

Annex 1 Uses of Reserves already approved at Month 7

By Month 7, a £5.8m net reduction in use of Reserves had been approved. Further details are provided below:

- **Strategic Reserves (£4.0m net reduction in Use)**

As part of the Financial Plan 2018+ Cabinet approved one off use of resources of £4.0m in relation to the Construction Cost Dispute Reserve as these were anticipated to be received in 2017/18. However, the Council received the £4.0m this Financial Year. This therefore means that the Council does not need to use these Reserves in 2018/19 and is instead using the income received in 2018/19.

- **Capital Fund (£0.5m net increase in Use)**

Revenue costs of £0.5m related to the sale of Innovation Birmingham Group agreed by Cabinet 8th March 2018 are to be met by the capital fund, as agreed by Cabinet on 8th March 2018.

- **Commonwealth Games Reserve (£1.5m net increase in Use)**

There is a lower than anticipated contribution to the Commonwealth Games Contingency Reserve of £1.5m, following the decision of Cabinet on 26th June 2018 to approve a Revenue budget of £1.5m from the Commonwealth Games Contingency.

- **Use of Grant Reserves (£0.8m net increase in Use)**

- Adult Social Care & Health is planning to use £2.5m less Improved Better Care Fund (iBCF) Reserves than budgeted.
- Economy is planning to use £2.6m of Grant Reserves.
- There is a net other additional use of £0.7m of Grant Reserves.

- **Contribution to Grant Reserves (£19.1m net increase in Contributions)**

- Economy is contributing £19.1m to Grant Reserves.

- **Use of Other Earmarked Reserves (£14.8m net increase in Use)**

- Place plan to use reserves of £1.0m relating to the LIF. Expenditure on projects in relation to this, which include conditions of grant aid, will be completed in 2018/19 for which this funding has specifically been set aside.
- At outturn 2017/18 there was a £2.1m corporate contribution to reserves relating to Business Rates compensatory grants which will be used to offset a shortfall as a result of downwards adjustments to these grants by Central Government in 2018/19 as a result of a calculation error on their part. This shortfall became apparent after the budget for 2018/19 was set.
- The Business Rates Top Up Grant that was used in setting the budget for 2017/18 was based on estimated Business Rates Rateable Values used in the Government Calculations for the Final settlement for that year. The 2017/18 Business Rates Top Up Grant was adjusted by Central Government and was included as part of the Final settlement for 2018/19. The Council was made aware of this additional grant of £1.8m towards the end of the year. The Council

elected to carry this additional grant forwards to be used in setting the budget for 2018/19.

- Economy plan to use Policy Contingency underspends from Outturn 2017/18 of £3.9m in total. This relates to the Mobile Investment Fund (£2.1m), Youth Strategy (£0.3m), Youth Promise (£0.1m), HS2 (£0.3m), and Birmingham Jobs Fund (£1.1m).
- Children plan to use £1.2m Ring Fenced Reserves related to Special Educational Needs.
- There is a proposed appropriation from Other Earmarked Reserves of £0.2m in relation to the Collective Investment Fund held on behalf of the WMCA whilst the WMCA awaited receipt of borrowing powers.
- There is a proposed use of Policy Contingency underspends brought forward from Outturn 2017/18 of £0.2m in relation to the Community Investment Tax Relief (CITR) / Social Investment Tax Relief (SITR) - Arts Fund. This was approved by Cabinet in October 2016.
- Economy is planning to use £1.0m of other Earmarked Reserves.
- Children & Young People plans to use £5.6m of Ringfenced Reserves relating to BCT. This is a £4.5m net increase on the budgeted total. These are included in the BCT contract sum for 2018/19.

These uses of Reserves are partially offset by the following:

- Finance & Governance is not using a budgeted appropriation from Reserves of £0.9m for the phased introduction of the new structure or a budgeted appropriation from Reserves of £0.3m for Audit, thus reducing its underspend by £1.2m.
- **Contributions to Other Earmarked Reserves (£0.9m net increase in Contributions)**
 - Economy is contributing £1.6m to other Earmarked Reserves.
 - Strategic Services is not making a planned contribution of £0.7m to the World Indoor Athletics (WIA) Negative Reserve in order to mitigate lower than anticipated outdoor advertising income. The Directorate is expected to generate extra income on outdoor advertising or find alternative ways to make repayment to the negative reserve.
- **Schools Balances (£0.6m)**

Children & Young People is deferring budgeted repayment of £0.6m to schools balances to mitigate base pressures.