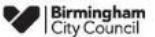


# Month 4 2022/23 Financial Monitoring Report – Resources Overview and Scrutiny Committee

8<sup>th</sup> September 2022



**BE BOLD BE BIRMINGHAM**



# Financial Challenge and BCC Position

- National picture: rising inflation, economic shock from war in Ukraine, post pandemic recovery ongoing, impact of Brexit
- We have seen Councils failing – poor governance and decision making, weak procurement, low levels of reserves and over borrowing
- Birmingham is in a strong robust position – CIPFA 3 star financial management
- Have strong reserves and balances
- Level of borrowing reducing
- Focus on Value for Money and transformation to deliver best in class services
- Have a rolling budget approach in place, so risks and impacts identified early
- Not without financial challenge - we have £33m gap in our budget from next year – working to close it

# Month 4 Financial Monitoring Report

- Strategic aim to deliver a balanced revenue budget by end of year
- This is a high level report, with review of risks and mitigating factors
- Capital – risk to delivery, funding will slip so not lost
- No major issues identified in HRA, DSG or Treasury Management
- Assumed that grant supported activity will contain spending within grant
- Will continue to closely review interest rates

# High Level Risks

- **Children & Families** SENAR, Home to School Transport, and BCT placement costs
- **Adult Social Care** social care demand and inflation costs, potential shortfalls in client contributions, impact of Fair Cost of Care
- **City Operations** Parking Income shortfall, Leisure Management Fees shortfall, and inflationary pressures on electricity and fuel
- **Housing** increasing demand as citizens impacted by economic crisis
- Pay Award above budgeted 2.5% = offer is an extra £1,925 per employee = c£14m cost to General Fund. Will be funded from Financial Resilience Reserve
- General inflationary pressures – energy, contracts
- Savings that have not yet been distributed to Directorates.
- Reduced income collection due to economic crisis and the impact on citizens and businesses

# Mitigation

- Increased rigour for spend control panels
- Ongoing review of reserves
- Use of Policy Contingency budget set aside to fund electricity pressures
- Use of Financial Resilience Reserve (FRR) to fund pay inflation
- Speed up transformation programme
- Use benchmarking to identify potential efficiencies
- Seek opportunities to deliver future years savings sooner