

# **PROVISIONAL OUT-TURN REPORT 2021/22**

**(year to 31<sup>st</sup> March 2022)**

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**Outturn Report****1. Executive Summary**

- 1.1 The 2021/22 financial year was another challenging year for the City Council with services continuing to operate within a global pandemic, the ongoing impact of Brexit on the costs of goods especially in the construction industry and now the impact from the unrest in Ukraine. Despite these challenges and alongside another one-year funding settlement for local government we have managed to live within our means and spend within budget as well as being able to transfer monies to the Financial Resilience Reserve to manage financial risk.
- 1.2 At the start of the financial year CIPFA awarded the Council a 3 Star Financial Management rating, a significant improvement from the 1 star awarded in 2019. This improvement is demonstrated throughout this report as we have delivered 91% (£33m) of our planned savings, we have maintained healthy reserves balances, reduced borrowing levels and put in place measures to manage costs down.
- 1.3 The 2021/22 financial year ended on the 31<sup>st</sup> March 2022 and this report provides the detail of the financial position of the City Council at the year end.
- 1.4 The Council's net revenue budget for 2021/22 was **£828.7m**.
- 1.5 The General Fund revenue outturn at the end of 2021/22 is an underspend of **£17.8m** as shown in table 1 below. This underspend will be transferred to the Financial Resilience Reserve (FRR).

**Table 1: High level Provisional Outturn position**

Table1 :High Level Summary	A	B	C
Directorate	Current Budget	Provisional Outturn	Total Over/(Under) Spend
	£m	£m	£m
Children & Families *	300.378	314.621	14.243
City Operations	187.698	191.084	3.386
City Housing	12.245	14.131	1.886
Place, Prosperity and Sustainability **	62.360	63.938	1.578
Strategy, Equalities and Partnerships	2.220	2.167	(0.053)
Adult Social Care	334.055	332.239	(1.816)
Council Management	35.805	31.222	(4.583)
<b>Directorate Sub Total</b>	<b>934.760</b>	<b>949.401</b>	<b>14.641</b>
Corporate Budgets	(106.089)	(91.449)	14.640
Application of Tranche 5 Funding	0.000	(11.470)	(11.470)
Covid Funding	0.000	(17.470)	(17.470)
Specific Grant Funding	0.000	0.000	0.000
Public Health Grant	0.000	(5.945)	(5.945)
Income Loss Scheme Funding	0.000	(2.838)	(2.838)
Corporate funding for Home to School Transport	0.000	(9.366)	(9.366)
<b>Corporate Subtotal</b>	<b>(106.089)</b>	<b>(138.538)</b>	<b>(32.449)</b>
<b>City Council General Fund</b>	<b>828.671</b>	<b>810.863</b>	<b>(17.808)</b>
Transfer to FRR			17.808
<b>City Council General Fund after transfers to reserves</b>	<b>828.671</b>	<b>810.863</b>	<b>0.000</b>

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

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

- 1.6 The year-end financial position of £17.8m underspend is after applying Covid funding; **£17.5m** of un-ringfenced Covid-19 grant funding from the government received in 2020/21 carried forward into 2021/22, **£5.9m** of Public Health Grant to fund Covid related spending in 2021/22, funding received for income losses of **£2.8m** and **£11.5m** pressures funded in the 2021/22 budget from the application of Tranche 5 of Government Covid funding.
- 1.7 The 2021/22 budget included a **£36.7m** saving programme. **£33.6m** of these savings were delivered in the year, representing 91% of the total savings programme. This included delivery of £20.5m corporate establishment cost savings; the first time a corporate saving of this magnitude has been achieved. Our savings delivery compares to 78% of savings achieved in 2020/21, and 84% delivered in 2019/20.
- 1.8 To help manage costs and mitigate the in-year forecast overspend the council introduced a series of spending controls during the financial year. The key areas of spend under control were staffing, properties / facilities management, and procurement. These controls were implemented in November 2021 and continue

to remain in place. The panels operate to provide some rigour and corporate oversight to spend and not to prevent all spend.

- 1.9 The Dedicated Schools Grant (DSG) underspent by **£8.3m**, (made up of £4.4m schools and £3.9m non-schools) which will be transferred to the Ring Fenced DSG reserve. This underspend is after allocating £5m as agreed in the High Needs Block deficit repayment plan and £0.5m for Developing Local Provision (DLP).
- 1.10 The Housing Revenue Account (HRA) underspent by **£4.1m** and this has been transferred to the ring fenced HRA reserve for future use by the HRA.
- 1.11 The Capital Programme spent **£528.1m** in 2021/22. This is £236.4m below the planned expenditure of £764.4m. This is after the review of planned expenditure carried out at Quarter 3, which released £108.9m of capital budget to support new schemes and reduce capital financing costs.
- 1.12 At the start of the year, the Council held reserves totalling **£1,062.3m**.
- 1.13 The Council anticipated the net use of £155.9m of specific reserves in setting the 2021/22 budget. A further £37.4m uses of reserves were approved by Cabinet as part of the 2020/21 Outturn, and there was a net £6.8m budgeted use of reserves that was not required in 2021/22.
- 1.14 At year end it is recommended to make a net contribution to reserves of **£195.8m**. **Full details are provided in Annex A10. Approval is sought from Cabinet for these to be approved.** This will mean that there will be a net increase in reserves in year of £9.3m, leaving a new balance of **£1,071.6m**. The changes to reserves are summarised in the table below:

**Table 2**

<b>Table 2: High Level Reserves Summary</b>	<b>£m</b>
<b>Balance as at 31st March 2021</b>	<b>1,062.310</b>
Original Budgeted Net Use	(155.914)
Change approved at Outturn 2020/21	(37.434)
Original Budgeted Net Use not processed	6.816
Changes Proposed at Outturn	195.791
<b>Total Proposed Net Contribution at Outturn</b>	<b>9.260</b>
<b>Proposed Outturn Balance at 31st March 2022</b>	<b>1,071.570</b>

- 1.15 The City Council's financial accounts for 2021/22 are still being prepared and are subject to audit by the Council's external auditors. There may be further accounting entries or post balance sheet events that require a revision to the outturn for the year and therefore the information contained in this report is a provisional position. 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**

### **General Fund**

- 2.1 The Council set a net budget of £828.7m for 2021/22 at its meeting on 23rd February 2021. This net budget included a savings programme of £36.7m, made up of savings of £33.1m plus a further £3.6m of savings that were previously achieved on a one-off basis in 2020/21.
- 2.2 The General Fund revenue outturn position for 2021/22 is shown in detail above in table 1 and shows an underspend of **£17.8m**.
- 2.3 Cabinet is asked to approve the transfer of the **£17.8m** underspend into the Financial Resilience Reserve (FRR). The effect of this will be to increase the FRR to **£147.0m**.

### **Covid-19 Pandemic**

- 2.4 The 2021/22 financial year continued to see the world live with the Covid Pandemic and the impact on council services and citizens continued to be significant, with demand for services including Housing and Social care increasing and revenue generation from services including leisure and parking reducing. The net financial impact of covid on the Council's revenue budget after applying grant received was **£1.4m** in 2021/22.
- 2.5 To help mitigate Covid costs the Council carried forward £17.5m of un-ringfenced Covid19 related government grant funding from 2020/21 in to 2021/22. In addition, £2.8m has been reclaimed from the Government's Income loss scheme up to the scheme end on the 30th June 2021.

- 2.6 The Council also funded £11.5m of Corporate covid costs in 2021/22 through the use of Tranche 5 of Government un-ringfenced grant funding. £1.0m of Directorate pressures were also funded.
- 2.7 In accordance with ring-fenced grant conditions, £5.9m of Public Health Grant was used to fund Covid related spending in 2021/22.
- 2.8 Ring-fenced grants for additional reliefs and support schemes were spent on the additional measures set out in government guidance.
- 2.9 Table 3 below shows the breakdown of covid costs and funding for 2021/22.

**Table 3: Covid-19 Financial Position**

<b>Table 3 : Covid-19 financial position</b>	<b>Covid cost £m</b>
Directorate covid overspend	27.654
Corporate budgets overspend	11.470
<b>Total Covid-19 overspend</b>	<b>39.124</b>
Application of Tranche 5 Funding	(11.470)
Covid grants carried forwards	(17.470)
Public Health Grant	(5.945)
Income compensation	(2.838)
<b>Total Covid income</b>	<b>(37.723)</b>
<b>Net deficit</b>	<b>1.401</b>

- 2.10 A summary of the outturn position for each directorate is set out in Table 1 above and detailed directorate commentaries are in Annexes A1-A7. Details of reserve requests are provided in Annex 10 and Cabinet are requested to approve the use of and contributions to reserves set out.

### 3. Capital

- 3.1 The capital programme spend for 2021/22 is **£528.1m** as shown in table 4. This is £236.4m below the planned expenditure of £764.4m.

**Table 4: Capital Programme spend 2021/22**

Summary of Capital Programme spend	2021/22 £m
Revised Budget	764.415
Cumulative Slippage	(262.915)
Actual (under) / overspends	26.577
<b>Outturn Expenditure in year</b>	<b>528.077</b>

- 3.2 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 or overspends - which represent a decrease or increase in the total capital cost of a project, which may be over several years.
- 3.3 The year end slippage is £262.9m along with a net overspend of £26.6m as shown in table 4 above.
- 3.4 It is important to note that no financial resources will be lost because of the slippage. The resources and planned expenditure will be “rolled forward” into future years. The in-year overspend totalling £26.6m is fully funded and there is no impact on future year’s resources.



#### **4. Treasury Management**

- 4.1. At the 31st March 2022, the Council's total loan debt net of treasury investments was **£2,961.5m**, compared to net loan debt of £3,162.3m as at 31st March 2021.
- 4.2. The Council's treasury investments held at 31st March 2022 were **£146.3m**. This was higher than originally planned due to energy relief and additional Covid relief grants received in advance from the Government. The Council also held investments of £73.8m as an accountable body.
- 4.3. 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.
- 4.4. Treasury management net borrowing costs totalled £234.7m. This was £0.9m below the budget after including the Council's other long term liabilities.

#### **5. Housing Revenue Account**

- 5.1 The Housing Revenue Account underspent by **£4.1m**. This underspend will be transferred to the Ring Fenced HRA revenue reserve and increases it from £11.2m to **£15.3m**. Further details are provided in Annex D of this report.

#### **6. Collection Fund**

- 6.1 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 the year end, the Council's share of the Collection Fund is a deficit of £3.0m (£3.5m deficit for Council Tax and a £0.5m surplus for Business Rates). This deficit has massively reduced since quarter 3 where it was a forecast deficit of £35.6m (£15.8m deficit for Council Tax and a £19.8m deficit for Business Rates)
- 6.2 The main reasons for the improvement in the deficit are decreases in the expected level of bad debt provision required of £14.7m for Council Tax and £13.6m for Business Rates. This is due to an increase in collection rates above the anticipated forecast.
- 6.3 The original deficit forecast has been taken into account in setting the 2022/23 budget. The decrease in the deficit will be taken into account in setting the budget for 2023/24.
- 6.4 Full details are provided in Annex E of this report.

## 7. Savings Programme

- 7.1. The 2021/22 budget included a **£36.7m** savings programme as shown in tables 5 and 6 below. Within this savings programme was a savings target of **£20.1m** relating to establishment costs.
- 7.2. **£33.6m (91%)** of the budgeted savings have been delivered. £3.1m of savings have not been delivered. The establishment savings have overachieved by £0.4m and are detailed in table 6 below. Savings delivery is a major improvement on previously years, with 73% of savings being delivered in 2020/21 and 84% in 2019/20.

**Table 5: Total Savings Programme**

<b>2021-22 Saving Programme Summary</b>		
<b>Directorate</b>	<b>Budgeted Total Saving</b>	<b>Saving Delivered</b>
	<b>£m</b>	<b>£m</b>
Adult Social Care	<b>8.793</b>	<b>8.793</b>
City Operations	<b>2.181</b>	<b>0.673</b>
Council Management	<b>3.385</b>	<b>3.269</b>
Children & Families	<b>0.050</b>	<b>0.050</b>
Place, Prosperity and Sustainability	<b>1.045</b>	<b>0.685</b>
Corporate	<b>21.279</b>	<b>20.132</b>
<b>Directorate Sub Total</b>	<b>36.733</b>	<b>33.602</b>

- 7.3. Details of the savings programme by directorate are shown below:-
- 7.4. **Corporate** had a saving target of £21.2m, of which 95%, £20.1m has been achieved. £1.1m has not been achieved due to £0.7m of contract savings and £0.4m transport savings not being delivered.
- 7.5. **Adult Social Care** has delivered all £8.8m of the savings target.
- 7.6. **Place, Prosperity and Sustainability** had a £1.0m savings target of which £0.7m has been achieved and £0.4m has not been achieved, the non-achievement mainly relates to Public Hubs.
- 7.7. **City Operations** had a £2.2m savings target. £1.5m of those savings have not been delivered. The key areas of non-delivery are: £0.6m Street Services redesign, £0.2m Consultation of land sales, £0.2m implementation of commercialisation programme (car parks), and £0.5m continued extensive hire of waste vehicles and repairs and maintenance costs.

- 7.8. **Council Management** had a £3.4m saving target of which £3.3m has been achieved.
- 7.9. Table 6 below details the savings specifically related to establishment costs and shows that the target of £20.1m has been over achieved by £0.4m.

**Table 6: Achievement of Establishment Savings**

<b>Table 6: Establishment Saving Summary by Directorate</b>	<b>Total Saving Achieved</b>
	<b>£m</b>
Adult Social Care	<b>7.641</b>
Children & Families	<b>0.605</b>
Place, Prosperity and Sustainability	<b>1.452</b>
City Operations	<b>0.820</b>
City Housing	<b>1.882</b>
Council Management	<b>2.921</b>
Strategy, Equalities and Partnerships	<b>2.231</b>
<b>Total Directorates</b>	<b>17.552</b>
Unallocated Increment Budget remaining	<b>3.000</b>
<b>Total</b>	<b>20.552</b>
Saving Target	<b>20.132</b>
<b>Savings over achieved</b>	<b>0.420</b>

## 8. Reserves

- 8.1 In overall terms reserves will increase by **£9.3m** from **£1,062.3m** at 1<sup>st</sup> April 2021 to **£1,071.6m** at 31st March 2022.
- 8.2 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.
- 8.3 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 decided to set money aside to fund specific costs when they occur in later years.
- 8.4 The Council anticipated the net use of £155.9m of reserves in setting the 2021/22 budget. A further £37.4m of uses of reserves were approved by Cabinet as part of the Outturn Report on June 29<sup>th</sup> 2021.
- 8.5 There was a net £6.8m of budgeted use of reserves that have not been made in 2021/22.

- 8.6 At outturn the recommended total net contribution to reserves is £195.8m, as detailed in paragraphs 4.13 to 4.14 of the Cabinet Report. Approval is sought from Cabinet for these to be approved.
- 8.7 The largest contribution to reserves is £93.8m of Section 31 funding received from the Government to compensate for Business Rates relief in 2021/22 that will impact the Council in 2022/23. The summary position is set out in Table 7 below with the detail contained in Annex 10.

**Table 7: Summary of Reserves Balances**

<b>Table 7: Reserves Summary</b>	<b>£m</b>
Balance as at 31st March 2021	1,062.310
Total Proposed Net Contribution at Outturn	9.260
<b>Proposed Outturn Balance at 31st March 2022</b>	<b>1,071.570</b>

**Detail of General Reserves and Balances****Delivery Plan Reserve – year end balance £66.2m**

- 8.8 The Delivery Plan Reserve was established to enable the necessary investment required by the Council's Delivery Plan to support the transformation agenda.
- 8.9 £20.0m to fund the Delivery Plan was approved by Cabinet in April, July, and November 2021. Only £3.4m has been spent this year. A budget has been created in Specific Policy Contingency in 2022/23 for £13.6m which is the remaining balance.
- 8.10 In October 2021 Cabinet approved the use of £4.8m of the Delivery Plan Reserve in 2021/22 to fund improvements in SEND and Home to School Transport. Of this, **£2.3m** has been spent in 2021/22. The balance is required in 2022/23.
- 8.11 There is a recommended further use of **£0.8m** of the Delivery Plan Reserve to fund New Ways of Working (NWOW) as approved by Cabinet in July 2021. Cabinet approved a release of £4.8m over 2021/22 and 2022/23. A budget in 2022/23 was created in the Directorate for most of the remainder.
- 8.12 There is the use of **£0.7m** of the Delivery Plan Reserve to fund the Corporate Programme Management Office and the Chief Executive's Delivery Unit project team. This is within the funding of £1.1m approved by Cabinet in April 2021.

**Financial Resilience Reserve – year end balance £147.0m**

- 8.13 The Financial Resilience Reserve (FRR) was created in 2017/18, the reserve is held to manage risk and provide a contingency fund in case the Council faces financial difficulties in the future.
- 8.14 It is recommended to transfer the **£17.8m** underspend for the year to the FRR, subject to Cabinet approval as part of this report.

- 8.15 In order to facilitate further improvements to the SEND service Cabinet approved the drawdown of **£5.1m** from the FRR in July 2021.
- 8.16 Cabinet approved in February 2022 the use of **£6.1m** of the FRR to fund one-off pressures identified relating to Home to School Transport.
- 8.17 Cabinet also approved in February 2022 the use of up to **£3.3m** of the FRR to cover the costs of needing to procure a new provider for the Home to School Transport service. It is recommended for this to be drawn down via this report.
- 8.18 It is recommended that **£0.6m** of the FRR is drawn down via this report to fund costs within the Housing Options Service.
- 8.19 Cabinet approved the use of **£0.3m** of the FRR to fund costs of the Route to Zero (R20) team in October 2021.
- 8.20 There is a recommended contribution to FRR of **£1.3m**, which will be called upon in future years to fund the non-statutory elements of redundancy, which are not capitalisable under the new capital receipts flexibility guidance.

#### **Other Corporate Reserves – year end balance £329.6m**

- 8.21 Other recommended Corporate contributions to reserves of **£128.8m** largely relate to:
- As set out in paragraph 3.3 in the Collection Fund section (Annex E), the Council received additional Government grants of **£93.8m** to offset the Collection Fund deficit caused by the granting of reliefs to businesses. This was received into the General Fund in 2021/22 and will be required to be set aside as a contribution to reserves in the current year, to be used to offset the forecast deficit in the Collection Fund related to 2021/22 that will be charged to the General Fund in 2022/23.
  - Covid pressures related to reduced income and potential increases in demands for services, particularly social care and housing, have been identified as ongoing in 2022/23. To fund this, a **£12.8m** Covid specific reserve has been created.
  - **£3.2m** to Policy Contingency Reserves from an underspend in Policy Contingency on Modernisation Fund-Social Care ensure monies continue to be available in 2022/23 for this programme.
  - **£14.5m** from Government's Local Council Tax Support Grant to be set aside to fund Council Tax Hardship payments that will affect the Collection Fund in 2021/22 and will be charged to the General Fund in 2022/23.
  - A contribution of funding received at the end of 2021/22 from the Government of **£3.6m** for discretionary support for energy bills has been transferred to reserves to enable payments to be made in 2022/23.
  - **£14.5m** to the Capital Fund that has been identified from the in year Direct Revenue Financing of Capital to be utilised in future years to support the Capital Programme.
- 8.22 There is a reduction in uses of reserves of the following:

- The Council is using **£5.4m** less of the Tax Income Compensation Reserve than planned as there is less available to use as the Council received less compensation than was expected from the Government.

8.23 This is partially offset by uses of reserves for the following:

- The **£17.5m** of Covid Reserves carried forward from 2020/21 is required in 2021/22 as referred to in paragraph 1.2.
- **£17.7m** of Covid related Corporate Grant Reserves have been fully utilised in 2021/22.

#### **Grant Reserves – year end balance of £340.7m**

8.24 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 a net **£44.3m** recommended contribution to Grant Reserves to meet future years' expenditure. All uses and contributions are in line with the Council's Reserves Policy.

#### **Earmarked Reserves – year end balance £75.3m**

8.25 At outturn there are recommended net contributions of **£13.3m** to Earmarked Reserves in line with the Reserves Policy approved in the Financial Plan 2022-2026.

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

#### **Dedicated Schools Grant (DSG) Reserves**

8.27 At outturn there is a recommended net contribution of **£5.0m** to High Needs Block Reserves as agreed in the deficit repayment plan.

8.28 There is a recommended contribution of **£0.5m** for Developing Local Provision (DLP) to ensure that the £14.0m commitment to DLP over the two-year programme is honoured.

8.29 It is recommended to transfer the **£8.3m** DSG underspend to DSG Reserves, of which £4.4m would go to Schools Reserves and £3.9m would go to non Schools DSG Reserve.

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**Annex A1 Adult Social Care Directorate****1. Summary**

The Adult Social Care directorate has an underspend of **£1.8m** which represents 0.5% of the net budget. This outturn position is after recommended net transfers to reserves of £40.8m. This transfer to grant reserves predominately funds future investment in health and social care system wide transformation. The notable remainder relates to covid ring fenced funding that will be carried forward to be spent in 2022/23. Further details are provided in Annex A10.

**Table 1: 2021-22 Provisional Outturn Summary of Adults Social Care**

Adult Social Care	Current Budget	Outturn	Outturn Variation over/(under) spend	Recommended Transfer to/ (from) Reserves	In Year Variation over/(under) spend
	£m	£m	£m	£m	£m
Director	12.799	(4.261)	(17.060)	17.419	0.359
Commissioning	29.720	5.764	(23.956)	22.945	(1.011)
Package of Care	220.327	220.044	(0.283)	0.000	(0.283)
Community & Social Work Operations	71.209	69.917	(1.292)	0.412	(0.880)
<b>Directorate</b>	<b>334.055</b>	<b>291.463</b>	<b>(42.592)</b>	<b>40.776</b>	<b>(1.816)</b>

\* Below is further detailed commentary where the variations are above or equal £0.5m

**2. Detailed Service Highlights (where a material variance)**

**Commissioning (£1.0m underspend)** - Due to lower than budgeted activity on third sector grant allocations together with additional funding from the Better Care Fund.

**Community & Social Work Operations – (£0.9m underspend)** - Due to lower than anticipated Discharge Facilitator costs of £0.3m together with additional income for training, course fees and supplier quantity discounts of £0.2m, and £0.3m of additional support from the NHS Regional Discharge Fund.



**Annex A2 Council Management.****1. Summary**

The Council Management Directorate has an underspend of **£4.6m** which represents 1% of the net budget of £35.8m.

The outturn position is after recommended net transfers to reserves of £7.0m. This largely relates to £1.8m to fund the Cyber Security programme in future years, and £1.6m to support the Revenues Service in catching up with business as usual work following the pandemic and work to improve income collection. Further details are provided in Annex A10.

**Table 1: 2021-22 Outturn Summary of Council Management**

Council Management	Current Budget	Outturn	Outturn Variation over/(under) spend	Recommended Transfer to/ (from) Reserves	In Year Variation over/(under) spend
	£m	£m	£m	£m	£m
Business Improvements	11.948	11.570	(0.378)	0.378	0.000
IT & Digital Services	14.546	12.836	(1.710)	3.293	1.583
Customer Services	6.596	6.340	(0.256)	0.147	(0.109)
Revenues & Benefits	0.426	(6.726)	(7.152)	2.470	(4.682)
Director of DC&S	0.186	0.167	(0.019)		(0.019)
<b>Digital Customer Services sub-total</b>	<b>33.702</b>	<b>24.187</b>	<b>(9.515)</b>	<b>6.288</b>	<b>(3.227)</b>
Director of Council Management	0.347	0.332	(0.015)	0.000	(0.015)
Development and Commercial	1.527	1.090	(0.437)	0.480	0.043
Finance	(20.230)	(20.079)	0.151	0.000	0.151
City Solicitor	8.079	7.639	(0.440)	0.000	(0.440)
Audit	1.743	1.511	(0.232)	0.007	(0.225)
<b>Finance and Governance sub-total</b>	<b>(8.534)</b>	<b>(9.507)</b>	<b>(0.973)</b>	<b>0.487</b>	<b>(0.486)</b>
Schools	0.194	(0.585)	(0.779)	0.218	(0.561)
HR Services	7.023	6.708	(0.315)	0.213	(0.102)
<b>Human Resources sub-total</b>	<b>7.217</b>	<b>6.123</b>	<b>(1.094)</b>	<b>0.431</b>	<b>(0.663)</b>
Corporate Programme Mgt Office	1.250	1.243	(0.007)	0.000	(0.007)
Business Improvement and Change	1.628	1.689	0.061	(0.210)	(0.149)
Chief Executive's Office	0.494	0.493	(0.001)	0.000	(0.001)
Chief Exec's Delivery Unit	0.048	0.000	(0.048)	0.000	(0.048)
<b>Directorate</b>	<b>35.805</b>	<b>24.228</b>	<b>(11.577)</b>	<b>6.996</b>	<b>(4.583)</b>

\* Below is further detailed commentary where the variations is £0.5m or above.

**2. Detailed Service Highlights (where a material variance)****Digital Customer Services (£3.2m underspend)****IT & Digital Services (£1.5m overspend)**

The service had covid related costs of £2.1m for equipment purchases and staff time. This was partially mitigated by active engagement of spend controls across the service.

**Revenues & Benefits (£4.7m underspend)**

- Benefits Service - Housing Benefit Overpayment recovery performed better than last year, the ongoing review of Supported Exempt Accommodation (SEA) identified Landlords where that status was not applicable resulting in clawback of overpaid Housing Benefit. Improved collection of overpayments contributed to a surplus on our benefit subsidy claim of £3.5m for 2021/22.
- Revenues Service: The service received a refund of £1.1m from the Ministry of Justice in relation to overcharged court costs in prior years.

**Finance, Procurement, Legal and Governance (£0.5m underspend)**

No individual service variances are greater than £0.5m

**Human Resources (underspend of £0.7m)****Schools HR £0.6m underspend**

- £0.7m staff vacancy savings are partly offset by £0.1m reduced income.

## **Annex A3 Children & Families**

### **1. Summary**

The Children & Families Directorate has an overspend of **£14.2m**, which represents 4.7% of the net budget.

This is after recommended net transfers to reserves of £3.6m. These largely related to transfers of £1.5m for Section 106 Grant Reserves and £1.7m for Covid Local Support Grant. Further details are provided in Annex A10.

The major additional cost to the directorate relates to Inclusion & SEND, at £15.0m. We have also included the impact of the Birmingham Children's Trust (BCT), with monies set aside for and £3.5m.

**Table 1: 2021-22 Outturn Summary of Children & Families**

Children & Families'	Current Budget	Outturn	Outturn Variation over/(under) spend	Recommended Transfer to/ (from) Reserves	In Year Variation over/(under) spend
	£m	£m	£m	£m	£m
Education & Early Years	13.368	7.417	(5.950)	2.238	(3.712)
Inclusion & SEND	29.889	44.900	15.011	0.000	15.011
Children's Trust	203.611	207.066	3.455	0.000	3.455
Strategic Leadership	19.371	19.246	(0.125)	0.802	0.677
Skills & Employability	28.338	26.345	(1.993)	0.536	(1.457)
Commissioning	5.801	6.070	0.270	0.000	0.270
<b>Directorate</b>	<b>300.378</b>	<b>311.044</b>	<b>10.668</b>	<b>3.576</b>	<b>14.243</b>

\*Below is further detailed commentary where the variations are above or equal £0.5m.

### **2. Detailed Service Highlights (where a material variance)**

#### **Education & Early Years (£3.7m underspend)**

- Special Schools in Financial Difficulty (£3.0m underspend)**

One-off corporate funding set aside to cover deficits associated with special school closures and academisations was not required in 2021/22.

- Early Years and Schools Settings & Improvements (£0.5m underspend)**

Reductions have been achieved on staffing and associated costs by holding vacancies.

#### **Inclusion & SEND (£15.0m overspend)**

- Travel Assist (£15.2m overspend)**

An overspend on Travel Assist made up of; £10.9m overspend on transport costs, £1.0m overspend on guide costs, £3.3m overspend due to the termination of a contract with a major supplier.

#### **Birmingham Children's Trust (BCT) (£3.5m overspend)**

BCT incurred additional costs of £1.6m, arising from the impact of Covid-19. This is made up of:

- £0.8m staffing costs
- £0.5m property costs
- £0.3m legal costs

BCT also had £6.4m of additional 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 NHS partners

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 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.

Despite other pressures in the system, the Trust have achieved one-off mitigations, delivered savings and additional income which total £2.3m and which reduced the overall pressure to £5.7m. This pressure has been further reduced by the approval by an allocation of £2.3m from the Household Support Fund.

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 reduced costs by £2.0m in 2021/22. This benefit is included in the overall figures above.

#### **Strategic Leadership (£0.7m overspend)**

£1.6m of additional covid related costs were managed centrally by the directorate, details of significant variations are as follows: £0.9m extra costs of Travel Assist provision, additional to the costs which were funded by the Department for Education through the West Midland Combined Authority. £0.4m additional agency staffing costs for the Special Educational Needs and Disability Information, Advice and Support Service (SENDIASS) team due to expansion of the multi-agency front-door service.

This was partially offset by underspends against the premature retirement budget of £0.4m due to reducing liabilities, and a planned reduction in spend against centrally managed budgets of £0.5m.

#### **Skills & Employability (£1.5m underspend)**

One-off corporate funding to smooth the transition for the anticipated loss of European funding for the World of Work and Youth Employment Initiatives was not required in 2021/22.

## **Annex A4 City Operations**

### **1. Summary**

City Operations Directorate overspent by **£3.4m**, which represents 1.8% of the net budget.

The Outturn position is after recommended net transfers to reserves of £3.9m. This largely relates to a contribution of £3.0m to reserves to fund agreed schedule of capital projects for bus lanes in future years. Further details are provided in Annex A10.

**Table 1: 2021-22 Outturn Summary of City Operations**

City Operations	Current Budget £m	Outturn £m	Outturn Variation over/(under) spend £m	Recommended Transfer to/ (from) Reserves £m	In Year Variation over/(under) spend £m
Emergency Planning & Resilience	1.632	1.617	(0.015)	0.000	(0.015)
Street Scene	93.364	89.320	(4.044)	0.748	(3.296)
Neighbourhoods	20.056	25.126	5.070	(2.735)	2.335
Regulation & Enforcement	3.302	4.358	1.056	(1.139)	(0.083)
Business Support	16.677	16.975	0.298	(0.455)	(0.157)
Highways & Infrastructure	52.667	49.783	(2.884)	7.487	4.602
<b>Directorate</b>	<b>187.698</b>	<b>187.179</b>	<b>(0.519)</b>	<b>3.906</b>	<b>3.386</b>

\*Below is further detailed commentary where the variations are above or equal £0.5m.

### **2. Detailed Service Highlights (where a material variance)**

#### **Street Scene (£3.3m underspend)**

Year-end underspend of £3.3m resulting from additional costs of £11.4m offset by cost reductions of £14.7m.

The main costs include agency cover related to Covid of £3.2m, PPE costs of £1.3m associated with the cleaning of vehicles as a result of Covid, £1.7m overspend on employees due to delays in service redesign, trade waste income shortfall of £1.8m, an overspend of £0.7m for the waste vehicle garage due to a shortfall in income from a reduced client base and £0.6m on maintenance and vehicle hire.

The main cost reductions are an underspend of £3.7m on borrowing costs due to delays in procurement of the new fleet (74 new vehicles are now in operation in 2021/22), waste disposal contract underspend and additional income generated at the Tyseley Plant of £4.7m, an underspend of £1.1m on the Environmental improvements/cleanliness budgets and further Garden and Bulky Waste income of £0.8m achieved. £3.9m one-off city clean up funding has not been spent in year.

#### **Neighbourhoods (£2.3m overspend)**

As a result of Covid there was a £1.1m loss of income from the closure of internally operated leisure and community facilities. Management fee income from external leisure contractors of £2.2m has not been received in year and additional support has been provided above the National Leisure Recovery Fund (NLRF) funding. External leisure provider forecasts indicate service recovery to pre-Covid levels by October 2022.

These additional costs have been partially offset by underspends of £0.7m related to reduced prudential borrowing and funding of major repairs via the capital programme and £0.5m as both the indoor track and Handsworth Wellbeing Centre Roof Repair have been funded from capital.

### **Highways & Infrastructure (£4.6m overspend)**

£6.1m overspend due to reduced car parking income from national covid restrictions. This is made up of £1.5m on-street parking, £3.3m off-street parking, £0.8m civil parking enforcement income, £0.5m local car parking income.

The loss of income is partially offset by £1.6m capital and grant funding for projects and employee recharges, savings in supplies & services budgets including supplier contracts, and additional licensing income.

**Annex A5 Place, Prosperity and Sustainability Directorate****1. Summary**

Place, Prosperity and Sustainability Directorate, overspent by **£1.6m** which represents 2.5% of the net budget.

The outturn position is after net transfers of £6.8m to reserves. This largely relates to contribution of £4.2m to grant reserves, in particular £1.9m for City Region Sustainable Transport Settlements (CRSTS) Capacity Fund and £1.8m for Clean Air Zone Grant Allocations. Further details are provided in Annex A10.

**Table 1: 2021-22 Outturn Summary of Place, Prosperity and Sustainability**

Place, Prosperity & Sustainability Directorate	Current Budget £m	Outturn £m	Outturn Variation over/ (under) spend £m	Recommended Transfer to / (from) Reserves £m	In Year Variation over/ £m
P&D - City Centre, EZ	(1.209)	(0.734)	0.475	(0.266)	0.209
Transport & Connectivity	47.893	40.346	(7.547)	6.444	(1.103)
P&D - Strategy & BDI	5.122	4.246	(0.876)	0.498	(0.378)
Property Services	0.691	3.472	2.781	(0.083)	2.698
Housing Development	0.515	0.473	(0.042)	(0.054)	(0.096)
Inclusive Growth Director	9.082	9.283	0.201	0.047	0.248
Route To Zero	0.266	0.093	(0.173)	0.173	0.000
<b>Directorate</b>	<b>62.360</b>	<b>57.179</b>	<b>(5.181)</b>	<b>6.759</b>	<b>1.578</b>

\*Below is further detailed commentary where the variations are above or equal £0.5m.

**2. Detailed Service Highlights (where a material variance)****Transportation & Connectivity (£1.1m underspend)**

The underspend includes a £0.3m underspend on Integrated Transport Levy Payments (ITA Levy) to the West Midlands Combined Authority (WMCA). Income and fees of £0.8m have been generated from employee recharges to capital projects, Local Land Charges and Traffic Management work.

**Property Services (£2.7m overspend)**

The overspend is primarily due to an under-recovery on commercial income of £4.0m partially managed by underspends of £1.3m (core services budgets £0.5m, security £0.3m and central admin buildings £0.5m including a business rates refund on Lancaster Circus). Bad debt provision of £0.9m has been provided as a result of the moratorium on debt recovery proceedings during the Covid period which was offset by £0.9m of prudential borrowing fall-out from the former Working for the Future programme.

**3. Clean Air Zone (CAZ)**

The CAZ Income & Expenditure actual for 2021/22 shows a contribution to establish the CAZ usable reserve of £22.3m.

The higher levels of Penalty Charge Notices (PCNs) being issued compared to the estimate included in the Full Business Case continues to make a significant contribution to overall revenues. The level of PCNs issued to the end of March 2022 was over 700,000 compared with an estimated volume of 69,000 in the Full Business Case. The number of non-compliant vehicles entering the CAZ remains consistent with the assumptions in the Full Business Case, however, the payment rate of the CAZ daily fee remains lower than originally expected.

Additional staffing and other resources have been allocated to the Parking Services team to help manage the volume of PCN's and associated representations funded through the additional revenues.

The transfer to reserves of £22.3m includes £2m for decommissioning at the end of the scheme and £5m to maintain operation in the period when charging is ceased due to the minimum standard of air quality being achieved but ongoing sustainability still being confirmed.



**Annex A6 City Housing****1. Summary**

The City Housing Directorate overspent by **£1.9m**, which represents 15.4% of the net budget. The outturn position is after recommended net transfers to reserves of £0.2m.

**Table 1: 2021-22 Outturn Summary of City Housing**

City Housing	Current Budget £m	Outturn £m	Outturn Variation over/ (under) spend £m	Recommended Transfer to / (from) Reserves £m	In Year Variation over/ (under) spend £m
Housing Operations	12.487	14.249	1.762	0.187	1.949
Shelforce	(0.242)	(0.305)	(0.063)	0.000	(0.063)
<b>Directorate</b>	<b>12.245</b>	<b>13.944</b>	<b>1.699</b>	<b>0.187</b>	<b>1.886</b>

\*Below is further detailed commentary where the variations are above or equal £0.5m.

**2. Detailed Service Highlights (where a material variance)****Housing Options Service (£1.9m overspend after use of £0.6m of Financial Resilience Reserve)**

Covid created reduced capacity in temporary accommodation resulting in increased costs, this along with social distancing requirements and sickness levels in hostels, resulted in increased costs of £1.6m. Plus £0.3m due to uncollected debts as a result of the national eviction ban.

The major additional cost of £3.1m relates to the greater 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.

Mitigations have generated cost reductions of £2.5m. This includes £1.0m savings in procurement and funding of commissioned services, £1.2m of furniture and other underspends and the improvement in use of void dispersed properties £0.3m.

An appropriation from the Financial Resilience Reserve £0.6m has been applied to fund the Housing Options additional costs that could not be fully mitigated.

## **Annex A7 Strategy, Equalities and Partnerships**

### **1. Summary**

Strategy, Equalities and Partnerships Directorate underspent by **£0.1m**, which represents 2.4% of the net budget.

The outturn position is after recommended net transfers from reserves of £5.3m. This largely relates to use of £6.4m of Public Health Test and Trace Grant Reserves in 2021/22. Further details are provided in Annex A10.

**Table 1: 2021-22 Outturn Summary of Strategy, Equality and Partnerships**

<b>Strategy, Equality and Partnerships</b>	<b>Current Budget £m</b>	<b>Outturn £m</b>	<b>Outturn Variation over/ (under) £m</b>	<b>Recommended Transfer to / (from) Reserves £m</b>	<b>In Year Variation over/ (under) £m</b>
Communication & Marketing	1.730	1.735	0.005	0.000	0.005
Public Health	0.000	5.704	5.704	(5.636)	0.068
Director of SEP	(0.590)	(0.541)	0.049	(0.070)	(0.021)
Community Safety	1.080	0.589	(0.491)	0.386	(0.105)
<b>Directorate</b>	<b>2.220</b>	<b>7.487</b>	<b>5.267</b>	<b>(5.320)</b>	<b>(0.053)</b>

\*Below is further detailed commentary where the variations are above or equal £0.5m.

As the above table shows, there are no major variations in the directorate's performance against the budget during the financial year.

**Annex A8 Corporate Accounts**

The table below sets out the position on corporate costs:

**Table 1: Corporate Accounts Outturn**

<b>Corporate Accounts Outturn</b>	<b>£m</b>
Cost of Pay Award above budgeted inflation rate	7.120
Shortfall in Tax Income Guarantee	7.679
Under achievement of Contract savings	0.747
Under achievement of Transport savings	0.400
Over achievement of Establishment savings	(0.420)
Commonwealth Games	1.037
Balance Sheet Management	(2.052)
Shortfall in Capitalisation	13.336
Treasury Management	(0.937)
Policy Contingency	(24.184)
Other	0.444
<b>Sub-total Non-Covid costs</b>	<b>3.170</b>
Covid-19 Corporate costs funded as part of budget setting	11.470
<b>Total Corporate Costs</b>	<b>14.640</b>

**1. Variations**

The overspend of £14.6m on the budget includes:

**Non-Covid £3.1m overspend**

- There was a cost of **£7.1m** for Pay Inflation that was not budgeted for in 2021/22.
- There was a cost of **£7.7m** due to a shortfall in local tax support received relating to 2020/21 compared to the forecast.
- The Council was unable to achieve the corporate target to make savings on **£0.7m** on contracts.
- The Council was also unable to achieve a corporate target of **£0.4m** on transport savings.
- There was an overachievement of **£0.4m** on council wide establishment savings.
- There was an overspend on the Commonwealth Games of **£1.0m** mainly relating to legal and consultancy costs.
- An underspend of **£2.1m** following a review of outstanding purchase orders no longer required.
- A shortfall in capitalisation of transformation activities across the council of **£13.3m** mainly due to slippage in projects. The government has extended the flexibility to use capital receipts for transformational projects for another three years.

- There was an underspend of **£0.9m** on Treasury Management costs as described in Annex C.
- An underspend of **£24.2m** on Policy Contingency, described in paragraph 2.4.
- **£0.4m** of other net overspends have been identified.

## **2. Policy Contingency**

### **2.1 Release of General Policy Contingency**

The release of £0.1m of General Policy Contingency to fund JNC positions within Place, Prosperity & Sustainability has been approved by the Section151 Officer under delegated authority.

### **2.2 Release of Specific Policy Contingency**

The Section151 Officer has approved the following releases of Specific Policy Contingency in year:

- £0.7m to fund the under recovery of Pension costs.
- £1.1m to fund the Apprenticeship Levy.
- £3.2m Modernisation Fund-Social Care
- £0.1m to fund the Highways and Infrastructure service for highways inventory change

### **2.3 Policy Contingency Reserves**

There is a recommended transfer to reserves of £4.2m 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 £3.2m
- Early help Programme £0.6m
- Civic History £0.04m
- Home To School Transport £0.02m
- Communications £0.3m
- Cities £0.1m

There is a recommended transfer from reserves of £0.2m to fund projects, relating to the following:

- HR Records (£0.2m)

### **2.4 Policy Contingency Outturn**

After these recommended transfers to and from Policy Contingency Reserve, there is a net underspend on Policy contingency of £24.2m as set out in the table below. The underspend of £9.3m on Redundancy and Exit costs had already been reported in the Quarter 3 forecast. The remaining underspends arise from the budgeted provision for costs proving to be higher than was required, and the avoidance of unnecessary expenditure.

**Table 2: Policy Contingency Outturn**

<b>Name of Policy Contingency</b>	<b>Amount of Overspend/ (Underspend) £m</b>
Redundancy and Exit Costs	(9.281)
Inflation	(7.921)
Workforce Equalities	(1.795)
Delivery Plan Programme Management	(1.250)
Highways Maintenance	(0.064)
Loss of Income from Car Park Closures	(0.252)
Apprenticeship Levy	(0.116)
Corporate Funding for ODP	(0.129)
Policy contingency allocated not required	(0.149)
General Policy Contingency	(3.227)
<b>Total Policy Contingency Underspend</b>	<b>(24.184)</b>

## **Annex A9 Dedicated Schools Grant (DSG)**

### **1. DSG Outturn 2021/22**

The DSG outturn position for 2021/22 is an underspend of **£8.3m**. The breakdown by DSG blocks is set out in the table below:

	Allocation	Spend	(Under) / Over	HN* Deficit Repayment	DLP**- To Ensure £14m Over 2yrs	Revised (Under) / Overspend
	£m	£m	£m	£m	£m	£m
School Block - School	374.192	369.811	(4.381)	0.000	0.000	(4.381)
School Block - Non School	6.742	3.093	(3.649)	0.000	0.000	(3.649)
Central School Service Block	18.284	17.283	(1.001)	0.000	0.000	(1.001)
Early Years Block	81.537	80.108	(1.429)	0.000	0.000	(1.429)
Higher Needs Block	180.556	177.186	(3.370)	5.000	0.512	2.142
<b>Total</b>	<b>661.311</b>	<b>647.481</b>	<b>(13.830)</b>	<b>5.000</b>	<b>0.512</b>	<b>(8.318)</b>

\*HN: High Needs

\*\*DLP: Developing Local Provision

### **2. Schools Block – schools and non schools underspend £8.0m**

The Schools' Block is underspent by £8.0m due to:

- Schools' net underspends of £4.4m.
- An underspend of £0.9m on the de-delegated Closing Schools Contingency Fund as no deficit was required to be funded by Birmingham City Council for primary or secondary school closures or academy conversions during Financial Year 2021/22.
- A total underspend of £2.7m for Growth Funding and Falling Pupil Funding.
- A £0.1m overspend on other items, including tree maintenance and minor adjustments for academy capitalisations.

### **3. Central Schools Services Block (CSSB) Underspend £1.0m**

The CSSB underspend is mainly due to:

- School Admissions - a £0.5m underspend due to delays in the recruitment to vacancies, additional income generated for appeals services provided to Academy Schools and the deferral of IT development costs.
- An unallocated £0.4m budget, which will be allocated for Financial Year 2022/23 onwards.
- Minor underspends totalling £0.2m against historic commitments, such as equal pay and nursery redundancy costs, together with other small underspends on the Schools Forum budget and other miscellaneous items

### **4. High Needs Block £2.1m Overspend**

The net overspend on the High Needs Block for 2021/22 is £2.1m, 1.0% of the gross High Needs Block allocation. This is after setting aside £5.0m for the deficit repayment plan and £0.5m for Developing Local Provision (DLP) to ensure that the financial commitment to DLP over the two-year programme is honoured.

The overspends are mainly in relation to significant increases for demand led services, which have been offset by underspends in relation to consultancy costs for new service provision. The key over and under spends are summarised below:

- £7.2m overspend on demand led service - Top Ups, sixth day provision, independent, Further Education and Other Local Authority school places.
- £1.7m underspend on transformation projects.
- £1.6m underspend against the contingency budget.
- £1.1m underspend due to Special Educational Needs Assessment and Review (SENAR) Team costs budgeted but not eligible to be funded from High Needs Block. This has now subsequently been corrected for future year budget setting.

## **5. Early Years (EY) Block-£1.4m Underspend**

The final 2021/22 DSG Early Years Block allocation is yet to be confirmed by the Department for Education (DfE), we have estimated that an additional £0.1m is owed to the local authority for 2021/22. Actual allocations are expected in July 2022. Schools Forum will be updated at the June meeting regarding the position.

The EY underspend is mainly due to:

- The original estimate of clawback for Financial Year 2020/21 was £3.5m, £0.8m higher than the actual clawback was £2.7m.
- Other minor in-year underspends on Early Years totalling £0.5m.

**Annex A10 Reserves Requests****1. Reserve position:**

As detailed in Section 8 of the report, the opening reserves balance was £1,062.3m. The closing balance is £1,071.6m. This is shown in table 1 below, and details of the recommended uses of and contributions to reserves are shown in table 2 below.

Table 1: Reserves	Balance as at 31st March 2021	Original Budgeted (Use) / Contribution	Change approved at Outturn 2020/21	Original Budgeted Use / (Contribution) not processed	Changes Proposed at Outturn	Total Proposed (Use) /Contribution at Outturn	Proposed Outturn Balance at 31st March 2022
	£m	£m	£m	£m	£m	£m	£m
Corporate General Fund Balance	38.382	0.000	0.000	0.000	0.000	0.000	38.382
Delivery Plan Reserve	70.097	3.296	0.000	0.000	(7.197)	(3.901)	66.196
<i>Financial Resilience Reserve Gross</i>	<i>101.119</i>	<i>42.964</i>	<i>0.000</i>	<i>0.000</i>	<i>2.877</i>	<i>45.841</i>	<i>146.960</i>
<i>Net Borrowing from Financial Resilience Reserve</i>	<i>(11.863)</i>	<i>(9.017)</i>	<i>0.000</i>	<i>(0.600)</i>	<i>0.000</i>	<i>(9.617)</i>	<i>(21.480)</i>
Financial Resilience Reserve Net	89.257	33.947	0.000	(0.600)	2.877	36.224	125.480
<b>General Reserves and Balances</b>	<b>197.735</b>	<b>37.243</b>	<b>0.000</b>	<b>(0.600)</b>	<b>(4.320)</b>	<b>32.323</b>	<b>230.058</b>
Other Corporate Reserves	420.025	(203.454)	(21.954)	6.167	128.780	(90.462)	329.563
Grant	318.141	(7.419)	(15.480)	1.249	44.250	22.601	340.741
Earmarked	44.361	17.717	0.000	0.000	13.251	30.968	75.329
Schools	69.389	0.000	0.000	0.000	9.382	9.382	78.771
Non Schools DSG	12.660	0.000	0.000	0.000	4.448	4.448	17.108
<b>Subtotal Other Reserves</b>	<b>864.575</b>	<b>(193.156)</b>	<b>(37.434)</b>	<b>7.416</b>	<b>200.111</b>	<b>(23.063)</b>	<b>841.512</b>
<b>Grand total</b>	<b>1062.310</b>	<b>(155.914)</b>	<b>(37.434)</b>	<b>6.816</b>	<b>195.791</b>	<b>9.260</b>	<b>1071.570</b>



Table 2 Recommended changes to Reserves at Outturn

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	(Use) /Contribution at Outturn
			£m	£m	£m
Corporate	Financial Resilience Reserve	Budgeted use to fund changes in MRP	(5.000)		(5.000)
Corporate	Financial Resilience Reserve	Budgeted Contribution from replacement of DRF in 2021/22	9.304		9.304
Corporate	Financial Resilience Reserve	Further Budgeted Contribution	38.660		38.660
Corporate	Financial Resilience Reserve	Budgeted Net Borrowing from FRR	(9.617)		(9.617)
Corporate	Financial Resilience Reserve	Funding improvements in SEND Service approved by Cabinet		(5.100)	(5.100)
Corporate	Financial Resilience Reserve	Funding Route to Zero approved by Cabinet		(0.250)	(0.250)
Corporate	Financial Resilience Reserve	Funding Home To School Transport (HTST) approved by Cabinet		(6.076)	(6.076)
Corporate	Financial Resilience Reserve	Funding costs of up to £3.3m to HTST of replacement for North Birmingham Travel approved by Cabinet		(3.290)	(3.290)
Corporate	Financial Resilience Reserve	Use of FRR to fund Housing Options		(0.576)	(0.576)
Corporate	Financial Resilience Reserve	Use of FRR to fund deficits of schools that became Academies in 2021/22		(0.939)	(0.939)
Corporate	Financial Resilience Reserve	contribution to FRR of £1.3m, which will be called upon in future years to fund the non-statutory elements of redundancy, which are not capitalisable under the new capital receipts flexibility guidance		1.300	1.300
Corporate	Financial Resilience Reserve	Moving Underspend to the FRR		17.808	17.808
Corporate	Delivery Plan Reserve	Budgeted Net Repayment to DPR	3.296		3.296
Corporate	Delivery Plan Reserve	Drawdowns approved by Cabinet		(20.000)	(20.000)
Corporate	Delivery Plan Reserve	Slippage in projects to be funded from drawdowns		16.576	16.576
Corporate	Delivery Plan Reserve	Funding of CPMO and Chief Executives Delivery Unit approved by Cabinet		(0.681)	(0.681)
Corporate	Delivery Plan Reserve	Funding of New Ways of Working approved by Cabinet		(0.768)	(0.768)
Corporate	Delivery Plan Reserve	Funding of improvement in SEND/HTST approved by Cabinet		(2.323)	(2.323)
	<b>Subtotal (Use of)/Contribution to General Reserves</b>		<b>36.643</b>	<b>(4.320)</b>	<b>32.323</b>
Corporate	Covid Grant	Use of Grant carried forwards from 2020/21	0.000	(17.470)	(17.470)
Corporate	Covid Grant	Carry forward resources to 2022/23	0.000	12.759	12.759
Corporate	Income Compensation re Collection Fund	Reduction in use of reserve carried forwards from 2020/21	(13.197)	5.369	(7.828)
Corporate	Business Rates S31 Grant Income	Funding received from Government to compensate for Business Rates refunds announced by the Government	(177.261)	93.760	(83.501)
Corporate	Business Rates Volatility Contingency	To increase reserves available to cover volatility in Business Rates	1.784	2.516	4.300
Corporate	Discretionary Support for Energy Bills Rebate Reserve	Carry forward reserves to 2022/23 to allow support to be given to citizens	0.000	3.606	3.606
Corporate	Community Recovery Plan Reserve	to fund community recovery in 2021/22	0.000	(0.200)	(0.200)
Corporate	SEND/Inspection Reserve	Use of reserve carried forwards from 2020/21	0.000	(0.819)	(0.819)
Corporate	Covid 19 Hardship Fund Reserve	Carry forward reserves to 2022/23	0.000	14.493	14.493
Corporate	Delivery Plan Programme Management Reserve	Reserves not required in 2021/22	(1.810)	1.810	0.000
Corporate	Local Restrictions Support Grant Reserve	Use of reserve carried forwards from 2020/21	0.000	(1.642)	(1.642)
Corporate	Additional Restrictions Support Grant Reserve	Use of reserve carried forwards from 2020/21	0.000	(8.907)	(8.907)
Corporate	Funding Council Tax Hardship payments	Use of reserve carried forwards from 2020/21	0.000	(7.184)	(7.184)
Corporate	Unidentified Income	£0.9m requested appropriation from the reserve draws down the unidentified income balances from 2020/21, carried forward into 2021/22 to allow this income to be claimed as per existing practice. £3.4m is then requested to be carried forwards into 2022/23.	0.000	2.534	2.534
Corporate	Insurance Reserves	To fund insurance costs incurred in 2021/22	2.000	(2.635)	(0.635)
Corporate	Leasing Smoothing Reserve	Use of leasing reserve set up to cover technical accounting charges in future years	0.000	(0.067)	(0.067)
Corporate	Policy Contingency	Budgeted use	(10.700)	0.000	(10.700)
Corporate	Policy Contingency-HR Records and Repayment carry forwards	To fund project in 2021/22 from reserves carried forwards	0.000	(0.170)	(0.170)
Corporate	Policy Contingency-Social Care Modernisation	To fund project in 2022/23 from slippage in Policy Contingency	0.000	3.155	3.155
Corporate	Policy Contingency-Social Care Modernisation	To continue funding project in 2022/23 following slippage	0.000	0.602	0.602
Corporate	Policy Contingency-Civic History	To continue funding project in 2022/23 following slippage	0.000	0.044	0.044
Corporate	Policy Contingency-Home To School Transport	To continue funding project in 2022/23 following slippage	0.000	0.021	0.021
Corporate	Policy Contingency-Communications	To continue funding project in 2022/23 following slippage	0.000	0.276	0.276
Corporate	Policy Contingency-3 Cities	To continue funding project in 2022/23 following slippage	0.000	0.090	0.090
Corporate	Cyclical maintenance reserve -LoB	Planned Corporate contribution	1.800		1.800
Corporate	Cyclical maintenance reserve -LoB	To fund cyclical maintenance of the Library of Birmingham in future years following slippage of planned works in 2021/21.	(1.600)	1.403	(0.197)
Corporate	new Corp Reserve re F&G-name tbc	to fund the completion of programme	0.000	1.929	1.929
Corporate	Capital Fund	Net Contributions to Capital Fund	0.275	14.510	14.785
Corporate	Council House Refurbishment Reserve	To fund costs in 2022/23 following slippage in 2021/22	(2.500)	2.325	(0.175)
Corporate	WMP Grant - Resilience Team	Resilience Team staffing costs incurred to deliver CWG security & resilience.	0.000	(0.052)	(0.052)
Corporate	CWG Legacy Programme	To fund CWG Legacy Programme spend in 2022/23.	0.000	2.171	2.171
Corporate	CWG City Operations/ Readiness	To fund CWG City Readiness Programme in 2022/23 in preparation for the Games.	0.000	4.553	4.553
Corporate	Other Net Uses of Corporate Reserves		(18.032)		(18.032)
	<b>Subtotal (Use of)/Contribution to Corporate Reserves</b>		<b>(219.241)</b>	<b>128.780</b>	<b>(90.462)</b>

Table 2 Recommended changes to Reserves at Outturn (Continued)

Directorate making request	Reserve	Reason for request	Budget Approved Period 9* £m	Changes Proposed at Outturn £m	(Use) /Contribution at Outturn £m
Children and Families	Section 106	Contributions to Section 106 Reserves	(1.956)	1.499	(0.457)
Children and Families	Strategic Libraries	The LoB Business & Intellectual Property Centre project has incurred additional costs in 21/22 which need to be offset by drawing down this reserve	0.000	(0.030)	(0.030)
Children and Families	Rev Grant Lifelong Learning (Education & Skills Funding)	Funding for Adult Education is ring-fenced and will be utilised in future years.	0.000	0.127	0.127
Children and Families	LACES	To fund continuation of project over the next two years	0.000	0.034	0.034
Children and Families	Oakland Young People Centre	To fund activities for young people during school holidays reducing violent behaviour	0.000	(0.006)	(0.006)
Children and Families	Lozells Youth Provision	To fund activities for young people during school holidays reducing violent behaviour	0.000	(0.011)	(0.011)
Children and Families	ERDF Funding Project Plus	To fund project in 2022/23 following delays due to Covid	(0.168)	0.168	0.000
Children and Families	Youth Promise Plus	Use of grant reserve in 2021/22 to support the Careers Service	0.000	(0.080)	(0.080)
Children and Families	Emergency Assistance Grant	Use of Grant Reserve to fund the costs of the BVSC provision in period Apr-Jun 2021.	0.000	(0.100)	(0.100)
Children and Families	Holiday Activity Fund	To fund the HAF (Holiday Activities & Food) programme	0.000	(0.823)	(0.823)
Children and Families	Virtual School Head Extension Grant	To fund project in 2022/23	0.000	0.152	0.152
Children and Families	Section 31 Grant Post 16 PP+ DFE pilot	Funding that was received too late in 2021/22 to all be spent this year.	0.000	0.230	0.230
Children and Families	Covid Local Support Grant	Reserves held that may need to be repaid to the Government. Grant was not fully utilised as not all Free School Meal vouchers were redeemed	0.000	1.725	1.725
Children and Families	Partnerships for People and Place work	To fund project in 2022/23	0.000	0.133	0.133
Children and Families	Neighbourhood Nurseries	Grant unspent that may need to be returned to Government	0.000	0.019	0.019
City Operations	Historic England Grant Moseley Rd Pool	Funding for Moseley Baths to be used in future years for repairs	0.000	0.014	0.014
City Operations	- HLS Grasslands	Grant funding to be used in future years	0.000	0.090	0.090
City Operations	- HLS Lickies	Grant funding to be used in future years	0.000	0.009	0.009
City Operations	Illegal Money Lending Reserve	To fund specific work in 2022/23	0.000	0.015	0.015
City Operations	Various - See CDBAL4a	Net uses of Section 106 funding	0.000	(0.402)	(0.402)
City Operations	Section 106 Place Directorate-Handsworth Park	Net contribution to Section 106 funding for Parks	0.000	0.007	0.007
City Operations	S106 Parks Various	Net contribution to Section 106 funding for Parks	0.000	0.248	0.248
City Operations	Regional Intelligence Team	To fund costs incurred in 2021/22	0.000	(0.020)	(0.020)
City Operations	Future Parks Accelerator Fund Grant	Specific grant to fund works slipped into 22/23	0.000	0.019	0.019
City Operations	MHCLG Grant Supported Housing Oversight Pilot	Due to delays some of this pilot grant activity has slipped into 2022/23 and MHCLG has agreed for the Council to carry forward underspend into 2022/23 to meet costs	0.000	(0.408)	(0.408)
City Operations	National Leisure Recovery Fund	To fund external leisure contractors whilst returning to pre-covid demand	0.000	(2.965)	(2.965)
City Operations	Sousse Memorial	Grant from Foreign & Commonwealth Office to fund memorial in Cannon Hill Park in future years	0.000	(0.003)	(0.003)
City Operations	Underpayments & Disputed Sum Reserve	Funds required for delivery of Highways PFI contract	0.000	3.839	3.839
City Operations	Highways Commuted Sums	Commuted Sums received to be applied in future years for highway maintenance	(0.128)	0.509	0.381
City Operations	Boosting Action on Surface Water	Funding to Update Local Surface Water Modelling and Mapping information in Key areas	0.000	(0.012)	(0.012)
City Operations	Highways Act (1980) - Section 38 Developer Contributions	Funding for Future Supervision until Adoption	0.000	0.068	0.068
City Operations	Environmental DEFRA Food Allergens	Funding ringfenced to Food Allergen projects including samples / laboratory	0.000	0.007	0.007
City Operations	Capital Asset Value for Amenity Trees (CAVAT)	Specific funding for tree replacement - funding to be used in future years	0.000	0.025	0.025
Place, Prosperity & Sustainability	Clean Air Zone Project Reserve	Fund in year Clean Air Project	0.000	(0.204)	(0.204)
Place, Prosperity & Sustainability	Climate KIC Reserve	To fund in year Climate KIC & Climate Kic Saturn Projects	0.000	(0.029)	(0.029)
Place, Prosperity & Sustainability	Unlocking Social and Economic Innovative Together	To fund in year costs of project	0.000	(0.037)	(0.037)
Place, Prosperity & Sustainability	Jewellery Quarter Neighbourhood Forum	To fund ongoing work on Neighbourhood Planning	0.000	0.005	0.005
Place, Prosperity & Sustainability	Perry Barr NDP	To fund in year work on Neighbourhood Planning	0.000	(0.008)	(0.008)
Place, Prosperity & Sustainability	COSAFE Project	To fund project delayed due to COVID	(0.002)	0.002	0.000
Place, Prosperity & Sustainability	Section 106 Reserves	Net contributions into Section 106 Reserves	0.000	1.010	1.010
Place, Prosperity & Sustainability	CIL - City Wide Projects	Net use of CIL in year to fund project costs	(1.250)	(1.605)	(2.855)
Place, Prosperity & Sustainability	CIL- Other	CIL received in year to fund future project costs	0.000	0.981	0.981
Place, Prosperity & Sustainability	Clean Air Zone Grant Allocation	Lower spend than anticipated on requests for allocations of mitigations grant.	(3.093)	1.804	(1.290)
Place, Prosperity & Sustainability	DFT E Cycle Extension Grant	To fund project in 2021/22	0.000	(0.199)	(0.199)
Place, Prosperity & Sustainability	City Region Sustainable Transport Settlements (CRSTS)	Grant received in advance to fund activities in 2022/23	0.000	1.894	1.894
Place, Prosperity & Sustainability	Food Trails Horizon	Grant received in advance to fund activities in 2022/23	0.000	0.311	0.311
Place, Prosperity & Sustainability	Ladywood Regeneration: Homes Eng Grant	Grant received in advance to fund activities in 2022/23	0.000	0.050	0.050
Place, Prosperity & Sustainability	Levelling Up Fund (LUF)Capacity Funding Tranche 1	New grant received not fully spent - Project continuing 2022/23	0.000	0.051	0.051
Place, Prosperity & Sustainability	PropTech Engagement Fund	New grant received - project starting 2022/23	0.000	0.071	0.071
Place, Prosperity & Sustainability	General Neighbourhood Planning	New grant received - project starting 2022/23	0.000	0.050	0.050
Place, Prosperity & Sustainability	Building Birmingham Academy	Surplus on Project to fund future Bursary Payments as per Developer	0.000	0.039	0.039

Table 2 Recommended changes to Reserves at Outturn (Continued)

Directorate making request	Reserve	Reason for request	Budget Approved Period 9* £m	Changes Proposed at Outturn £m	(Use) /Contribution at Outturn £m
Adult Social Care	Section 256 - Frail Elderly Fund	To fund Fairer Future Fund activities in 2022/23	0.000	14.828	14.828
Adult Social Care	Syrian Refugee Programme	To fund services for Syrian refugees over coming years	(0.300)	0.100	(0.200)
Adult Social Care	Better Care Fund - Carry Forward	To fund Better Care Funded activities in 2022/23 onwards as a Transformation Reserve	(10.184)	18.621	8.438
Adult Social Care	PURE - ESF	This grant supports vulnerable citizens into employment, education or training opportunities. Due to COVID-19 the project has an even bigger challenge in supporting these individuals. Therefore all resources are being ringfenced to	(0.145)	0.148	0.003
Adult Social Care	Rough Sleeping Initiative	To fund project in 2022/23	(0.082)	0.179	0.097
Adult Social Care	Out of Hospital Care	This funding relates to a ring fenced grant allocation to provide support to citizens out of hospital to prevent rough sleeping and homelessness. Delays in recruitment due in part to the pandemic have resulted in the project crossing multiple financial years.	0.000	0.515	0.515
Adult Social Care	Crowd Funder-Changing Futures	Project fully spent in 2021/22	0.000	(0.015)	(0.015)
Adult Social Care	Community Discharge Grant	The Community Discharge Grant is a ring Fenced grant and unspent funds are to be used in 22/23	0.000	0.159	0.159
Adult Social Care	Clinically Extremely Vulnerable (CEV) Grant Covid	To enable continued support to the Clinically Extremely Vulnerable in 2022/23	0.000	1.667	1.667
Adult Social Care	Emergency Assistance Grant EAG (Covid)	Project fully spent in 2021/22	0.000	(0.377)	(0.377)
Adult Social Care	Infection Control Fund (ICF) Covid Grant	Use of reserves to fund activities, together with a further appropriation of the 21/22 allocation to enable continued support in 2022/23.	0.000	(0.099)	(0.099)
Adult Social Care	DA Support - Capacity Build Officer	To fund project in 2022/23	0.004	0.020	0.023
Adult Social Care	DA Support- Third Party Grant	To provide safe accommodation and support for all victims of domestic abuse.	0.000	2.206	2.206
Adult Social Care	RTOF-Refugee Transition Outcome	Underspend on Grant allocation carried forwards into 2022/23	0.000	0.036	0.036
Adult Social Care	Housing First	To enable continuation of the Housing First project into 2022/23.	0.000	0.873	0.873
Adult Social Care	Covid-Omicron Support Grant	To provide funding to be spent in 2022/23	0.000	1.400	1.400
Adult Social Care	UK Resettlement Scheme	To fund services over coming years	0.000	0.112	0.112
Adult Social Care	Afghan Resettlement Scheme	To fund services over coming years	0.000	0.129	0.129
Adult Social Care	Physical Spaces	To fund project in 2022/23	0.000	0.252	0.252
Adult Social Care	MILE Project	To fund project in 2022/23	0.000	0.020	0.020
City Housing	Gambling Commission	To fund 2 year pilot scheme preventing homelessness due to gambling	0.000	0.187	0.187
Council Management	Self Isolation Payments Grant	To fund Self Isolation payments made to claimants in 21/22	0.000	(0.257)	(0.257)
Council Management	Brexit WMCA funding	Appropriation required to fund actual project spend in 21/22.	0.000	(0.080)	(0.080)
Council Management	EUSS Grant	Appropriation required to fund actual project spend in 21/22.	0.000	(0.030)	(0.030)
Council Management	Brexit funding	To fund planned spend in year.	0.000	(0.101)	(0.101)
Council Management	Local Digital Cyber Fund	Carry forward of grant to be spent in 2022/23.	0.000	0.170	0.170
Council Management	Local Digital Fund Round 5-Field Worker Platform	Carry forward of grant to be spent in 2022/23.	0.000	0.350	0.350
Council Management	Local Digital Fund Round 5-Placements Portal	Carry forward of grant to be spent in 2022/23.	0.000	0.079	0.079
Council Management	Benefits Burdens Funding	Carry forward of grant to be spent in 2022/23.	0.000	0.212	0.212
Strategy, Equality and Partnerships	Public Health	To fund Public Health expenditure	1.381	(0.140)	1.241
Strategy, Equality and Partnerships	Prevent - Out of School (OSS)	To improve safeguarding in Out of School settings.	0.000	(0.050)	(0.050)
Strategy, Equality and Partnerships	EU migration fund	To fund the provision of a community engagement project in future years	(0.030)	0.041	0.011
Strategy, Equality and Partnerships	Strategic Migration Partnership	To provide support and accommodation for refugees and asylum seekers.	0.000	(0.071)	(0.071)
Strategy, Equality and Partnerships	Community Safety Strategy - BCSP	To fund Birmingham Community Safety Partnership work	(0.141)	0.396	0.255
Strategy, Equality and Partnerships	Public Health - Test and Trace	To fund Test and Trace response for Covid 19	0.000	(6.444)	(6.444)
Strategy, Equality and Partnerships	Public Health - Community Champions	To fund Test and Trace response for Covid 19 to support engagement with most at risk communities	0.000	(0.440)	(0.440)
Strategy, Equality and Partnerships	Public Health - Operation Eagle	To fund community search testing programme in response to Covid 19	0.000	(0.093)	(0.093)
Strategy, Equality and Partnerships	Public Health - Rough Sleepers Grant	To support the delivery of the Govt's rough sleeping strategy	0.000	(0.844)	(0.844)
Strategy, Equality and Partnerships	Public Health - Obesity Trailblazers	Grant from Dept of Health & Social Care to formulate and deliver plans to tackle childhood obesity.	0.000	0.154	0.154
Strategy, Equality and Partnerships	Public Health - Vaccine Champions	Grant from DH&SC to fund community vaccine Champions in response to Covid 19	0.000	0.185	0.185
Strategy, Equality and Partnerships	Public Health - Fast Track Cities	Grant from NHS England & NHS Improvement to support the appropriate infrastructure & commission engagement with community partners to support the delivery of the Fast Track Cities initiative	0.000	(0.105)	(0.105)
Strategy, Equality and Partnerships	Public Health - additional drug treatment crime and harm reduction	Grant from Public Health England to fund additional drug treatment crime and harm reduction activity	0.000	0.756	0.756
Strategy, Equality and Partnerships	Public Health - Children and Families Weight Mgt	Grant from Dept of Health & Social Care to support children and families weight management	0.000	0.267	0.267
Strategy, Equality and Partnerships	Public Health - Better Mental Health	Grant from Public Health England for Better Mental Health project	0.000	0.374	0.374
Strategy, Equality and Partnerships	Public Health - Adult Weight Management	Grant from Public Health England for Adult Weight Mgt project	0.000	0.338	0.338
Strategy, Equality and Partnerships	Public Health - Oral Health Improvement	Grant from NHS England & NHS Improvement for oral health improvement	0.000	0.057	0.057
Strategy, Equality and Partnerships	Public Health - Oral Health Food Banks	Grant from NHS England & NHS Improvement for oral health food banks	0.000	0.300	0.300
Various	Other Net (Uses) of/Contributions to Grant Reserves		(5.555)		(5.555)
<b>Subtotal (Use of)/Contribution to Grant Reserves</b>			<b>(21.650)</b>	<b>44.250</b>	<b>22.601</b>

## Appendix A

## Annex A10 Reserves Requests

**Table 2 Recommended changes to Reserves at Outturn (Continued)**

Directorate making request	Reserve	Reason for request	Budget Approved Period 9* £m	Changes Proposed at Outturn £m	Proposed (Use) /Contribution at Outturn £m
Children and Families	Youth Promise Plus-Delivery Costs	To be utilised in future years to support the World of Work and Youth Promise Plus Projects when ESF funding reduces/ceases	(0.157)	0.026	(0.131)
Children and Families	Youth Promise Plus-Match Funding	Spend in 21/22 was less than planned, putting back in to reserves to fund critical Employment & Skill activity	(0.131)	0.140	0.010
Children and Families	LOB - Archives Development Fund	Spend in 21/22 was less than planned, putting back in to reserves	(0.087)	0.068	(0.019)
Children and Families	School Improvement Grant	To fund school improvement functions while the funding regime is in	(0.300)	0.720	0.420
Council Management	Audit - POCA Reserve	2021/22 POCA funding received in year net of spend. This is ring-fenced funding that can only be spent on anti-fraud activity. The reserve will be used to fund anti-fraud activity including training and additional data mapping.	0.000	0.007	0.007
Council Management	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	0.506	0.506
Council Management	Procurement Transport Strategy	Funding of project spend in 2021/22 and writing off small balance remaining	0.000	(0.026)	(0.026)
Council Management	Benefits Service Transformation 2	Reserve is needed for the cost of catching up with Business As Usual (BAU) work post Covid using burdens funding from Government	(0.323)	0.913	0.590
Council Management	Customer Services Access Strategy Programme Project Support	Customer service complaints programme underspend due to programme delayed start to fund future years expenditure as this time limited to 2 years with 22/23 being the final year.	0.000	0.147	0.147
Council Management	ITDS Business Enablement Programme Slippage	To fund planned programme expenditure from prior year reserve.	0.000	(0.472)	(0.472)
Council Management	Schools HR IT	To fund planned spend in 2022/23 for JADU development costs, this reflects revised project timelines.	(0.088)	0.088	0.000
Council Management	Schools HR IT	To fund planned spend to provide support for Oracle implementation. Spend will now be in 2022/23 to reflect Oracle implementation timelines.	(0.130)	0.130	0.000
Council Management	Tech Refresh Lancaster Circus	To fund technical refresh of IT equipment that was at Lancaster Circus delayed due to silicone shortage.	0.000	1.210	1.210
Council Management	To fund additional complaints staff in Customer Services	Carry forward of complaints programme underspend to fund ongoing programme staff costs in 2022/23.	0.000	0.378	0.378
Council Management	Corporate HR	Continuation and further development of the Apprentice Succession Planning programme into 2022/23	0.000	0.213	0.213
Council Management	Service Now	To fund planned programme expenditure in 2022/23	0.000	0.176	0.176
Council Management	Revenues Invest to Deliver Business case	This underspend will be used to fund cost of catching up with BAU activities post covid and improve income collection.	0.000	1.602	1.602
Council Management	Cyber Security Programme	Cyber Security Programme underspend to fund ongoing future years Expenditure	0.000	1.780	1.780
City Operations	Proceeds of Crime Act (POCA) - Illegal Money Lending Team	To fund community & crime prevention projects ringfenced under the Act in 2021/22	0.000	(0.242)	(0.242)
City Operations	Proceeds of Crime Act (POCA) - Trading Standards	To fund community & crime prevention projects ringfenced under the Act in future years	0.000	0.162	0.162
City Operations	Hackney Carriages	Ring fenced deficit to be recovered from fees in future years - needs to cost recover	0.000	(0.556)	(0.556)
City Operations	BMT Loan Guarantee	Repayment of BMT loan	0.000	0.097	0.097
City Operations	Licensing Entertainment/General	Ring fenced deficit to be recovered from fees in future years	0.000	(0.153)	(0.153)
City Operations	Major Events (Subvention)	Net drawdown funding events programme	0.000	(0.032)	(0.032)
City Operations	POCA Regional Investigation Team	To fund community & crime prevention projects ringfenced under the Act in future years	0.000	0.048	0.048
City Operations	Maintenance of Bereavement Infrastructure Assets	Use of reserve to maintain assets	0.000	(0.015)	(0.015)
City Operations	Localisation - Post COVID Recovery	Reserve to assist the essential post covid community recovery program to enable and enhance stability capacity building and support recovery	0.000	0.070	0.070
City Operations	Local Grants Vol Organisations/Leader's Portfolio Funding	Use of reserve to fund projects in 2021/22	0.000	(0.024)	(0.024)
City Operations	Parks Pool Cyclical Maintenance	As per Cabinet report 2018, Parks service providing revenue contribution to fund capital safety works in future years	0.000	0.300	0.300
City Operations	Highways Commuted Sums	Commutated Sums received from other BCC Directorates to be applied in future years for highway maintenance.	(0.002)	0.125	0.124
City Operations	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	2.960	2.960
City Operations	Sheldon Transport Action Group (VAS Signs)	Use of reserve to fund maintenance of Vehicle Activated Speed signs	0.000	(0.003)	(0.003)
City Operations	Environmental H&S Vue Cinema	Reserve ringfenced to costs / compensation for current legal case (Vue Cinema)	0.000	0.056	0.056
City Operations	Licensing Street Trading	Reserve ringfenced specifically for Street Trading Licensing	0.000	(0.033)	(0.033)
City Operations	Museums Repair and Maintenance	Ongoing works slipped across financial years - budget carried forward to fund	0.000	0.055	0.055
City Operations	Tourism Development Fund	Grants for production of Tourism Strategy - £50k	0.000	0.050	0.050
Place, Prosperity & Sustainability	Fire Insurance (old CO-OP Building)	Use of Fire damage insurance proceeds re. the Co-op building at Jennens Road	0.000	(0.266)	(0.266)
Place, Prosperity & Sustainability	Speed Camera	Surplus from Speed Cameras to fund expansion and maintenance	(0.037)	0.042	0.005
Place, Prosperity & Sustainability	General Maintenance Tenants	Additional collection from tenants carried forward to 22/23 service charge	0.000	0.504	0.504
Place, Prosperity & Sustainability	Portfolio Reserve	Use of Reserve to fund Graduates cost in 2021/22	0.000	(0.045)	(0.045)
Place, Prosperity & Sustainability	Graduate Hub	To fund Graduate costs in 2021/22	0.000	(0.163)	(0.163)
Place, Prosperity & Sustainability	Invest to Save - Central Admin Buildings	Delay in use of Invest to Save budget to engage consultants to bring forward CAB disposals	0.000	0.237	0.237
Place, Prosperity & Sustainability	Invest to Save - Commercial Property - Investment Strategy	Use of Invest to Save Reserve to engage Avison Young to bring forward	0.000	(0.158)	(0.158)
Place, Prosperity & Sustainability	Invest to Save - Public Hubs	Delay in use of Invest to Save budget to engage consultants to bring forward Public Hubs proposals (colocate of services), which has been superceded by NWOW	0.000	0.175	0.175
Place, Prosperity & Sustainability	Invest to Save - Work Place Parking Levy	Proposal to levy additional business rates where employee car parking is provided and been postponed due to Covid but not cancelled	0.000	0.270	0.270
Place, Prosperity & Sustainability	Health & Safety Surveys	Use of funding as part of four year programme of surveys finishing in 2023/24 to identify H&S requirements for non-HRA/non-schools property portfolio	0.000	(0.641)	(0.641)
Place, Prosperity & Sustainability	Route to Zero	Use of reserve to fund project in 2021/22	0.000	0.173	0.173
Place, Prosperity & Sustainability	CAZ Projects	Operating Balance on CAZ - To fund Relevant CAZ Projects	19.663	2.652	22.315
Various	Other Net (Uses) of/Contributions to Earmarked Reserves		(0.691)		(0.691)
	<b>Subtotal (Use of)/Contribution to Earmarked Reserves</b>		<b>17.717</b>	<b>13.251</b>	<b>30.968</b>
Children and Families	Non-Schools Dedicated Schools Grant (DSG)	Carry forward of DSG Grant	0.000	4.448	4.448
	<b>Subtotal Non Schools DSG</b>		<b>0.000</b>	<b>4.448</b>	<b>4.448</b>
Children and Families	School's Reserves	Net increase in Schools Carry Forward balances	0.000	4.382	4.382
Children and Families	DSG-High Needs	Contribution to Higher Needs Block as agreed in Repayment Plan	0.000	5.000	5.000
	<b>Subtotal School's Reserves</b>		<b>0.000</b>	<b>9.382</b>	<b>9.382</b>
	<b>Total (Use of)/Contribution to Reserves</b>		<b>(186.531)</b>	<b>195.791</b>	<b>9.260</b>

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

## ANNEX A11 Savings

### Annex A11 Detailed Savings Programme

2021-22				
Directorate:	Savings Description	Budgeted Saving (£m)	Savings Delivered (£m)	Savings Not Delivered (£m)
Adult Social Care	Effective and efficient workforce	(1.293)	(1.293)	0.000
Adult Social Care	Adult Packages of Care	(7.500)	(7.500)	0.000
	<b>Total Savings Adult Social Care</b>	<b>(8.793)</b>	<b>(8.793)</b>	<b>0.000</b>
Council Management	Customer Services Team	(0.274)	(0.274)	0.000
Council Management	Application Platform Modernisation	(0.623)	(0.623)	0.000
Council Management	Wide Area Network Review and Redesign	(0.500)	(0.500)	0.000
Council Management	Corporate voice and mobile telephony rationalisation.	(0.500)	(0.500)	0.000
Council Management	Utilisation of corporate Microsoft Enterprise Agreement	(0.300)	(0.300)	0.000
Council Management	Renewal of bulk printing contract including Revenues and Benefits	(0.031)	(0.031)	0.000
Council Management	Debt Collection Costs	(0.089)	(0.089)	0.000
Council Management	City Finance	(0.140)	(0.140)	0.000
Council Management	Legal Services efficiencies	(0.200)	(0.200)	0.000
	<b>Subtotal Savings in Financial Plan</b>	<b>(2.657)</b>	<b>(2.657)</b>	<b>0.000</b>
	<b>Savings delivered on a one-off basis in 2020/21</b>			
Council Management	ITDS Organisation Structure Review	(0.200)	(0.200)	0.000
Council Management	Debt Collection Costs	(0.208)	(0.208)	0.000
Council Management	1 - Commercialisation	(0.116)	0.000	(0.116)
Council Management	2 - Commercialisation	(0.004)	(0.004)	0.000
Council Management	Reduced external legal spend	(0.200)	(0.200)	0.000
	<b>Subtotal One-off savings</b>	<b>(0.728)</b>	<b>(0.612)</b>	<b>(0.116)</b>
	<b>Total Savings Council Management</b>	<b>(3.385)</b>	<b>(3.269)</b>	<b>(0.116)</b>
Children & Families	Birmingham Careers Service - Employee Reduction	(0.050)	(0.050)	0.000
	<b>Total Savings Children &amp; Families</b>	<b>(0.050)</b>	<b>(0.050)</b>	<b>0.000</b>
Place, Prosperity and Sustainability	Commercial income in Property Services Growth	(0.277)	(0.277)	0.000
Place, Prosperity and Sustainability	Civil parking Enforcement	0.000	0.000	0.000
Place, Prosperity and Sustainability	Expansion of City Centre on-street parking, concessions and restrictions	0.000	0.000	0.000
	<b>Subtotal Savings in Financial Plan</b>	<b>(0.277)</b>	<b>(0.277)</b>	<b>0.000</b>
	<b>Savings delivered on a one-off basis in 2020/21</b>			
Place, Prosperity and Sustainability	Operational Hub Programme	(0.322)	0.000	(0.322)
Place, Prosperity and Sustainability	1- Council administrative buildings reduction	(0.238)	(0.238)	0.000
Place, Prosperity and Sustainability	2 - Council administrative buildings reduction	(0.118)	(0.118)	0.000
Place, Prosperity and Sustainability	3 - Council administrative buildings reduction	(0.052)	(0.052)	0.000
Place, Prosperity and Sustainability	Inreach	(0.038)	0.000	(0.038)
	<b>Subtotal One-off savings</b>	<b>(0.768)</b>	<b>(0.408)</b>	<b>(0.360)</b>
	<b>Total Savings Place, Prosperity and Sustainability</b>	<b>(1.045)</b>	<b>(0.685)</b>	<b>(0.360)</b>

## ANNEX A11 Savings

2021-22				
Directorate:	Savings Description	Budgeted Saving (£m)	Savings Delivered (£m)	Savings Not Delivered (£m)
City Operations	Removal of universal superloos	(0.134)	(0.134)	0.000
City Operations	Revenue savings from Waste Management Replacement Strategy capital project	(0.500)	0.000	(0.500)
City Operations	Neighbourhoods and Communities - Community	0.000	0.000	0.000
City Operations	Reduction in grant to the Active Wellbeing Society	(0.108)	(0.108)	0.000
	<b>Subtotal Savings in Financial Plan</b>	<b>(0.742)</b>	<b>(0.242)</b>	<b>(0.500)</b>
	<b>Savings delivered on a one-off basis in 2020/21</b>			
City Operations	Reduction in grant to the Active Wellbeing Society	(0.108)	(0.108)	0.000
City Operations	Allocation of Workforce Savings - Street Scene	(0.292)	0.000	(0.292)
City Operations	Review of managerial arrangements Street Scene	(0.158)	0.000	(0.158)
City Operations	Parks and Nature Conservation	(0.200)	0.000	(0.200)
City Operations	Review of managerial arrangements Street Scene	(0.158)	0.000	(0.158)
City Operations	Disposal of unwanted/under utilised parks land (8 acres per year)	(0.200)	0.000	(0.200)
City Operations	Expansion of City Centre on-street parking, concessions and restrictions	(0.309)	(0.309)	0.000
City Operations	Allocation of Workforce Savings	(0.011)	(0.011)	0.000
City Operations	Commercialisation	(0.003)	(0.003)	0.000
	<b>Subtotal One-off savings</b>	<b>(1.439)</b>	<b>(0.431)</b>	<b>(1.008)</b>
	<b>Total Savings City Operations</b>	<b>(2.181)</b>	<b>(0.673)</b>	<b>(1.508)</b>
Corporate Items	Establishment Costs	(20.132)	(20.132)	0.000
Corporate Items	Consolidation Programme – Transport workstream	(0.400)	0.000	(0.400)
	<b>Subtotal Savings in Financial Plan</b>	<b>(20.532)</b>	<b>(20.132)</b>	<b>(0.400)</b>
	<b>Savings delivered on a one-off basis in 2020/21</b>			
Corporate Items	Contract savings	(0.747)	0.000	(0.747)
	<b>Subtotal One-off savings</b>	<b>(0.747)</b>	<b>0.000</b>	<b>(0.747)</b>
	<b>Total Savings in Corporate</b>	<b>(21.279)</b>	<b>(20.132)</b>	<b>(1.147)</b>
	<b>Grand Total savings</b>	<b>(36.733)</b>	<b>(33.602)</b>	<b>(3.131)</b>

## **Annex B Capital**

### **1.0 Overview**

The capital programme final spend position for 2021/22 is £528.1m. This is £236.4m below the planned expenditure of £764.4m as shown in the table below:

**Table 1 Capital Programme Summary**

Summary of Capital Programme spend	2021/22 £m
Revised Budget	764.415
Cumulative Slippage	(262.915)
Actual (under) / overspends	26.577
<b>Outturn Expenditure in year</b>	<b>528.077</b>

- 1.1 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.
- 1.2 The Capital programme projected slippage of £107.7m and an overspend £12.7m for the year at Month 9. Details of this can be found in the Month 9 Corporate Monitoring Report presented to Cabinet in February 2022. Further slippage of £155.2m and an overspend of £13.9m are now being reported as the final outturn for 2021/22. This means that full year slippage is £262.9m along with a net overspend of £26.6m as shown in the table above.
- 1.3 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. The in-year overspend of £26.6m is fully funded and there is no impact on future year’s resources.

## **2. Reasons for variations**

- 2.1 Annex B4a summarises the capital expenditure for 2021/22 by Directorate and Annex B4c provides this in greater detail. Annex B4b provides details of the budget changes between Month 9 and year end and Annex B4d describes the reasons for the major variations.
- 2.2 The reasons for these variations have been reported in quarterly financial monitoring reports to Cabinet throughout the year and the major variations are summarised as follows:
- 2.3 **Commonwealth Games. Total variation £7.5m slippage**

- 2.3.1 **Alexander Stadium – slippage of £2.8m** – due to minor changes to the timing of completion works, with practical completion taking place during April 2022 (originally planned for completion by 1<sup>st</sup> April 2022).
- 2.3.2 **Organising Committee – slippage of £4.8m** - £3.2m of contingency sums unused by the year-end slipped into 2022/23 for any remaining variations to price or scope as individual schemes are completed in advance of the Games . This is in addition to the deferral of some elements of expenditure into Q1 2022/23 as a result of delayed start on site for a number of small infrastructure schemes and the Aquatics Centre, with practical completion during May 2022, £1.5m.
- 2.4 **Council Management - Total variation of £33.2m.** The main variances are:
- 2.4.1 **Revenue Reform Projects – Slippage of £22.0m** – This budget was available to fund eligible projects to support transformational projects as and when required. The budget has been slipped into future years as the government has also extended the flexibility to use capital receipts for transformational projects for another three years.
- 2.4.2 **Corporate Capital Contingency – Slippage of £5.0m** – This budget of £5m is available to fund unexpected capital requirements that may arise during the year. There was no call on this budget in the year and the budget has been carried forward into future years.
- 2.4.3 **ERP Implementation – Slippage of £2.1m.** The slippage is mainly due costs relating to SAP that the project was expecting to incur but were funded from the current ITDS base budget.
- 2.4.4 **ICT & Digital Services – Slippage of £5.1m.** The slippage is mainly due to the Application Platform Modernisation programme, where pressures on global hardware supply chains caused by lasting Covid impacts on the production of microchips and subsequent backlogs through to end suppliers. This has resulted in a delay to scheduling of expenditure on hardware and installation services. This has not impacted on anticipated revenue savings which were predicated on the contractual end date for systems later in the 22/23 financial year, by which point the new solution will be in place.
- 2.4.5 **New Ways of Working & Brum Account Phase 3 slippage** - minor slippages on these projects including the telephony tender which was withdrawn during the year following review of clarification questions from suppliers. This delay will move the project spend on this item into next financial year. This will not affect operational delivery of the existing service.
- 2.5 **City Operations Directorate. Total directorate variation of £18.5m. The main variances are as follows:**
- 2.5.1 **Street Scene – Waste Management Services – Slippage of £8.5m** – This is due to Montague Street Depot (Atlas Works) where there was a delay in the



purchase of the land and subsequent demolition works. The project is currently in the design and delivery phase.

- 2.5.2 Parks & Nature Conservation - slippage of £2.0m-** £1.2m slippage on Grounds Maintenance Vehicles. Although all the vehicles have been procured there has been a delay in full delivery due to demand and market forces. It is expected that the remaining vehicles will be delivered in 2022/23. A further £0.7m of minor variances across a number of projects in the Parks & Nature Conservation service.
- 2.5.3 Private Sector Housing – Slippage of £1.4m -** This is predominantly due to slippage on the Energy Efficiency scheme £1.1m due to delays in identifying qualifying properties (EPC ratings D,E,F,G) whilst resident engagement and sign up was very slow initially. Residents were not keen to allow people into their properties to carry out surveys. In addition, resources were difficult to recruit and there were delays in onboarding assessors to carry out the retrofit assessments which this had a major impact on the project.
- 2.5.4 Highways Infrastructure - Slippage of £3.0m.** Ward Minor Transports Measures, School Streets, Flood Risk Management and the Roads Safety programme contain many small city wide schemes. Expenditure has slipped into future years as the selection of schemes needs to be robust and involves consultations with a wide range of stakeholders and lengthy Traffic Regulation Orders legal processes, and thus takes time to finalise, develop, design, seek approval, procure, and implement selected schemes within a financial year. In addition, this year has also been impacted by COVID restrictions.
- 2.6 City Housing. Total variation of £4.1m. The main variations are as follows:**
- 2.6.1 Housing Improvement Programme – net overspend of £7.9m –** A first quarter assessment of the various programmes and schemes in this year's investment programme identified a need to increase the spend this year. This includes the large programme of fire protection works to High Rise Residential Blocks, in particular the replacement of external cladding and fire panels requiring completion by March 2022. As a result of this there are additional works identified as necessary where it is not possible to provide the solution in isolation e.g. unable to replace panels without replacing windows. There were also large structural rectification schemes requiring additional solutions to address further defects identified once works have commenced on site as well as new urgent structural defects identified in an ageing high and low-rise stock. There was limited capacity to reduce other cyclical and annual planned works. This was funded by contributions from the Housing Revenue Account (HRA).
- 2.6.2 Housing Redevelopment – net slippage of £12.0m –** This is made up of net slippage on New Build Homes due to delays on site from the supply chain; elongated processes requiring additional authorities or retendering where tenders have come in over the projected tender price due to increases across the housing market. There is also net slippage on the Clearance Programme. Alongside the impact of the pandemic on clearance, rehousing and demolition activity, other factors such as the materials shortages and planning conditions have continued to cause delays to planned demolition programmes that were scheduled to take place in 2021/22. The lack of social housing has caused

delays with clearance and rehousing households, particularly those with larger families whereby suitable alternative properties have not become available.

**2.7 Place, Prosperity & Sustainability. Total variation of £160.8m. The main variances are as follows:**

- 2.7.1 Enterprise Zone - Other – slippage of £9.9m** – The Southside Public Realm project has slipped by £5.8m as the original appointed contractor went into administration. £1.4m slippage due to changes required to the EZ programme forecast drawdown for the current year in line with the latest GBSLEP approved Enterprise Zone model assumptions. There were other minor variances which include Wholesale Market Enabling Works.
- 2.7.2 Tame Valley Phase 2 & 3 – slippage of £4.7m** – Tame Valley Viaduct. : Invitation to tender for the main works contract occurred in September 2020 following on from the Testing Contract but were delayed due to COVID resource requirements. Due to advice received on legal aspects of the tender, there were various extensions to the tender period and final tenders were submitted at end of April 2021 and have now been evaluated. The contract commencement date was expected to be 8th March 2022 and with a contract delivery period of 4 years 9 months. The actual contract period is however expected to be shorter. The formal award of the contract has been delayed due to inflationary pressure concerns raised by the Contractor. Discussions regarding these are ongoing and a paper setting out the Contractors position is expected to be presented to the Council in early 2022/23.
- 2.7.3 Birmingham City Centre Retail Core Public Realm – slippage of £7.1m-** Due to proximity of the Commonwealth Games, a high-level decision was taken to reduce the scope of works to avoid any clashes during the games.
- 2.7.4 Brum Breathes & Route to Zero – slippage of £19.3m** – the slippage relates to spend against the original Mitigations Budget profile as a result of the delayed implementation of the Clean Air Zone (CAZ). This budget is also demand led with spend taking place after actions required are confirmed i.e. Taxi & HGV upgrades, Demand for grants that support Birmingham's taxi community has been positive due to the introduction of the Clean Air Zone (CAZ. By contrast demand for the Heavy-Duty Vehicle (HDV) Fund has been lower than forecast due to a higher than modelled level of compliance in the Heavy Goods Vehicle (HGV) and coach vehicle categories. Applications for the scrappage scheme has increased as exemptions for workers ended on 31st May 2022.

**Active Travel – slippage of £14.7m** – The slippage relates to the Commonwealth Games Public Realm schemes - there have been delays in getting the full business case approved in 2021-22, this delay has had an impact on key milestones of the project. The works will be delivered in time for the Commonwealth Games, but construction was pushed back to end of the financial year rather than starting in February as originally planned. The other major slippage into next year relates to the A45 Coventry Road Cycle Route. The funding for the scheme is subject to a drawdown procedure via the West Midlands Combined Authority (WMCA) / Transport for West Midlands

(TfWM). The funding drawdown will be part of the full business case process and was only available once the scheme development has been completed.

**Public Transport – slippage of £4.4m** - Slippage into future years across a number of schemes but mainly in relation to Sprint projects (Sutton to Birmingham via Langley, Birmingham to Airport & Birmingham to Walsall) pending approvals from Transport for West Midlands (TfWM), Section 278 and proposals being put on hold until post the Commonwealth Games.

**2.7.5 Perry Barr Residential Scheme – net slippage of £43.5m – Due to** delays to construction on the core residential plots, including COVID impacts £14.3m, delays in payments in relation to the National Express (NX) bus depot in line with contractual terms £15.3m, slippage of unused contingency sums to 2022/23 to align with anticipated completion of key elements of the scheme £11.5m, delays to completion of highways works to reflect unanticipated additional complexity of integration with other works being undertaken in the area £1.8m. Occupancy is expected to commence during the first quarter of 2022-23.

**2.7.6 Property Strategy – slippage of £47.0m** - The Acquisition budget slippage of £42m is used as and when suitable opportunities arise. It does not represent a target acquisition programme. There were 2 significant acquisitions in the pipeline for completion by March 2022, totalling £19.9m. However additional due diligence was required which has meant the acquisitions have been delayed and are now targeted for completion in early 2022/23. The budget has been slipped into future years for acquisitions as and when opportunities arise. Public Hub Programme – slippage of £5m into future years pending completion of a Cabinet Report setting out the strategic plan – due to go to Cabinet in early 2022/23

**2.8 Children & Families. Total variation of £12.9m. The main variances are as follows:**

**2.8.1 Basic Need – Additional School Places – slippage of £6.8m** – due to the pandemic forecasted pupil numbers have reduced and therefore the requirement for additional places has reduced. There is a level of uncertainty around pupil numbers due to Covid, Elective Home Education and Brexit. Cohort numbers on roll in schools reduced between 2019/20 and 2020/21, leading to a reassessment of required permanent expansions. There is also less domestic migration than previous years.

**3 Financing of Capital Expenditure**

**3.1** The financing arrangements in respect of the City Council capital expenditure in 2021/22 of £528.1m are summarised in the table below:

**Table 2: Financing of capital spend**

<b>Financing method</b>	<b>£m</b>
Borrowing (including Enterprise Zone)	296.284
Government Grants	89.379
Capital Receipts	50.25
Other Grants and Contributions	7.844
HRA use of Revenue Resources (incl. MRR)	84.32
<b>Total financing</b>	<b>528.077</b>

- 3.2 The Budget 2021+ 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 £296.3m is less than the £369.7m originally planned in the Financial Plan 2021-2025. 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 Appendix 5 of the Treasury Management annual report (Annex C)

# Capital Outturn 2021-22 by Directorate

Annex B4a

Directorate	(a) 2021/22 Period 12 Revised Budget	(b) 2021/22 Outturn	(c) 2021/22 Variation
	£m	£m	(b-a) £m
<b>Commonwealth Games</b>	<b>72.545</b>	<b>65.014</b>	<b>(7.531)</b>
<b>Council Management</b>			
Development & Commercial	1.100	2.139	<b>1.039</b>
Corporately Held Funds	66.364	37.196	<b>(29.168)</b>
ICT & Digital	9.313	4.260	<b>(5.053)</b>
<b>Total Council Management</b>	<b>76.777</b>	<b>43.595</b>	<b>(33.182)</b>
<b>City Operations</b>			
Control Centre Upgrade	0.995	0.880	<b>(0.115)</b>
Street Scene	39.564	29.153	<b>(10.411)</b>
Private Sector Housing	2.710	0.274	<b>(2.436)</b>
Neighbourhoods	2.862	0.506	<b>(2.356)</b>
Regulation & Enforcement	1.553	1.378	<b>(0.175)</b>
Highways Infrastructure	4.895	1.877	<b>(3.018)</b>
<b>Total City Operations</b>	<b>52.579</b>	<b>34.068</b>	<b>(18.511)</b>
<b>City Housing</b>			
Housing Options Service	2.057	3.654	<b>1.597</b>
HRA	118.343	112.664	<b>(5.679)</b>
<b>Total City Housing</b>	<b>120.399</b>	<b>116.318</b>	<b>(4.081)</b>
<b>Place, Prosperity &amp; Sustainability</b>			
Planning & Development	53.900	43.152	<b>(10.748)</b>
Transport & Connectivity	83.238	26.483	<b>(56.755)</b>
Housing Development	1.563	(0.000)	<b>(1.563)</b>
Perry Barr Residential Scheme	182.353	138.894	<b>(43.459)</b>
Property Services	60.629	12.309	<b>(48.320)</b>
<b>Total Place, Prosperity &amp; Sustainability</b>	<b>381.682</b>	<b>220.838</b>	<b>(160.844)</b>
<b>Children &amp; Families</b>	<b>46.924</b>	<b>33.988</b>	<b>(12.936)</b>
<b>Adult Social Care</b>	<b>13.509</b>	<b>14.256</b>	<b>0.747</b>
<b>TOTAL</b>	<b>764.415</b>	<b>528.077</b>	<b>(236.338)</b>

COUNCIL MANAGEMENT				
Ref.	Project/Programme	Comments	2020/21 Increase (Decrease) £m	All Years Increase /(Decrease) £m
CM1	Corporate Capital Contingency & Modernisation Fund	Corporate Capital Contingency Budget rephased in line with the Financial Plan 2023+ and as approved in the Month 9 Monitoring report that went to Cabinet on 8th February 2022.	(13.100)	0.000

CITY OPERATIONS				
Ref.	Project/Programme	Comments	2021/22 Increase (Decrease) £m	All Years Increase /(Decrease) £m
CO1	Waste Management Services	The budget movement reflects the Full Business Case relating to the New Build Depot for the Relocation of Montague Street and Redfern Road Depots (Atlas Works) as reported to Cabinet in October 2021	6.209	6.231

**Capital Outturn 2021/22 - Outturn Variations**

Ref.	2021-22 Capital Outturn		
	Period 12 Budget £m	2021/21 Outturn £m	Period 12 Variation £m
<b>COMMONWEALTH GAMES 2022</b>			
CWG Alexander Stadium	45.024	42.268	(2.756)
CWG Organising Cttee	27.521	22.746	(4.775)
<b>TOTAL COMMONWEALTH GAMES</b>	<b>72.545</b>	<b>65.014</b>	<b>(7.531)</b>
<b>COUNCIL MANAGEMENT</b>			
<b>Development &amp; Commercial</b>			
Gateway/Grand Central Residual Costs	0.600	2.139	1.539
Capital Loans & Equity	0.500	0.000	(0.500)
<b>Total Development &amp; Commercial</b>	<b>1.100</b>	<b>2.139</b>	<b>1.039</b>
<b>Corporately Held Funds</b>			
Revenue Reform Projects	43.704	21.670	(22.034)
Corporate Capital Contingency	5.000	0.000	(5.000)
ERP Implementation	17.660	15.513	(2.147)
<b>Total Corporately Held Funds</b>	<b>66.364</b>	<b>37.183</b>	<b>(29.181)</b>
<b>SAP Investments</b>	<b>0.000</b>	<b>0.013</b>	<b>0.013</b>
<b>ICT &amp; Digital Services</b>			
ICT & Digital	9.313	4.260	(5.053)
<b>Total Digital &amp; Customer Services Directorate</b>	<b>9.313</b>	<b>4.260</b>	<b>(5.053)</b>
<b>TOTAL COUNCIL MANAGEMENT</b>	<b>76.777</b>	<b>43.595</b>	<b>(33.182)</b>
<b>CITY OPERATIONS</b>			
<b>Control Centre Upgrade</b>			
Control Centre Upgrade - CCTV Cameras	0.995	0.880	(0.115)
<b>Total Control Centre Upgrade</b>	<b>0.995</b>	<b>0.880</b>	<b>(0.115)</b>
<b>Street Scene</b>			
Waste Management Services	33.597	25.139	(8.458)
Parks & Nature Conservation	5.967	4.014	(1.953)
<b>Total Street Scene</b>	<b>39.564</b>	<b>29.153</b>	<b>(10.411)</b>
<b>Private Sector Housing</b>	<b>2.710</b>	<b>0.274</b>	<b>(2.436)</b>
<b>Neighbourhoods</b>			
Community, Sport & Events	2.225	0.457	(1.768)
Neighbourhoods	0.013	0.019	0.006
Cultural Development	0.624	0.030	(0.594)
<b>Total Neighbourhoods</b>	<b>2.862</b>	<b>0.506</b>	<b>(2.356)</b>
<b>Regulation &amp; Enforcement</b>			
Bereavement	0.252	0.000	(0.252)
Markets Services	0.000	0.028	0.028
Mortuary/Coroners	1.273	1.262	(0.011)
Illegal Money Lending	0.028	0.088	0.060
<b>Total Regulation &amp; Enforcement</b>	<b>1.553</b>	<b>1.378</b>	<b>(0.175)</b>
<b>Highways Infrastructure</b>	<b>4.895</b>	<b>1.877</b>	<b>(3.018)</b>
<b>TOTAL CITY OPERATIONS</b>	<b>52.579</b>	<b>34.068</b>	<b>(18.511)</b>
<b>CITY HOUSING</b>			
<b>Housing Options Service</b>	<b>2.057</b>	<b>3.654</b>	<b>1.597</b>
<b>Housing Revenue Account</b>			
Housing Improvement Programme	74.076	81.937	7.861
Redevelopment	42.363	30.392	(11.971)
Other Programmes	1.904	0.335	(1.569)
<b>Total Housing Revenue Account</b>	<b>118.343</b>	<b>112.664</b>	<b>(5.679)</b>
<b>TOTAL CITY HOUSING</b>	<b>120.399</b>	<b>116.318</b>	<b>(4.081)</b>
<b>PLACE, PROSPERITY &amp; SUSTAINABILITY</b>			
<b>Planning &amp; Development</b>			
<b>Major Projects</b>			
Enterprise Zone - Paradise Circus	21.885	21.228	(0.657)
Enterprise Zone - Other	20.496	10.555	(9.941)
Other Major Projects	10.645	10.859	0.214
<b>Total Major Projects</b>	<b>53.026</b>	<b>42.642</b>	<b>(10.384)</b>
<b>Public Realm</b>	<b>0.873</b>	<b>0.348</b>	<b>(0.525)</b>
<b>Infrastructure</b>	<b>0.000</b>	<b>0.162</b>	<b>0.162</b>
<b>Total Planning &amp; Development</b>	<b>53.899</b>	<b>43.152</b>	<b>(10.747)</b>

## Capital Outturn 2021/22 - Outturn Variations

2021-22 Capital Outturn				
Ref.	Period 12 Budget £m	2021/21 Outturn £m	Period 12 Variation £m	
<b><u>Transport Connectivity</u></b>				
<b>Major Schemes</b>				
Tame Valley Phase 2 & 3	CMD4	5.104	0.360	(4.744)
A457 Dudley Road		4.803	4.734	(0.069)
Birmingham City Centre Retail Core Public Realm	CMD5	8.676	1.586	(7.090)
Snowhill Public Realm		4.074	3.619	(0.455)
Other (Major Schemes)	CMD6	5.432	1.331	(4.101)
<b>Total Major Schemes</b>		<b>28.089</b>	<b>11.630</b>	<b>(16.459)</b>
Brum Breathes & Route To Zero	CMD7	23.868	4.595	(19.273)
Active Travel	CMD8	17.226	2.560	(14.666)
Public Transport		10.267	5.872	(4.395)
Infrastructure Development		1.804	0.924	(0.880)
Places for People (Local Neighbourhoods)	CMD9	1.960	0.357	(1.603)
Section 278/106		0.024	0.530	0.506
Local Measure		0.000	0.015	0.015
<b>Total Transport Connectivity</b>		<b>83.238</b>	<b>26.483</b>	<b>(56.755)</b>
<b><u>Housing Development</u></b>				
In Reach	CMD10	1.563	0.000	(1.563)
<b>Total Housing Development</b>		<b>1.563</b>	<b>0.000</b>	<b>(1.563)</b>
Perry Barr Residential Scheme	CMD11	182.353	138.894	(43.459)
<b><u>Property Services</u></b>				
Property Strategy	CMD12	47.000	0.000	(47.000)
Other Schemes	CMD13	13.629	12.309	(1.320)
<b>Total Property Services</b>		<b>60.629</b>	<b>12.309</b>	<b>(48.320)</b>
<b>TOTAL PLACE, PROSPERITY &amp; SUSTAINABILITY</b>		<b>381.682</b>	<b>220.838</b>	<b>(160.844)</b>
<b><u>CHILDREN &amp; FAMILIES</u></b>				
<b><u>Education &amp; Early Years</u></b>				
Devolved Capital Allocation to Schools	ED1	3.075	1.674	(1.401)
School Condition Allocations	ED2	14.364	12.914	(1.450)
Basic Need - Additional School Places		24.080	17.330	(6.750)
IT Investment		1.083	0.185	(0.898)
Other Major Projects (Children's Trust Accom)	ED3	1.854	0.542	(1.312)
<b>Total Education &amp; Early Years</b>		<b>44.456</b>	<b>32.645</b>	<b>(11.811)</b>
<b><u>Skills &amp; Employability</u></b>				
Adult Ed & Youth		1.270	1.225	(0.045)
Birmingham Libraries		1.198	0.118	(1.080)
<b>Total Skills &amp; Employability</b>		<b>2.468</b>	<b>1.343</b>	<b>(1.125)</b>
<b>TOTAL CHILDREN &amp; FAMILIES</b>		<b>46.924</b>	<b>33.988</b>	<b>(12.936)</b>
<b><u>ADULT SOCIAL CARE DIRECTORATE</u></b>				
<b><u>Adult Care &amp; Health</u></b>				
Property Schemes		0.276	0.003	(0.273)
Adults IT		0.733	0.000	(0.733)
Independent Living	ASC1	12.500	14.253	1.753
<b>TOTAL ADULT SOCIAL CARE</b>		<b>13.509</b>	<b>14.256</b>	<b>0.747</b>
<b>TOTAL CAPITAL PROGRAMME</b>		<b>764.415</b>	<b>528.077</b>	<b>(236.338)</b>



COMMONWEALTH GAMES DIRECTORATE			
Ref	Project/Programme	Comments	Current Year (£m)
CWG1	Alexander Stadium	Minor changes to timing of completion works, with practical completion during April 2022 (originally planned for completion by 1 April 2022)	(3.106)
CWG2	Organising Committee	Contingency sums unused by the year-end slipped into 2022/23 to allow for any remaining variations to price or scope as individual schemes are completed in advance of the Games (£3.2m). This is in addition to the deferral of some elements of expenditure into Q1 22/23 as a result of delayed start on site for a number of small infrastructure schemes and the Aquatics Centre, with practical completion during May 2022 (£1.5m ).	(4.775)

COUNCIL MANAGEMENT DIRECTORATE			
Ref	Project/Programme	Comments	Current Year (£m)
CM1	Gateway/Grand Central Residual Costs	An additional budget of £3m was created in January 2022 to appoint solicitors for ongoing negotiations with Network Rail. This was a call-off order and therefore costs are paid as and when required. The remaining budget, along with other minor slippage, has been rephased into future years.	(3.161)
CM2	Revenue Reform Projects	This budget was available to fund eligible projects to support transformational projects as and when required. The budget has been slipped into future years as the government has extended the flexibility to use capital receipts for transformational projects for another three years.	(5.700)
CM3	Corporate Capital Contingency	This is a technical adjustment to align the forecast to the revised budget approved in the Month 9 monitoring report.	7.500
CM4	ERP Implementation	The slippage between Month 9 and the final outturn of circa £2m is due to: 1) £1.2m of costs relating to SAP that the project was expecting to incur was a double count as these were to be paid from the current ITDS base budget, 2) A reduction of £(0.6)m on staffing costs chiefly around the backfill staffing costs (£0.4m) due to not all roles needing to be backfilled. 3) The remaining variation is due to various miscellaneous underspends across the programme.	(1.990)
CM5	ICT & Digital	ICT & Digital Services outturn for 2021/22 is <b>£4.260m. £2.771m</b> has been slipped into 2022/23. The reason for the slippage is mainly due to <b>Application Platform Modernisation £1.5m</b> due to pressures on global hardware supply chains caused by lasting Covid impacts on the production microchips and subsequent backlogs through to end suppliers. This has resulted in a delay to scheduling of expenditure on hardware and installation services. This has not impacted on anticipated revenue savings which were predicated on the contractual end date for systems later in the 22/23 financial year, by which point the new solution will be in place. <b>New Ways of Working &amp; Brum Account Phase 3 slippage £(1.0)m - minor slippage across the above 2 projects.</b> Minor slippage of <b>£(0.1)m</b> on various schemes and minor underpends of £(0.1)m on the Revenue & Benefits IT and Online Transactional Services – BRUM Account programmes.	(2.771)

CITY OPERATIONS DIRECTORATE			
Ref	Project/Programme	Comments	Current Year (£m)
CO1	Waste Management Services	This is due to Montague Street Depot (Atlas Works) where there was a delay in the purchase of the land and subsequent demolition works. The project is currently in the design and delivery phase.	(5.436)
CO2	Parks & Nature Conservation	(£1.2)m slippage on Grounds Maintenance Vehicles. Although all the vehicles have been procured there has been a delay in full delivery due to demand and market forces. It is expected that the remaining vehicles will be delivered in 2022/23. A further (£0.7m) of minor variances across a number of projects in the Parks & Nature Conservation service.	(1.953)
CO3	Private Sector Housing	This is predominantly due to slippage on the Energy Efficiency scheme (£1.1m) due to delays in identify qualifying properties (EPC ratings D,E,F,G) whilst resident engagement and sign up was very slow initially. Residents were not keen to allow people into their properties to carry out surveys. In addition, resources were difficult to recruit and there were delays in onboarding assessors to carry out the retrofit assessments which this had a major impact on the project.	(1.428)
CO4	Highways Infrastructure	Ward Minor Transport Measures, School Streets, Flood Risk Management and the Roads Safety programme contain many small city wide schemes. Expenditure has slipped into future years as the selection of schemes needs to be robust and involves consultations with a wide range of stakeholders and lengthy Traffic Regulation Orders legal processes, and thus takes time to finalise, develop, design, seek approval, procure and implement selected schemes within a financial year. In addition this year has also been impacted by COVID restrictions.	(1.534)

CITY HOUSING DIRECTORATE			
Ref	Project/Programme	Comments	Current Year (£m)
CH1	Housing Improvement	This is predominantly due to slippage on the Energy Efficiency scheme £4.2m due to delays in identifying qualifying properties (EPC ratings D,E,F,G) whilst resident engagement and sign up was very slow initially. Residents were not keen to allow people into their properties to carry out surveys. In addition, resources were difficult to recruit and there were delays onboarding assessors to carry out the retrofit assessments which has had a major impact on the project. Other net slippage of (£1.8m) predominantly on the Windows (1.1m) and Fire Protection (£2.8m) programmes both of which are mainly due to slippage of works at Speedwell, Waltham, Sandhurst and Loweswater being delayed by slow contractor performance; acceleration on the Heating programme £1.5m due to increased boiler failure rates and £0.6m on the rewire programme due to increased levels resulting from test and inspections. £1.2m of overspends on the Adaptations £0.4m; Structural Investigations £0.3m; Door Entry £0.3m programmes plus other minor overspends of £0.2m across a number of programmes. This has been funded by in-year revenue contributions from the HRA.	(4.875)
CH2	Redevelopment	This is made up of net slippage of £(3.5)m on New Build Homes due to delays on site from the supply chain; elongated processes requiring additional authorities or retendering where tenders have come in over the projected tender price due to increases across the housing market. There is a net slippage of £(1.0)m Clearance Programme. Alongside the impact of the pandemic on clearance, rehousing and demolition activity, other factors such as the materials shortages and planning conditions have continued to cause delays to planned demolition programmes that were scheduled to take place 2021/22, but have not yet commenced. Schemes have been paused due to extensive contamination and asbestos found underground and the remediation work at Yardley Brook has not yet progressed as the Environmental Agency continue to deliberate on the methodology. The lack of social housing has caused delays with clearance and rehousing households, particularly those with larger families whereby suitable alternative properties have not become available.	(4.385)
CH3	Other Programmes		(0.369)
PLACE, PROSPERITY & SUSTAINABILITY			
Ref	Project/Programme	Comments	Current Year (£m)
CMD1	Enterprise Zone - Paradise Circus	A revised expenditure profile for the Paradise Project (PCLP Phase 2) was submitted by MEPC (property investment company) and agreed with the Greater Birmingham & Solihull Local Enterprise Partnership (GBSLEP) resulting in a lower level of spend for 21/22 than earlier anticipated. this will slip into future years.	(2.890)
CMD2	Enterprise Zone - Other	The Southside Public Realm project has been slipped by (£5,806m) as the original contractor that was appointed went into administration. A new contractor is being sourced in line with the Council's procurement policy. There were other minor variances of totalling (£1.211m) which include Wholesale Market Enabling Works of (£0.772m)	(7.017)
CMD4	Transport & Connectivity - Tame Valley Phase 2 & 3	Tame Valley Viaduct. The contract commencement date was expected to be 8th March 2022 and with a contract delivery period of 4 years 9 months. The actual contract period is however expected to be shorter. The formal award of the contract has been delayed due to inflationary pressure concerns raised by the Contractor. Discussions regarding these are ongoing and a paper setting out the Contractors position is expected to be presented to the Council during May 2022 for consideration by BCC. The formal contract award is expected to be on 11th May 2022. The delay in commencement resulted in slippage for 2021-22.	(1.008)
CMD5	Transport & Connectivity - Birmingham City Centre Retail Core Public Realm	The slippage is due to the change in construction activity and works on site resulting in a reduction of the original forecast for 2021/2022. The main changes were: 1) Descoping of Hostile Vehicle Mitigation (HVM) measures on New street and Eden passage. 2) Unforeseen technical issues with the Victoria Square Fountain which have delayed the original programme. 3) Contractor Compensation Event (CE's) have been submitted which request increased payment. However, these need to be assessed by BCC and agreed by both BCC and the Contractor, which has been delayed and now this activity will be completed in 2022/2023. Due to these reasons phase 2 design work, which was originally forecasted to be carried out and paid for in 2021/2022 has now slipped into 2022/2023.	(1.114)
CMD6	Transport & Connectivity - Major Schemes other	The forecast variation relates to the Iron Lane Scheme, costs have reduced due to statutory undertaker reductions on site and contingency / risk allowance not materialising. Some value engineering also took place on site. There is expected to be an overall saving of approximately £(1.0)m on the scheme, although this needs to be held for the foreseeable future due to a pending land compensation claims. If the land compensation payments do not materialise then an underspend will be declared against the project and resources redirected to other projects subject to approval.	(1.302)
CMD7	Transport & Connectivity - Brum Breathes & Route to Zero	As reported in January the slippage in spend against the original profile is primarily due to a later than planned implementation of the Clean Air Zone (i.e. 1 June 2021 v. 1 January 2020) and relates to the utilisation of the Mitigations budget. Demand for grants that support Birmingham's taxi community has been positive due to the introduction of the Clean Air Zone and the daily fee which has encouraged the owners/drivers of non-compliant vehicles to upgrade or replace these vehicles. By contrast demand for the Heavy Duty Vehicle Fund has been lower than forecast due to a higher than modelled level of compliance in the HGV and coach vehicle categories. Applications for the scrappage scheme has increased as exemptions for workers end on 31st May 2022. Plans to broaden the HDV scheme have been shared with the government, but have yet to receive formal approval. As a result, further slippage against the original spend profile into next year has occurred.	(2.089)

CMD8	Transport & Connectivity - Active Travel	The forecast variation is primarily attributed to the following schemes within the programme - 1) A45 Coventry Road Cycle Route Scheme (£0.679m) due to the original forecast including funding (£0.400m) that has been transferred directly to the delivery organisation (WMCA Sprint Project) from the funding body (WMCA). The remaining balance (£0.279m) is for FBC development which has slipped to the next financial year 22/23 due to resource constraints. 2) Emergency Active Travel Fund Tranche 1 (£0.495m) slippage due revisions to the original forecast 3) Pershore Road / Priory Road Scheme (£0.420m) due to an extension of the construction programme meaning funds are due to be spent in the next financial year 22/23, additional resource is in place to mitigate the extension and completion is still forecast pre CWG. Other minor schemes have also slipped from 21/22 into 22/23 after resource agreements with the funding body.	(2.107)
CMD9	Transport & Connectivity - Places for People	The significant factor for the slippage in Places for People has been the lack of resources to deliver the challenging programme of Local Safety Scheme which through an existing back log could not be resourced. There are insufficient resources with appropriate experience to develop these sorts of schemes within projects. Additional resources are to be commissioned to deal with this years programme and to deliver the outstanding projects in the Local Safety Scheme programme.	(1.489)
CMD10	Housing Development - InReach	This budget was to provide additional equity investment into InReach Ltd, a wholly owned subsidiary of the Council supporting the Private Rented Sector, as it undertook its next project at Key Hill. As a result of pressures in the supply chain and increased costs the business case has been updated and requires strategic review to determine if this is a suitable delivery vehicle to achieve the Councils strategic objective.	(1.563)
CMD11	Perry Barr Residential	<b>Slippage of (£47.2m)</b> due to delays to construction and associated costs reflecting progress on the core residential plots and site assembly / demolition costs, including COVID impacts (£14.3m), delays in payments in relation to the NX bus depot in line with contractual terms (£15.3m), slippage of unused contingency sums to 2022/23 to align with anticipated completion of key elements of the scheme (£11.5m), delays to completion of highways works to reflect unanticipated additional complexity of integration with other works being undertaken in the area (£1.8m). Occupancy is expected to commence during the first quarter of 2022-23.	(43.459)
CMD12	Property Strategy	This budget is used as and when suitable opportunities arise. It does not represent a target acquisition programme. There were 2 significant acquisitions in the pipeline for completion by March 2022, totalling £19.9m. However additional due diligence was required which has meant the acquisitions have been delayed and are now targeted for completion in early May 2022. The budget has been slipped into future years for acquisitions as and when opportunities arise.	(42.000)
CMD13	Property Services - Other		(1.320)

CHILDREN & FAMILIES DIRECTORATE			
Ref	Project/Programme	Comments	Current Year (£m)
ED1	Devolved Capital Allocations to Schools	Spend is informed by individual school decisions and schools can carry forward their allocation for up to 3 years.	(1.401)
ED2	Schools Condition Allowance	£(1.0)m of the slippage relates to the funding earmarked for the condition and asbestos surveys across the whole of the schools estate. As access to schools was limited due to Covid, only around 1/3 of the surveys were actually carried out in 21/22. This funding will be slipped into 22/23 for the remaining surveys. A further £(0.6)m slippage relates to projects that were reprofiled into 2022/23, as further investigations redefined the priority rating and as such these schemes will now progress in 22/23. £4.8m overspend due to school's capitalisation funded by Direct Revenue Financing. Expenditure in relation to school's capitalisation has historically been difficult to predict due to both the volume of schools within Birmingham and spend is not within our control so is therefore not budgeted for in-year. Other minor slippage of £(0.6)m.	2.550
ED3	Birmingham Children's Trust Accommodation	Positive progress on key projects has delivered the provision of an additional Children's Home and wider improvements to existing Children's Homes stock, which remained open during the pandemic. The pandemic response has diverted capacity for other projects to the emergency response with much of the estate closed for long periods delaying some pipeline works. These are projects have now restarted including major works such as roof replacements and heating upgrades.	(1.312)

ADULTS SOCIAL CARE DIRECTORATE			
Ref	Project/Programme	Comments	Current Year (£m)
ASC1	Independent Living	During 2020/21, and due to the pandemic, works to citizens homes were either paused or delayed due to lockdowns and shortages of building materials. During 2021/22 there has been increased activity to ensure all eligible citizens are able to remain independent in their own homes through both major and minor adaptations. The variation compared to the previous year and compared to Month 9 reflects the increased activity now all Covid restrictions have been eased.	1.753

**Annex C Treasury Management****1. Outline**

This section 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 2021/22 were:

- At 31st March 2022, the Council's total loan debt net of treasury investments stood at £2,961.5m, compared to net loan debt of £3,162.3m as at 31st March 2021.
- The Council's treasury investments held at 31st March 2022 were £146.3m. This was higher than originally planned due to energy relief and additional COVID relief grants received in advance from the Government. The Council also held investments of £73.8m 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 net borrowing costs totalled £234.7m and £117.6m after recharges to other services. This was £0.9m below the budget after including the Council's other long term liabilities.

**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 2022 stood at £2,961.5m (excluding accountable body investments). This report reviews how the debt and associated investments were managed during the financial year 2021/22.
- 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 During 2021 CIPFA undertook extensive consultations on its revised Prudential Code and Treasury Management Code. CIPFA published the revised Codes in late December 2021 and recommended a soft implementation for 2022/23 with full implementation by 2023/24. The Council already complies with the core principles of the revised Prudential Code and the revised Treasury Management Code.

- 2.4 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. Economic review 2021/22**

- 4.1 The start of the financial year for the global economy was dominated by the continued economic recovery from the coronavirus pandemic. As restrictions eased, persistent inflation was now perceived as a threat to growth, exacerbated by the recent conflict in Ukraine and impact on commodity prices.
- 4.2 The UK economy grew by 7.4% in 2021 which was the fastest annual growth rate since the second world war. It came after the UK had suffered one of the largest annual economic contractions of any major economy when GDP fell by 9.4% in 2020 amid the fallout from the first wave of the pandemic.
- 4.3 With the economic recovery, the Bank of England initially deemed inflation as temporary as strong demand encountered supply shortages and transport dislocations. With CPI inflation reaching 7% in March 2022 (from 0.7% in March 2021), the Bank of England have now acknowledged the potential continuance of high inflation from business pricing power and tight labour market conditions.
- 4.4 The threat of persistent inflation caused the Bank of England to raise Bank Rate three times from 0.1% at the beginning of the financial year to 0.75% in March 2022, the highest level since March 2020. At its March 2022 meeting, the Bank of England also noted the economic impact from the invasion of Ukraine with higher inflationary forecasts. The Bank stressed that some further modest tightening in monetary policy may be appropriate in the coming months but would review the data when received.

- 4.5 Similar to the UK, the US economy rebounded in 2021 by 6.9%, following the pandemic induced contraction in 2020. High inflation remains a negative factor for economic recovery leading the Federal Reserve to raise the Fed Funds rate to between 0.25% and 0.50% in March 2022, with further rate increases outlined in the coming months. The Federal Reserve also repeated its plan to reduce its asset purchase programme which could start by May 2022. Headline inflation in the Eurozone remains high at 7.5% in March 2022, putting pressure on the European Central Bank's stance of holding its main interest rate at 0%.
- 4.6 Treasury yields in the US and the UK remain volatile due to the tensions between high inflation and the flight to safety brought about by the war in Ukraine; however yields are on an upward trajectory as a result of higher interest rates.
- 4.7 Credit Risk Default Swaps (CDS) for UK banks, an indicator of credit risk, were largely stable during the financial year. This reflected better economic growth prospects and the general resilience of the UK banking sector with their improved capital positions.

## **5. Treasury strategy and activities during the year**

- 5.1 The Council's treasury management strategy for 2021/22, included as part of the Financial Plan 2021-25, was approved by full Council on 23 February 2021.
- 5.2 The Council's actual net loan debt at 31st March 2022 was £2,961.5m compared to the expected net loan debt at the time of the Original Budget in February 2021 of £3,681.8m. Actual net loan debt was lower due to a revised capital programme and the receipt of COVID support grants during the year. This meant that additional long-term loans taken during the year only amounted to £30m compared to the planned assumption of £130m.
- 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 Rate. Variable short term borrowing was £136.7m at 31st March 2022 (see Table 7.1). This was borrowed

at an average rate of 0.20%. 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 The Council continues to use the Public Works Loan Board (PWLb), a lending facility operated on behalf of HM Treasury, for long term borrowing needs. In August 2021 HM Treasury published revised guidance on the PWLB lending terms with further detail on the use of PWLB loans. The revised lending terms mean PWLB loans could not be used by local authorities who are planning to purchase investment assets primarily for yield. The Council confirmed to HM Treasury that it does not intend to invest primarily for yield.
- 5.7 Appendix 1 shows that PWLB rates were volatile up to the end of 2021 as uncertainty remained over the economic impact of Covid variants. As PWLB rates dipped in November 2021, the Council secured a £30m PWLB loan at an interest rate of 1.83%. Since then, PWLB rates have increased in line with gilt yields, as the Bank of England made successive interest rate rises to combat inflation (see para 4.4). The Council would have paid a considerably higher rate of 2.67% if the same PWLB loan had been taken on 31 March 2022.
- 5.8 The Council did explore market alternatives for long term borrowing, in particular through an ESG (Environmental, Social and Governance) bond issue from private debt capital markets. This was put on hold as the Council's planned borrowing requirements were reduced below the minimum required for a bond issue.
- 5.9 HRA (Housing Revenue Account) loan debt is accounted for separately in accordance with the twopool debt system, which the Council introduced following the reform of Housing Subsidy. During 2021/22, the level of HRA loan debt slightly increased from £1,067.1m, to £1,069.3m, taking into account appropriations made to the HRA and 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 16% of the total HRA loan debt in 2021/22 (was 13% in 2020/21).

## **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 continued to experience increased uncertainty over their cashflows during 2021/22. Central Government provided significant grants to the Council and as a result, the Council held liquid cash balances that far exceeded the guidance of £40m throughout the year. As at 31 March 2022, the Council's treasury investments held were £146.3m.
- 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, mainly Money Market Funds (MMFs), UK bank call accounts and the UK Government's Debt Management Account Deposit Facility (DMADF). 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 With the UK government's condemnation of Russia's invasion of Ukraine towards the end of February 2022, it became clear that economic sanctions would be imposed on Russia. The Council immediately reviewed its treasury investments and ensured it had no direct or indirect investment exposure to Russia and Belarus.
- 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 2021/22 for the Council.
- 6.6 Investments outstanding at 31st March 2022 are summarised as follows.

**Table 1: Investment outstanding summary**

<b>Period Outstanding</b>	<b>Value Invested £m</b>	<b>Weighted Average Interest Rate %</b>
Instant Access	72.3	0.32%
Fixed Overnight	74.0	0.55%
Up to 3 months	0.0	0.00%
3 to 6 months	0.0	0.00%
<b>Total</b>	<b>146.3</b>	<b>0.49%</b>

- 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 2022 was £73.8m as set out in Appendix 3.2.
- 6.8 Accountable Body funds are invested in accordance with the Accountable Body agreements in high credit quality deposits such as the government's DMADF and MMFs.



## 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. 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:

**Table 2: Debt Profile summary**

Debt Profile (General Fund and HRA combined)	31.03.21	31.03.22
	£m	£m
Fixed rate over 40 years	140.0	80.0
Fixed rate 20 to 40 years	1,311.2	1,286.2
Fixed rate 10 to 20 years	934.2	689.0
Fixed rate 5 to 10 years	314.4	607.7
Fixed rate 1 to 5 years	241.3	220.7
Fixed < 1 year (note 1)	37.5	87.5
Variable and short term	377.3	136.7
Gross Debt	3,355.9	3,107.8
Investments < 1 year	(193.6)	(146.3)
Net Debt	3,162.3	2,961.5

*Note: LOBO loans shown at final maturity*

- 7.2 The average interest rate paid on all the Council's debt in 2021/22 was 4.43%, an increase on the average rate of 4.15% paid in 2020/21. The average rate in 2020/21 had included a significantly higher level of short term borrowing that helped to bring the average rate down in that year. In 2021/22 the Council was not required to take sizable new debt at lower rates so the Council's loan portfolio included a higher proportion of historic long term 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 2022 compared to 31st March 2021 is given in Appendix 4.
- 7.4 At 31st March 2022 the debt portfolio included £71.1m LOBOs, just over 2% 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.
- 7.5 In March 2022, the Council initiated a review of its external loans portfolio with its treasury management advisors to seek opportunities to refinance or

restructure. This includes opportunities to repay its LOBO loans early; as in previous restructuring of its LOBO loans, the Council will only do so if it is financially advantageous.

## 8 Revenue cost of borrowing

- 8.1 The actual net cost of borrowing to corporate treasury budgets was £117.6m. The underspend of £2.9m against the budget is mainly due to a reduced prudential borrowing requirement (see para 5.2) that helped to reduce the interest payable in 2021/22. The final treasury budget has an underspend of £0.2m following prudent voluntary revenue provision made for highways PFI.
- 8.2 The Corporate Treasury Management outturn for 2021/22 is summarised in the following table:

**Table 3: Treasury Management Outturn summary.**

	Budget £m	Actual £m	Variation £m
Gross interest payable	131.1	127.8	(3.3)
Interest receivable	(0.1)	(0.2)	(0.1)
Revenue charge for debt repayment	113.0	113.4	0.4
Other Costs	(4.9)	(6.3)	(1.4)
<b>Net Treasury costs</b>	<b>239.1</b>	<b>234.7</b>	<b>(4.4)</b>
<i>Less recharges to:</i>			
HRA	(50.6)	(50.8)	(0.2)
Other Services	(68.0)	(66.3)	1.7
<b>Net Corporate Treasury costs</b>	<b>120.5</b>	<b>117.6</b>	<b>(2.9)</b>
Other Long Term Liabilities	(37.5)	(35.5)	2.0
<b>Total</b>	<b>83.0</b>	<b>82.1</b>	<b>-0.9</b>

## 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

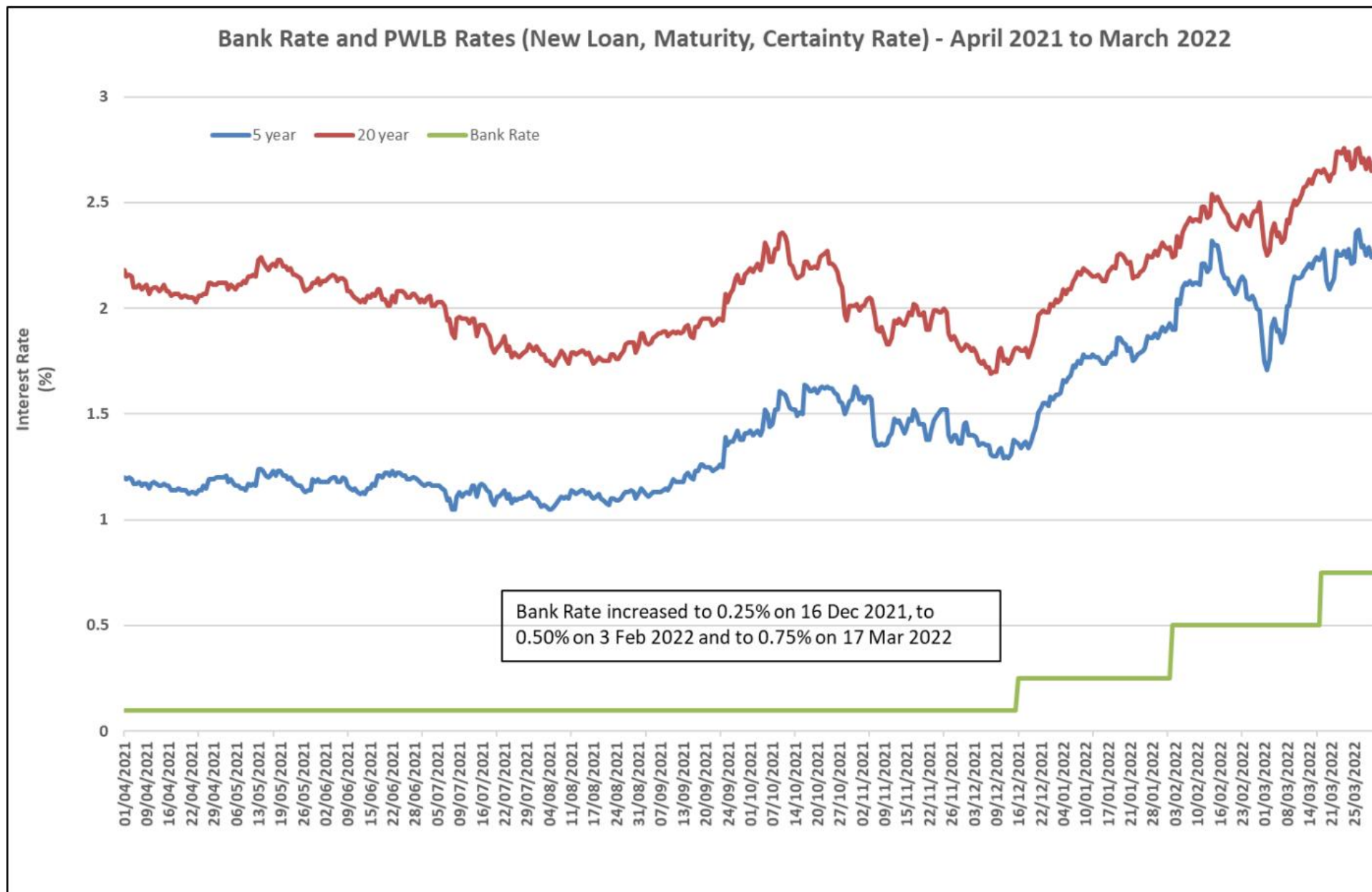
recommendation that “the successful identification, monitoring and control of risk are the prime criteria by which the effectiveness of its treasury management activities will be measured.”

- 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.
- 10.3 As an additional tool for risk and performance management, the Council established a Treasury Management Panel during 2021/22 consisting of senior Finance Officers and treasury officers at the Council. The Council’s Treasury Management Panel met regularly during the year to act as an advisory body, providing guidance, support and scrutiny to decisions made by treasury officers. The panel includes amongst other the S151 officer and the Head of Internal audit
- 10.4 During 2021/22, the Council’s Treasury Management Panel reviewed:
- The impact of the revised guidance issued on PWLB lending criteria
  - The consideration of ESG factors in the Council’s upcoming Treasury Management Strategy
  - The transition of interest rate benchmarking from LIBOR to SONIA rates
  - The CIPFA consultation on MRP and its potential impact on Council revenues
  - The assessment of the Council’s treasury exposure to Russia following the military conflict in Ukraine.
- 10.5 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.



**Long Term Loans details**  
**1st April 2021 - 31st March 2022**

**New Long Term Loans taken out during the year.**

<b>Date of loan</b>	<b>Loan</b>	<b>Counter Party</b>	<b>Interest Rate</b>	<b>Maturity Date</b>
17 November 2021	£30m	PWLB	1.83%	17 November 2041

**New Long Term Loans to fund LOBO refinancing.**

<b>Date of loan</b>	<b>Loan</b>	<b>Counter Party</b>	<b>Interest Rate</b>	<b>Maturity Date</b>
None				

**Long Term Loans prematurely repaid during the year.**

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

## Appendix 3.1

**Treasury Management Investment Details**  
**1st January 2022 to 31st March 2022**

**Investments - Fixed Term Deposits**

<b>Date Out</b>	<b>Date In</b>	<b>Borrower</b>	<b>Amount £</b>	<b>Interest Rate</b>
17/01/2022	17/02/2022	DMO DMADF	49,000,000	0.10%
15/02/2022	25/02/2022	DMO DMADF	61,000,000	0.30%
17/02/2022	25/03/2022	DMO DMADF	18,000,000	0.34%
10/03/2022	11/03/2022	DMO DMADF	10,000,000	0.30%
11/03/2022	16/03/2022	DMO DMADF	23,000,000	0.31%
15/03/2022	21/03/2022	DMO DMADF	57,500,000	0.45%
16/03/2022	25/03/2022	DMO DMADF	20,000,000	0.53%
21/03/2022	28/03/2022	DMO DMADF	27,500,000	0.55%
30/03/2022	06/04/2022	DMO DMADF	74,000,000	0.55%

In addition to the above fixed term deposits the Council uses money market funds and 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**

	<b><u>No of Transactions</u></b>		<b>Average</b>	<b>Average</b>
	<b>Investments</b>	<b>Withdrawals</b>	<b>Balance £</b>	<b>Rate Earned</b>
Barclays Bank PLC FIBCA A/C	1	6	5,386,902	0.12%
HSBC	0	0	14,998,683	0.30%
Santander	1	1	9,933,333	0.13%

**Investments - Money Market Funds**

	<b><u>No of Transactions</u></b>		<b>Average</b>	<b>Average</b>
	<b>Investments</b>	<b>Withdrawals</b>	<b>Balance £</b>	<b>Rate Earned</b>
Aberdeen Standard Liquidity Fund	4	7	18,955,556	0.15%
Aviva Money Market Fund	4	3	3,022,222	0.08%
CCLA MMF	1	3	39,447,778	0.32%
Deutsche Money Market Fund	3	7	32,588,889	0.22%
Federated Money Market Fund	7	9	17,116,667	0.24%

**Note**

This appendix reports on the exercise of investment delegations to the Director of Council Management (Section 151 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 2022**

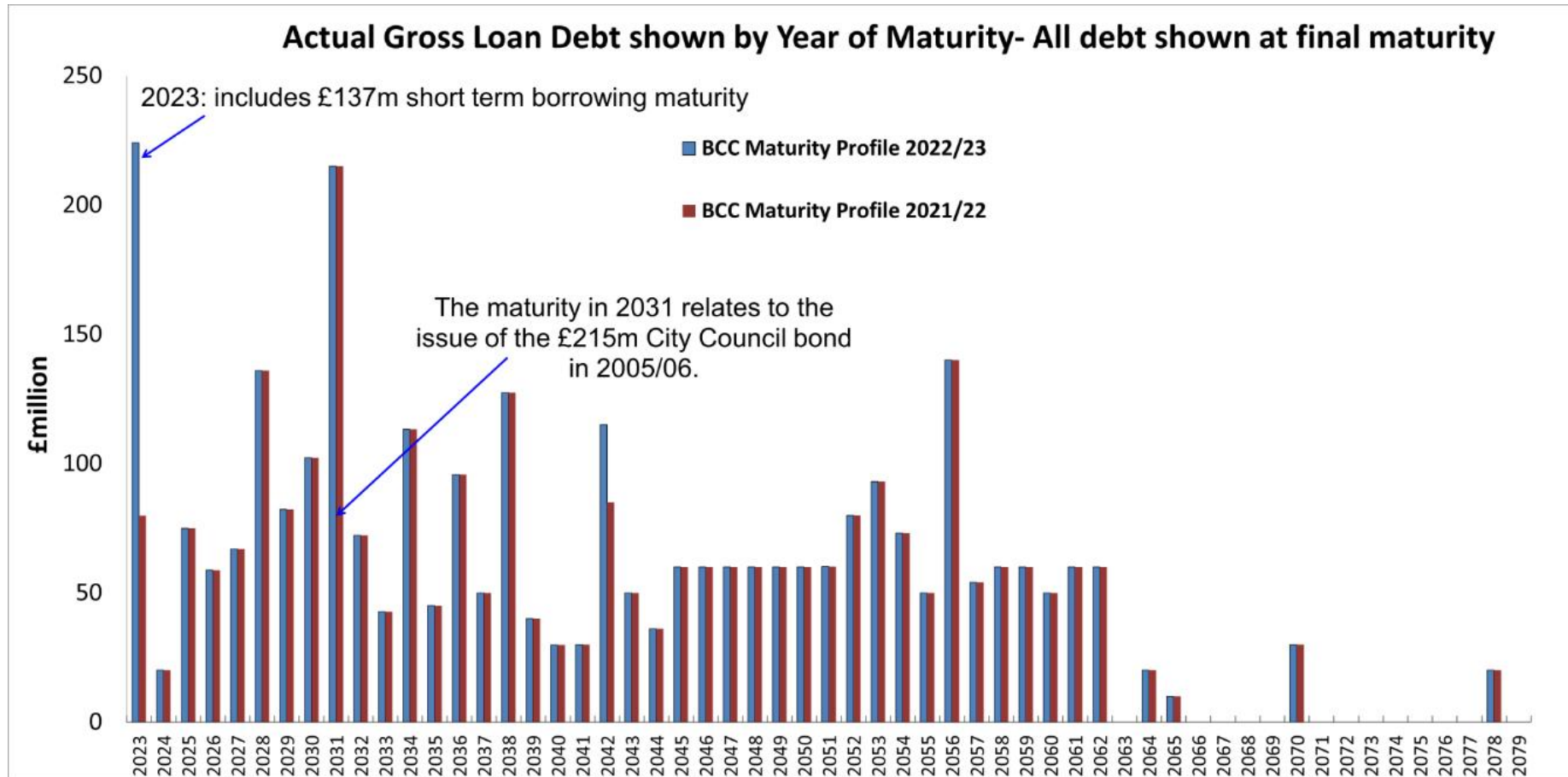
	LGIM Money Market Fund £000	Debt Management Office £000	Birmingham City Council <sup>1</sup> £000	<b>Total £000</b>
Advanced Manufacturing Supply Chain Initiative (AMSCI)	12,985	30,002		<b>42,987</b>
Growing Places Fund (GPF)	7,310			<b>7,310</b>
Getting Building Fund (GBF)	577	2,323		<b>2,900</b>
GBSLEP Fund			2,200	<b>2,200</b>
Local Growth Fund 3 (LGF3)	244			<b>244</b>
Local Growth Fund 4 (LGF4)	1,868			<b>1,868</b>
LOGRO Fund	23			<b>23</b>
National Manufacturing Competitiveness Levels (NMCL)	3,186			<b>3,186</b>
Regional Growth Fund (RGF)	13,073			<b>13,073</b>
	<b>39,266</b>	<b>32,325</b>	<b>2,200</b>	<b>73,791</b>

<sup>1</sup>These funds have been lent to the Council by agreement at a commercial rate

**Note**

This appendix shows amount invested 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

	21/22 Indicators £m	21/22 Outturn £m
<b>Capital Finance</b>		
1 Capital Expenditure - Capital Programme	639.7	528.1
2 Capital Expenditure - other long term liabilities	37.8	57.6
3 Capital expenditure	677.5	585.7
4 Capital Financing Requirement (CFR)	4,797.1	4,719.4
<b>Planned Debt</b>		
5 Peak loan debt in year	3,740.0	3,373.9
6 + Other long term liabilities (peak in year)	397.3	397.8
7 = Peak debt in year	4,137.3	3,771.7
8 does peak debt exceed CFR?	no	no
<b>Prudential limit for debt</b>		
9 Gross loan debt	4,102.7	3,373.9
10 + other long term liabilities	397.3	397.8
11 = Total debt	4,500.0	3,771.7

### Notes

- 1 There is a net decrease in forecast capital expenditure due to a revised capital programme.
- 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 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**

<b>HOUSING REVENUE ACCOUNT</b>		<b>21/22 Indicators £m</b>	<b>21/22 Outturn £m</b>
<b>Capital Finance</b>			
1	Capital expenditure	126.0	112.7
<b>HRA Debt</b>			
2	Capital Financing Requirement (CFR)	1,113.4	1,069.3
<b>Affordability</b>			
3	HRA financing costs	102.9	101.8
4	HRA revenues	281.5	278.4
5	HRA financing costs as % of revenues	36.6%	36.5%
6	HRA debt : revenues	4.0	3.8
7	Forecast Housing debt per dwelling	£18,782	£18,177

**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.
- 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**

	<b>21/22</b>	<b>21/22</b>
	<b>Indicators</b>	<b>Outturn</b>
	<b>£m</b>	<b>£m</b>
<b>Capital Finance</b>		
1 Capital expenditure (including other long term liabilities)	551.6	473.0
2 Capital Financing Requirement (CFR)	3,683.7	3,650.1
<b>General Fund debt</b>		
3 Peak loan debt in year	2,626.6	2,304.6
4 + Other long term liabilities (peak in year)	397.3	397.8
5 = Peak General Fund debt in year	3,023.9	2,702.4
<b>General Fund Affordability</b>		
6 Total General Fund financing costs	222.4	227.5
7 General Fund net revenues	828.7	828.7
8 General Fund financing costs (% of net revenues)	26.8%	27.4%

**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.

**DEBT AND PRUDENTIAL INDICATORS****TREASURY MANAGEMENT**

		<b>21/22 Indicators</b>	<b>21/22 Outturn</b>
1	General Fund impact of an unbudgeted 1% rise in interest rates	£4.1m	-0.9m
2	Variable rate exposures vs upper limit 30%	19%	9%

**Maturity structure of borrowing**

		<b>Indicators Year End</b>	<b>Outturn Year End</b>
	(lower limit and upper limit)		
3	under 12 months	18%	7%
4	12 months to within 24 months	1%	1%
5	24 months to within 5 years	5%	6%
6	5 years to within 10 years	16%	20%
7	10 years to within 20 years	23%	22%
8	20 years to within 40 years	35%	41%
9	40 years and above	2%	3%

**Investments longer than 364 days**

upper limit on amounts maturing in:

		<b>Limit</b>	<b>Outturn</b>
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. High investment balances at year end has meant a 1% increase in interest rates would have resulted in a net credit to the Council.
- 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)**

1. The HRA has a net surplus of £4.1m. The surplus will be added to the HRA revenue reserve of £11.2m, increasing the reserve to £15.3m. During the year an additional £15.2m above plan has been used to fund capital investment to replace the need to borrow money, as this would bring an ongoing revenue impact.

**Table 1: Summary of Housing Revenue Account**

	Current Budget (£m)	Outturn (£m)	Variation Over / (Under) spend (£m)
Rent Income	(254.737)	(255.093)	(0.356)
Service Charges	(15.158)	(14.750)	0.408
Other Income	(11.638)	(12.519)	(0.881)
<b>Total Income</b>	<b>(281.533)</b>	<b>(282.362)</b>	<b>(0.829)</b>
Repairs	65.767	67.938	2.171
Estate Services	20.072	18.025	(2.047)
General Management	69.081	60.571	(8.510)
Bad Debt Provision	8.120	2.987	(5.133)
Capital Financing	55.870	50.975	(4.895)
Capital Programme Funding	62.623	77.793	15.170
<b>Total Expenditure</b>	<b>281.533</b>	<b>278.289</b>	<b>(3.244)</b>
<b>Net Surplus</b>	<b>0.000</b>	<b>(4.073)</b>	<b>(4.073)</b>

**2. Income Variances**

There is a minor net surplus on income due to higher-than-expected communal heating and feed-in tariff income. And a slight over-recovery of rent income compared to budget has been offset by under-recovery of service charge income.

**3. Expenditure Variances**

There is a net surplus at yearend of £4.1m on expenditure.

- Overspend on Repairs of £2.2m. This was planned throughout the year as underspends became apparent in other areas,
- Underspend on Estate Services of £2.0m.
- Underspend on General Management £8.5m. which is due to further underspend on employee budgets across several teams, including Revenue and Benefits Team recharges.
- Underspend on Bad Debt Provision of £5.1m. due to lower than anticipated impact of removal of furlough and additional £20 per week to universal credit recipients.
- Underspend on Capital Financing costs of £4.9m. due to a lower increase in HRA borrowing and a lower interest rate compared to forecast.
- Increase on Capital Programme Funding of £15.2m. due to the allocation of funds from underspends above to reduce the need to borrow to fund the HRA capital programme.

**ANNEX E COLLECTION FUND – 2021/22****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 2023/24 in this instance.

**2. Council Tax****2.1. Council Tax Summary**

The Collection Fund position for 2021/22 applicable to the Council Tax element of the Fund is summarised below:

<b>Table 1</b>	<b>£m</b>	<b>£m</b>
Income:		
Council Tax Income due in 2021/22	(452.587)	
Adjustment to sums due for prior years	0.699	
Contribution to Bad Debt Provision	3.246	
<b>Total Income</b>		(448.642)
Budgeted Precepts 2021/22		
Birmingham City Council	382.922	
New Frankley in Birmingham Parish	0.036	
Sutton Coldfield Town Council	1.830	
West Midlands Police & Crime Commissioner	45.097	
West Midlands Fire and Rescue Authority	16.011	
<b>Total Expenditure</b>		445.896
<b>2021/22 In Year (Surplus)/Deficit</b>		<b>(2.746)</b>
<b>2020/21 Deficit b/fwd</b>		<b>6.842</b>
<b>Cumulative Council Tax (Surplus)/Deficit c/fwd</b>		<b>4.097</b>

- 2.2. The actual in-year surplus on the Council Tax element of the Collection Fund for 2021/22 was £2.7m. The cumulative balance brought forward from 2020/21 amounted to a deficit of £6.8m, giving a closing cumulative deficit at the end of 2021/22 of £4.1m.

- 2.3. An £18.3m cumulative deficit was forecast when setting the 2021/22 budget. The final cumulative deficit is £14.3m lower, resulting in a surplus of £14.3m to be carried forward into future years. The detail of this is summarised in table 2:

<b>Table 2</b>	<b>£m</b>	<b>£m</b>
<b>Forecast Cumulative Deficit position for 2021/22 Budget Setting</b>		<b>18.347</b>
Reduction in Growth	0.786	
Changes to Exemptions and Discounts	1.140	
Decrease in Council Tax Support (CTS)	(1.667)	
Prior Year Adjustments, mainly change in Bad Debt Provision	(14.676)	
Other	0.167	
		(14.250)
<b>Cumulative Council Tax (Surplus)/ Deficit c/fwd</b>		<b>4.097</b>

- 2.4. The Council's share of the deficit is £3.5m, which compares to a deficit of £15.8m anticipated when the Council Tax for 2021/22 was set. This £15.8m improvement will be taken into account when setting the budget for 2023/24. The allocation of the total accumulated surplus, from Council Tax at 31 March 2022 is outlined in Table 3:

<b>Table 3</b>	<b>Forecast (Surplus) /Deficit £m</b>	<b>Outturn £m</b>	<b>Variance £m</b>
Council	15.832	3.535	(12.297)
Police & Crime Commissioner	1.856	0.414	(1.441)
Fire & Rescue Authority	0.659	0.147	(0.512)
<b>Total Surplus</b>	<b>18.347</b>	<b>4.097</b>	<b>(14.250)</b>

- 2.5. It should be noted that part of the reason for the Council Tax deficit is that the Government has provided funding for Council Tax Hardship Relief, which has reduced Council Tax Income by £13.5m.

## 2.6. Council Tax Arrears

A summary of the Council Tax Arrears position for the end of 2021/22 is shown in Table 4.

<b>Table 4</b>	<b>Prior Years</b>	<b>2021/22</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Balance b/f prior years	136.171		136.171
Due in year		452.587	452.587
Collected	(24.848)	(410.407)	(435.255)
Amounts Written Off	(0.221)	(0.144)	(0.364)
Credits Written On	2.616	0.000	2.616
<b>Council Tax Arrears</b>	<b>113.718</b>	<b>42.036</b>	<b>155.755</b>

A summary of the Council Tax Arrears position for 2021/22 compared with 2020/21 is shown in Table 5.

Table 5	31-Mar-21	31-Mar-22	Change
	£m	£m	£m
Council Tax Arrears Prior Years	92.948	113.718	20.770
Council Tax Arrears In Year	43.223	42.036	(1.186)
<b>Council Tax Debtors</b>	<b>136.171</b>	<b>155.755</b>	<b>19.584</b>

### 2.7. Provision for Doubtful Debts

The provision for bad and doubtful debts is £64.1m at 31 March 2022, £3.2m more than the amount set aside at the end of 2020/21. The 2021/22 year end provision is compared in Table 6 to the prior year:

Table 6	31-Mar-21	31-Mar-22	Change
	£m	£m	£m
Council Tax Arrears Debtors (Gross)	136.171	155.755	19.584
Less Provision for Bad or Doubtful Debts	(60.804)	(64.050)	(3.246)
<b>Council Tax Debtors (Net)</b>	<b>75.367</b>	<b>91.705</b>	<b>16.338</b>
Bad Debt Provision as % of Gross Debtors	44.7%,	41.1%,	(3.5%)

During the year there has been a net amount of £0.4m written off relating to Council Tax debts compared with £2.3m net write-offs in 2020/21. After making a further contribution to the provision for bad and doubtful debts of £3.6m in 2021/22, the overall provision has increased by £3.2m.

### 2.8. Collection Performance

Table 7 details the in-year collection performance for the past three years. This shows the in-year collection rates as reported to the Department of Levelling Up, Housing and Communities formally 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).

The adjusted actual in year collection rate was 92.9% which includes adjustments as per QRC4 guidelines.

**Table 7 shows the comparative prior year rates:**

Table 7	Actual In Year Council Tax Collection Rates		
	2019/20	2020/21	2021/22
QRC4 Base	94.3%	92.6%	92.9%

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. This has continued



in 2021/22, where there has only been a small improvement since 2020/21. However, it is hoped that the 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 2021/22 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 1<sup>st</sup> 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 2021/22 applicable to the Business Rates element of the Fund is summarised below:

<b>Table 8</b>			
	<b>Outside the EZ</b>		<b>Enterprise Zone (EZ)</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Business Rates Income due for 2021/22	(365.227)		(2.502)
Contribution to Appeals Provision	26.469		(0.689)
		(338.758)	(3.191)
Contribution to Bad Debt Provision (incl credits written on)	4.810		(0.033)
Cost Of Collection Allowance	1.821		-
		6.632	(0.033)
Total Income		(332.126)	(3.224)
Expenditure:			
Budgeted Proportionate Shares 2020/21:			
Central Government	-		-
Birmingham City Council	418.156		-
West Midlands Fire and Rescue Authority	4.224		-
Enterprise Zone	-		8.220
Total Expenditure		422.380	8.220
2021/22 In Year Deficit/(Surplus)		90.254	4.997
2020/21 Deficit b/fwd	3.916		-
		3.916	-
Cumulative Business Rates Deficit/(Surplus) c/fwd		94.170	4.997
Section 31 Grant Compensation (Surplus)		(94.707)	
<b>Total Surplus after Section 31 Surplus</b>		<b>(0.537)</b>	<b>4.997</b>

- 3.3. After taking into account Section 31 Grant Compensation (The Council's share is £93.8m), excluding the Enterprise Zone (EZ), the actual in-year surplus on the Business Rates element of the Collection Fund for 2021/22 was £4.4m. The cumulative balance brought forward from 2019/20 amounted to a deficit of £3.9m. Therefore, the closing position at the end of 2021/22 is a surplus of £0.5m.
- 3.4. A £19.8m deficit was forecast for the Council's share when setting the 2021/22 budget and the main reasons for the improvement of £20.3m can be explained as follows:

- Provision for Doubtful Debt £13.6m (favourable movement) – After the Council prudently increased its Bad Debt Provision in 2020/21, following improvements in collection, the Council has not had to increase the provision in 2021/22 by as much as forecast.
- Growth Forecast £6.0m (favourable movement) – There has been a significant improvement growth in the gross debit since the budgets were set.
- Reliefs £33.5m (favourable movement). There has been a reduction in reliefs awarded. However, this is largely offset by reduced Section 31 Grants to the General Fund

This has been partially offset by:

- Section 31 Grants to the General Fund £30.7m (unfavourable movement). The decreases in reliefs mentioned above were offset by reductions in compensatory grants.

**Table 9 shows the movement between the forecast and outturn surplus / Deficit:**

<b>Table 9</b>	<b>£m</b>	<b>£m</b>
<b>Forecast Cumulative Deficit for 2021/22 Budget Setting (BCC Share)</b>		<b>19.774</b>
Forecast Deficit due to anticipated growth less than budgeted	2.262	
Actual Surplus due to anticipated growth	(3.763)	
		(6.025)
Forecast Deficit due to reliefs to Retail Properties	94.155	
Actual Deficit due to reliefs to Retail Properties	90.727	
		(3.427)
Forecast Deficit due to reliefs re CARF Scheme	30.130	
Actual Deficit due to reliefs to CARF Scheme	-	
		(30.130)
Forecast Deficit due to increase in other reliefs	8.036	
Actual Deficit due to increase in other reliefs	8.068	
		0.032
Forecast Deficit due to increase in provision for doubtful debts	0.041	
Actual Deficit due to decrease in provision for doubtful debts	(13.600)	
		(13.641)
Forecast Deficit due to increase in provision for appeals	8.517	
Actual Deficit due to increase in provision for appeals	8.822	
		0.305
Forecast Surplus in Section 31 funding	(124.412)	
Actual Surplus in Section 31 funding	(93.760)	
		30.652
Other forecast deficit	1.046	
Other actual deficit	2.974	
		1.928
<b>Cumulative Business Rates Surplus c/fwd (BCC Share)</b>		<b>(0.532)</b>

3.5. Table 10 shows the proportionate shares of the 2021/22 Business Rates surplus compared with the forecast for the 2022/23 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%)	0.199	(0.005)	(0.204)
BCC (99%)	19.774	(0.532)	(20.306)
<b>Total</b>	<b>19.973</b>	<b>(0.537)</b>	<b>(20.510)</b>

3.6. The Council's share of the surplus at outturn is £0.5m, which is £20.3m better than the position anticipated when the budget for 2022/23 was set. This £20.3m improvement will be taken into account when setting the budget for 2023/24.

3.7. Within the Enterprise Zone (EZ) the actual in year income generated relating to Business Rates was £3.2m. This compares to £8.2m when the budget for 2021/22 was set resulting in a significant **deficit** of £5.0m. This is not an issue from the EZ perspective, as the EZ manage the programme based upon actual income raised rather than assumed budgets and therefore do not commit spend based on budgets.

### 3.8. Business Rates Arrears 2021/22

A summary of the Business Rates Arrears position for the end of 2021/22 including the element attributable to the Enterprise Zone, is shown in Table 11:

Table 11	Prior Years	2021/22	Total
	£m	£m	£m
NNDR Arrears b/fwd prior years	127.967		127.967
Adjustments/Net of Refunds	-		-
Due in year:			
Non EZ		365.227	365.227
Enterprise Zone (EZ)		2.502	2.502
Collected	(41.616)	(336.969)	(378.585)
Amounts Written Off	0.039	-	0.039
Credits Written On	3.941	-	3.941
<b>Business Rates Arrears</b>	<b>90.331</b>	<b>30.760</b>	<b>121.091</b>

Table 12: Shows a summary of the Business Rates Arrears position for 2021/22 compared with 2020/21:

Table 12	31 March 2021	31 March 2022	Change
	£m	£m	£m
Business Rates Arrears Prior Years	86.747	90.331	3.584
Business Rates Arrears In Year	41.220	30.760	(10.460)
<b>Business Rates Debtors</b>	<b>127.967</b>	<b>121.090</b>	<b>(6.877)</b>

### 3.9. Provision for Doubtful Debts

The Business Rates Bad Debt provision has increased from £72.7m to £81.4m, an increase of £8.8m, as detailed in table 13 below

Table 13	31 March 2021	31 March 2022	Change
	£m	£m	£m
Business Rates Arrears (Gross)	127.966	121.090	(6.876)
Less Provision for Bad or Doubtful Debts	(72.665)	(81.423)	(8.758)
<b>Business Rates Debtors (Net)</b>	<b>55.301</b>	<b>39.667</b>	<b>(15.634)</b>
Bad Debt Provision as % of Gross Debtors	56.8%	67.2%	10.5%

During the year there has been a net amount of under £0.1m written off relating to Business Rates debts compared with £2.8m net write-offs in 2020/21. After making a further contribution to the provision for bad and doubtful debts in 2020/21 of £8.8m, including amounts relating to the Enterprise Zone, the overall provision has increased by £8.8m.

### 3.10. Collection Performance

For Business Rates the adjusted actual in year collection rate calculated was 95.8% (2020/21 91.3%). This is the in-year collection rate as reported to the Department for Levelling Up, Housing and Communities formerly 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 in table 14 is the QRC4 in-year collection performance for the past three years.

Table 14	Actual In Year Business Rates Collection Rates		
	2019/20	2020/21	2021/22
QRC4 Base	96.9%	91.3%	95.8%

There has been an increase of 4.5% in the reported in year collection rate compared to 2020/21, however this is still below the 2019/20 collection rate. This is 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 Council's share of the Collection Fund and related income streams was a deficit of £35.6m to be

carried forward and taken into account in setting the budget for 2022/23 (£15.8m deficit for Council Tax and a £19.8m deficit for Business Rates).

- 4.2. At year end, there has been an improvement of £32.6m, £12.3m improvement for Council Tax and a £20.3m improvement for Business Rates. This improvement will be rolled forward to be taken into account in the next budget setting round, which will be 2023/24 in this instance.