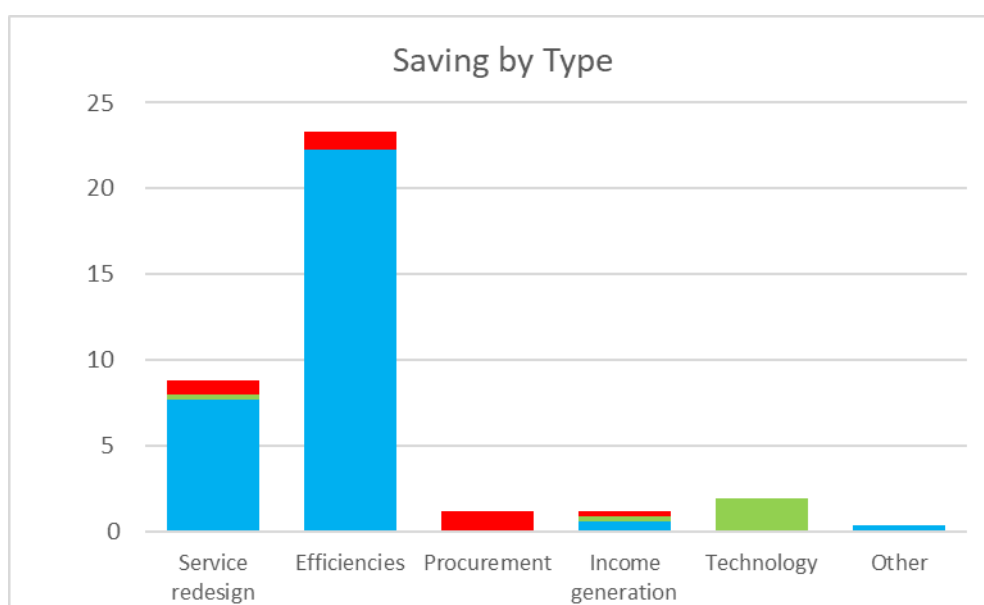
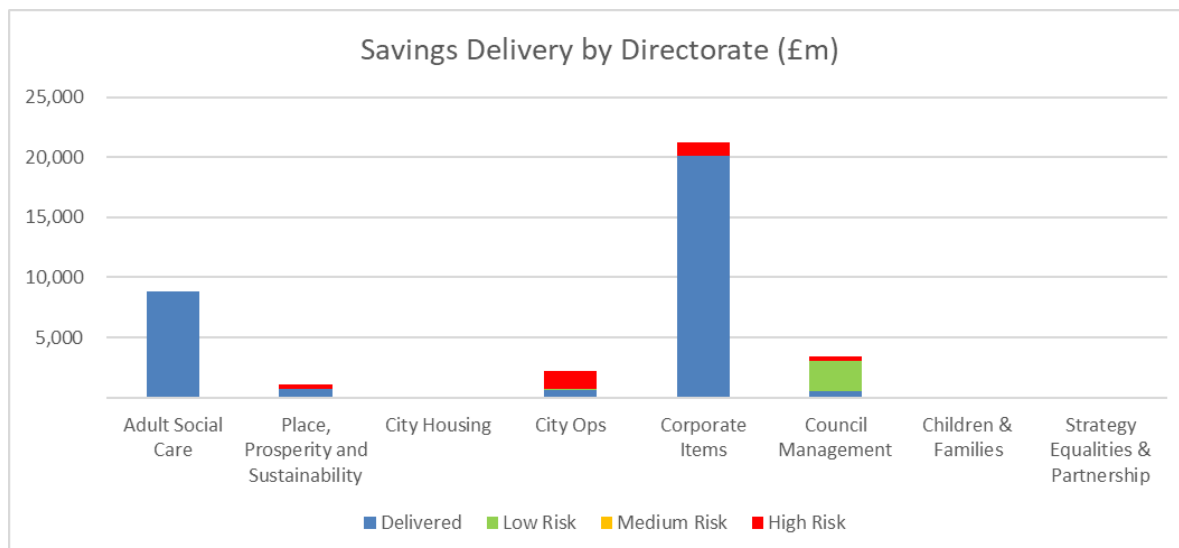
- Covid-19 Related: Savings of **£0.1m** are considered unlikely to be achieved as the planned development of business is on hold due to the impact of Covid on the events market and closure of the Council House.

**Table 11: Achievement of Establishment Savings**

<b>Table 11: Establishment Saving Summary by Directorate</b>	<b>Savings achieved at M9</b>	<b>Further Savings estimated at M10</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Adult Social Care	6.195	1.300	<b>7.495</b>
Children & Families	0.605	0.000	<b>0.605</b>
Place, Prosperity and Sustainability	1.152	0.300	<b>1.452</b>
City Operations	0.820	0.000	<b>0.820</b>
City Housing	1.882	0.000	<b>1.882</b>
Council Management	2.343	0.578	<b>2.921</b>
Strategy, Equalities and Partnerships	2.231	0.000	<b>2.231</b>
<b>Total Directorates</b>	<b>15.228</b>	<b>2.178</b>	<b>17.406</b>
Unallocated Increment Budget remaini	3.000	0.000	<b>3.000</b>
<b>Total</b>	<b>18.228</b>	<b>2.178</b>	<b>20.406</b>

- Establishment savings target has been fully achieved. It actually has been overachieved by £0.3m.





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

- 3.49. The Council carried forward £17.5m of un-ringfenced Covid-19 related grant funding from the government. In addition, there is a confirmed total of £2.8m of income that will be reclaimed from the Governments Income loss scheme up to the scheme end on the 30th June.
- 3.50. The Council funded £12.5m of covid pressures in the 2021/22 budget through the use of Tranche 5 of Government un-ringfenced grant funding.
- 3.51. £6.0m of Public Health Grant will be released to fund Covid related spending in 2021/22.
- 3.52. Ring-fenced grants for additional reliefs and support schemes are being spent on the additional measures set out in government guidance.
- 3.53. The summary below sets out the forecast Covid-19 financial position at Month 10.

**Table 12: Forecast Covid-19 financial position**

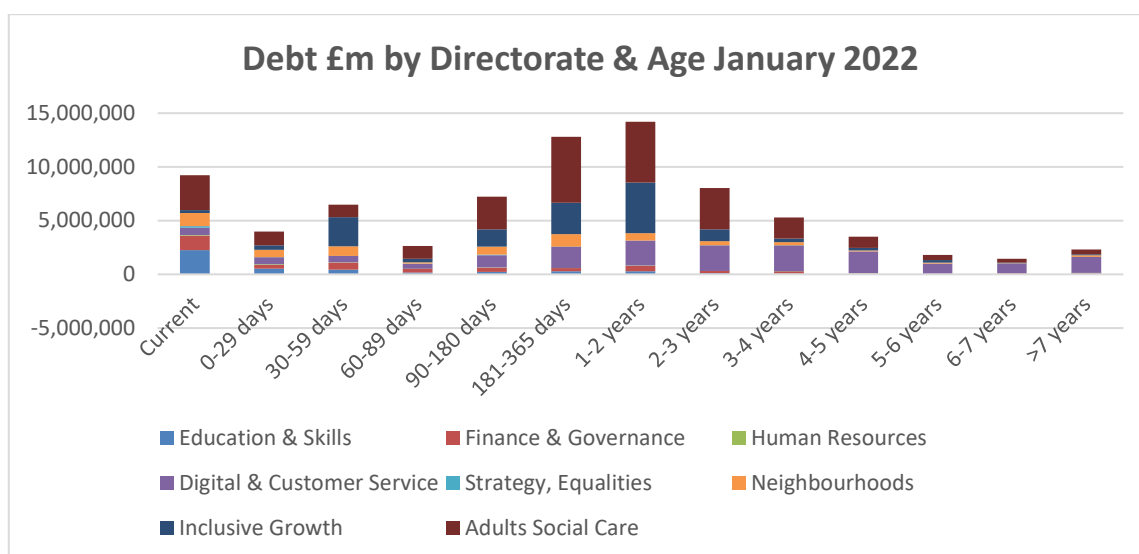
Table 12 : Forecast Covid-19 financial position	Covid cost £m
Directorate covid overspend	26.752
Corporate budgets overspend	11.470
Indirect Covid costs	37.998
<b>Total Covid-19 overspend</b>	<b>76.220</b>
Application of Tranche 5 Funding Budget 2021	(12.515)
Covid grants carried forwards	(17.471)
Specific Grant Funding	(1.000)
Public Health Grant	(6.000)
Income compensation	(2.838)
<b>Total Covid income</b>	<b>(39.824)</b>
<b>Net deficit</b>	<b>36.396</b>

#### 4. Balance Sheet Borrowing

- 4.1. Gross loan debt is currently £3,180m, with the year-end projection estimated to be £3,452m, significantly below the planned level of £3,722m. Some government grants have been received early and there has been a reduced borrowing requirement for the capital programme. The annual cost of servicing debt represents approximately 27% of the net revenue budget.
- 4.2. Positive cashflows within the local government sector mean that the Council's treasury investments remain temporarily higher at £206m, against a planned level of £40m. This has meant the Council has been able to delay some of its short term and long-term borrowing needs and helps to explain the lower gross loan debt above. Uncertainty remains about the continued impact of Covid on the Council's cashflow.

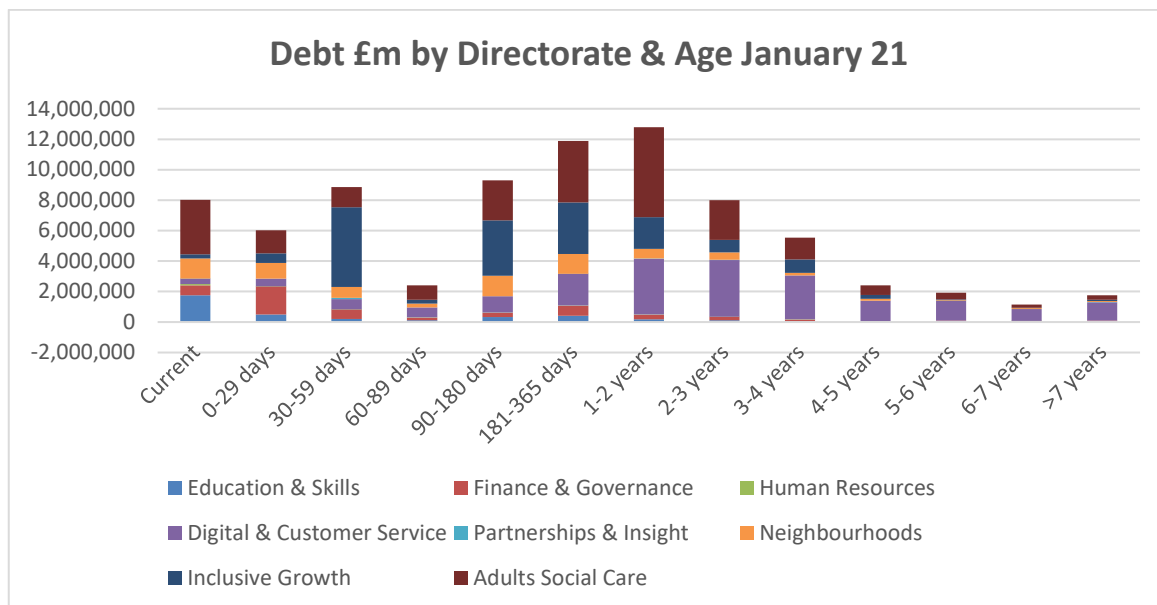
#### Level of Debt and Provision

- 4.3. The Council's total sundry debt position at end of January 2022 is £75.4m. This is a decrease of £3.2m compared to end of January 2021 when total debt was £78.6m.



Please note this is presented in the old Directorate structure. This will be updated in the new Financial Year.

- 4.4. The chart below shows the debt age bands 0 - 180 days are down by £6.0m overall which as with last month is a positive reflection of recovery efforts to prevent newer debts from ageing. The older debts age bands +180 days show a year on year increase of £4.0m. There are ongoing factors which have contributed to this increase – which include local decisions in place not to take proceedings on certain debts which are to be reviewed again in March 22.



- 4.5. The targeted approach adopted will continue and this includes understanding the Council's top 50 debtors, analysis of which is given below.

### Top 50 Debtors Profile

- 4.6. As at January 2022 the value of the top 50 aged debtors (+ 90 days) was £8.39m which is 11.1% of total sundry debt. Analysis of this debt shows that £2.0m is highly likely to be or has been recovered, £5.74m is in the balance and £0.65m is high risk and unlikely to be or will not be recovered. Example being insolvent companies with no assets.

**Table 13: Debt profile and Risk rating**

RAG Summary	£m	No. debts
Highly likely to be or has been recovered	2.00	11
In the balance	5.74	34
Unlikely to be or will not be recovered	0.65	5
<b>TOTALS</b>	<b>8.39</b>	<b>50</b>

- 4.7. The profile of the £8.4m is spread across directorates as shown below.

**Table 14: Debt profile across the directorates**

Directorate	Value £m	Nature of debts
Adult Social Care	4.00	Residential care provision & NHS contributions
Finance & Governance	0.62	School payroll re imbursement & recharges

Inclusive Growth	3.18	Commercial property rents & development charges
Neighbourhoods	0.37	Market rents & supplies to contractors
Education	0.13	NHS recharges
Digital & Customer	0.10	Overpaid Housing Benefit
<b>TOTAL</b>	<b>8.39</b>	

- 4.8. Action plans have been produced for all these debts which are subject to monthly reviews. Reports for the top 20 debtors for each directorate continue to be produced with associated action plans for each of these.