Month 6 Financial Exception Report

1. High Level Summary Financial Position

1.1. This is an exception report on the major financial issues for the Council at Month 6. It is not a full financial forecast and the assumption is that there are no significant variances beyond the issues highlighted.

1.2. The assessment at the end of September is that the Council's **General Fund**, is facing a net **overspend** of **£10.8m** (Column E in table1) which represents 1.3% of the £852.9m budget. **£11.9m** (Column C in table1) of the overspend relates to the Covid-19 emergency after applying the £84.3m government grant and £19.6m income loss funding, an improvement in forecast income of £19.6m (Column E) from Quarter 1. The funding gap is being dealt with as a corporate issue. Directorates non Covid-19 net overspend is **£1.1m** (Column D in table1), an improvement of £6.4m on Quarter 1.

1.3. On 22nd October the Council was informed of a further **£44.2m** of un-ringfenced Covid-19 related grant. It is recommended that this is transferred to specific Covid reserve to manage the ongoing pandemic through the higher risk winter months.

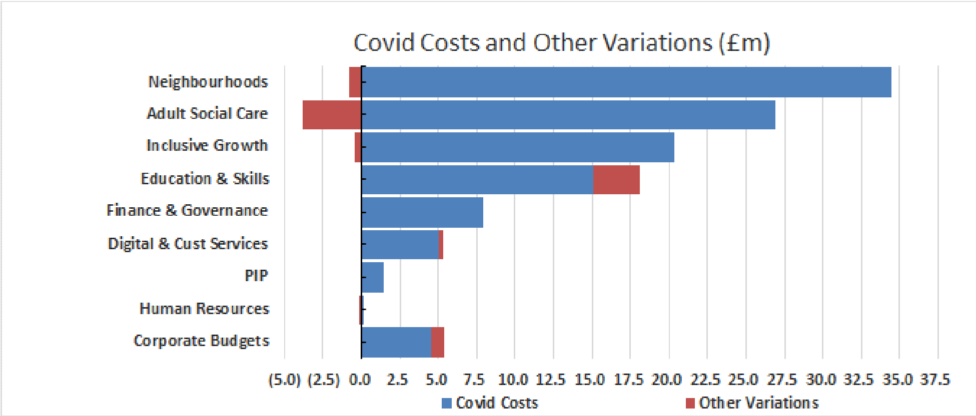
1.4. The Government has also announced £100m of national funding to support leisure centres. No details are yet available on the bidding process, so this has not been factored into this report.

1.5. On 31st October the Government announced further national lockdown measures. This announcement was after the completion of the Month 6 Financial Monitoring Report for Cabinet. Any impacts will be reflected in future reports.

1.6. Cabinet of 13 October 2020 approved the release of £0.2m of General Policy Contingency to fund the Brexit Readiness Programme and a further £0.2m to fund the transition of the Brussels Office into a financially sustainable operation effective from April 2021.

1.7. The MTFP Refresh Report also addresses how the 2020/2021 budget gap will be addressed.

1.8. In September Directors were asked to review their Covid-19 decisions and assumptions and where there is choice to look to curb spending. There are also a range of other measures under consideration. Since Quarter 1 the net overspend has fallen by £69.1m (Column E). The cost of the Covid-19 emergency has decreased by further £62.8m (Column C) in quarter 2.There was also a decrease of £6.3m in non covid-19 costs in Quarter 2 (Column D) since Quarter 1. The improved in cost forecast has largely been due to increased government funding for Covid-19 pressures £33.6m and better information which allowed the directorates to reduce the year end forecast by further £35.5m.



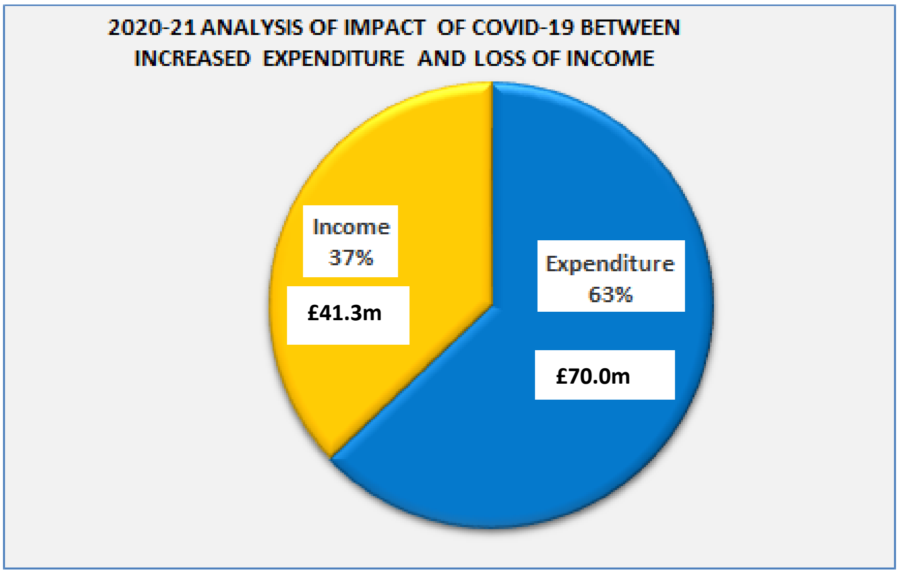


Table 1:High Level Summary	A	B	C	D	E	F
Directorate	Current Budget	Forecast Outturn	Covid 19 Financial Impact Included *	Over/(Under) spend Non Covid costs	Total Over/(Under) Spend **	Movement in Total Over/(Under) Spend From Q1***
	£m	£m	£m	£m	£m	£m
Neighbourhoods	125.646	159.257	34.411	(0.800)	**33.611**	**(6.588)**
Adult Social Care	329.344	352.461	26.947	(3.830)	**23.117**	**(11.221)**
Inclusive Growth	105.494	125.347	20.381	(0.528)	**19.852**	**(0.626)**
Education & Skills	276.811	294.871	15.077	2.983	**18.060**	**(15.833)**
Finance & Governance	13.869	21.854	7.985	0.000	**7.985**	**(2.102)**
Digital & Cust Services	29.263	34.592	5.029	0.300	**5.329**	**1.257**
Partnerships, Insight and Prevention	7.229	8.636	1.407	0.000	**1.407**	**(0.217)**
Human Resources	6.566	6.467	0.035	(0.134)	**(0.099)**	**(0.099)**
Directorate Sub Total	**894.223**	**1,003.486**	**111.272**	**(2.009)**	**109.263**	**(35.428)**
Corporate Budgets	(41.291)	(35.859)	4.526	0.905	**5.431**	**(0.130)**
Covid Funding	0.000	(84.278)	(84.278)	0.000	**(84.278)**	**(13.968)**
Income Loss Scheme Funding	0.000	(19.600)	(19.600)	0.000	**(19.600)**	**(19.600)**
Corporate Subtotal	**(41.291)**	**(139.737)**	**(99.352)**	**0.905**	**(98.447)**	**(33.698)**
City Council General Fund	**852.933**	**863.749**	**11.920**	**(1.104)**	**10.816**	**(69.126)**
Financial Position as at Q1	852.933	932.875	**74.695**	**5.247**	**79.942**	
Movement from previous Q1	0.000	(69.126)	(62.775)	(6.351)	**(69.126)**	
Movement from previous Q1 %	0.0%	(07)%	(0.840)	(1.210)	**(0.865)**	

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

***this excludes Covid-19 risk, see [2.34 below](#)*

**** This shows the movement from previous quarter.*

Table 2:High Level Summary	A	B	C	D	E	F	G	H	I	J	K
Directorate	**Current Budget**	**Forecast Outturn**	**Covid 19 Financial Impact Included ***	**Over/(Under) spend Non Covid costs**	**Total Over/(Under) Spend ****	**Covid 19 Financial Impact Included**	**Over/(Under) spend Non Covid costs Q1**	**Total Over/(Under) Spend Q1**	**Movement Covid 19 cost**	**Movement in Non Covid cost From Q1**	**Movement in Total Over/(Under) Spend From Q1*****
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Neighbourhoods	125.646	159.257	34.411	(0.800)	**33.611**	39.928	0.271	**40.199**	(5.517)	(1.071)	(6.588)
Adult Social Care	329.344	352.461	26.947	(3.830)	**23.117**	36.935	(2.597)	**34.338**	(9.988)	(1.233)	(11.221)
Inclusive Growth	105.494	125.347	20.381	(0.528)	**19.852**	22.378	(1.900)	**20.478**	(1.997)	1.372	(0.626)
Education & Skills	276.811	294.871	15.077	2.983	**18.060**	26.650	7.243	**33.893**	(11.573)	(4.260)	(15.833)
Finance & Governance	13.869	21.854	7.985	0.000	**7.985**	10.157	(0.070)	**10.087**	(2.172)	0.070	(2.102)
Digital & Cust Services	29.263	34.592	5.029	0.300	**5.329**	1.772	2.300	**4.072**	3.257	(2.000)	1.257
Partnerships, Insight and Prevention	7.229	8.636	1.407	0.000	**1.407**	1.624	0.000	**1.624**	(0.217)	0.000	(0.217)
Human Resources	6.566	6.467	0.035	(0.134)	**(0.099)**	0.000	0.000	**0.000**	0.035	(0.134)	(0.099)
Directorate Sub Total	**894.223**	**1,003.486**	**111.272**	**(2.009)**	**109.263**	**139.444**	**5.247**	**144.691**	**(28.172)**	**(7.256)**	**(35.428)**
Corporate Budgets	(41.291)	(35.859)	4.526	0.905	**5.431**	5.561	0.000	**5.561**	(1.035)	0.905	(0.130)
Covid Funding	0.000	(84.278)	(84.278)	0.000	**(84.278)**	(70.310)	0.000	**(70.310)**	(13.968)	0.000	(13.968)
Income Loss Scheme Funding	0.000	(19.600)	(19.600)	0.000	**(19.600)**	0.000	0.000	**0.000**	(19.600)	0.000	(19.600)
Corporate Subtotal	**(41.291)**	**(139.737)**	**(99.352)**	**0.905**	**(98.447)**	**(64.749)**	**0.000**	**(64.749)**	**(34.603)**	**0.905**	**(33.698)**
City Council General Fund	**852.933**	**863.749**	**11.920**	**(1.104)**	**10.816**	**74.695**	**5.247**	**79.942**	**(62.775)**	**(6.351)**	**(69.126)**
Financial Position as at Q1	852.933	932.875	74.695	5.247	**79.942**						
Movement from previous Q1	0.000	(69.126)	(62.775)	(6.351)	**(69.126)**						
Movement from previous Q1 %	0.0%	(07)%	(84)%	(121)%	**(86)%**						

Analysis of Non covid pressure faced by Directorate

Directorate	non delivery of savings £m	expenditure variations £m	income variations £m	one-off mitigations £m	Non Covid 19 Financial Impact Included £m
Neighbourhoods	1.4	1.5	3.3	(7.0)	(0.8)
Adult Social Care	0.0	1.3	(5.1)	0.0	(3.8)
Inclusive Growth	0.6	0.0	1.3	(2.4)	(0.5)
Education & Skills	0.0	3.1	(0.1)	0.0	3.0
Finance & Governance	0.0	(0.7)	1.9	(1.2)	0.0
Digital & Cust Services	0.0	0.3	0.0	0.0	0.3
Partnerships, Insight and Prevention	0.0	0.0	0.0	0.0	0.0
Human Resources	0.0	2.0	0.4	(2.5)	(0.1)
Directorate Sub Total	**2.0**	**7.5**	**1.7**	**(13.1)**	**(2.0)**

There was no over delivery of saving identified by the directorates.

The one-off mitigations of £7m for Neighbourhoods are covered in paragraph 2.11

Capital spend

1.9 2020/21 Capital is forecast at £723.2m against the revised quarter 2 capital budget of £857.1m. The forecast underspend comprises £127.2m of slippage and £6.7m of forecasted net savings. Of the total forecast underspend of £133.9m - £125.8m is Covid related and £8.1m non-Covid related. Expenditure to date is £154.7m which is some 21% of the year-end total forecast. The full multi-year capital programme is forecast £3,290.3m.

1.10 Most construction work paused at the end of March 2020 whilst safe working practices were introduced for the Major Projects (for example, Commonwealth Games (CWG), Paradise, Birmingham Municipal Housing Trust (BMHT), Transport schemes). Work on several sites has subsequently restarted whilst adhering to social distancing guidelines. The impact of this on delivery timescale and costs is being quantified as the situation evolves. A second wave of Covid could cause further disruption; however, it is hoped that the measures now put in place to achieve social distancing will prevent a second period of full closure although there may be a further impact on imports and material costs.

1.11 One significant scheme, relating to the disposal of Brasshouse to the Council’s wholly owned company, InReach, for housing redevelopment, will not now proceed and alternative disposal options for the site are therefore being considered. The InReach scheme was originally intended to be financed through a £43m loan from the Council to InReach on commercial terms, and alternative schemes that are financially attractive to both the Council and InReach are being sought for evaluation in accordance with the strategic plans for InReach and the Council’s financial regulations for the provision of loans.

1.12 The Alexander Stadium project as part of the Commonwealth Games remains in line with the approved budget. However, Covid has adversely impacted on the Perry Barr regeneration scheme, and a decision has been made in conjunction with the Commonwealth Games Organising Committee that the Athletes Village will no longer be completed in time for the Games. Alternative accommodation options for athletes and games officials are now in place and the scheme will continue but as a legacy project. The scheme will deliver regeneration and housing transformation for the area.

1.13 Early impacts of Covid across the broader programme have been identified and mitigations put in place where possible to offset costs of enhanced welfare provisions resulting in a net forecast reduction in expenditure of £23.6m over all years (£6.7m in 2020/21). The scope and forecast spend is likely to change further as a result of this ongoing review and will be reported as and when quantified.

1.14 Phase 2 Paradise Circus continues to progress and a change request to reflect a share of additional Covid costs is expected once verified and will be presented to the GBSLEP as funding approvers. Positive talks continue to be held with prospective occupiers and announcements will be made as these are confirmed.

1.15 Basic Needs Additional School Places programme of £53.7m has progressed despite Covid interruptions.

1.16 However, there is an impact on resources, and these are being managed and the risk reducing over time. The full impact on any costs associated with COVID-19 against projects is not yet known but will be included in a future report. The Housing Improvements Programme of £73.5m is currently projecting to spend to budget.

1.17 The impact of Covid has delayed the introduction of the Clean Air Zone, 2020/21 budget of £52.1m. As a result, the majority of capital spend is likely to take place in the next financial year, resulting in a slippage of £27.2m.

2. Key Issues

Non Covid-19 Related Issues

Education and Skills

2.1. There is a non Covid overspend forecast for the directorate of £3.0m and the majority of this (£2.8 million) originates from the Children's Trust. The Council did invest an additional £6.1m of one-off monies into the contract sum for the Trust for 2020/21. However, there are demographic pressures over and above that, manifested primarily in additional placement costs. Children in Care numbers have risen from 1,830 (April 2018) to an average of 1,955 by March 2020. This additional pressure is being partially offset by a number of savings measures, including managing demand at the front door to ensure admissions into care are appropriate; ensuring the most appropriate cost of a placement is secured according to need; pursuing step down options for existing residential placements; ongoing review of all supported accommodation packages to ensure validity of placement; and, pursuing financial contributions to placements for children with complex needs.

2.2. The Education and Skills Directorate together with Birmingham and Solihull Clinical Commissioning Group published a 'written statement of action' in July 2019, in response to the DfE, to make improvements to the special educational needs and disability (SEND) service. At this stage it is anticipated that any financial impact on the Local Authority will be met from the Dedicated Schools Grant (DSG). The provisional 2021/22 DSG settlement has indicated another substantial funding increase (12%) for High Needs. Whilst there are substantial pressures from both demography (pupil numbers) and increased complexity of provision, the additional funding provides scope to also address the improvements necessary and outlined in the 'written statement of action'. A programme of transformation projects designed is being implemented in SEND (within High Needs Block funding), including building SEND health and education local teams and local provision in mainstream schools; developing responsive, flexible and effective local specialist provision; and, improving early identification and intervention for SEND.

2.3. There is here is a growing concern around schools with financial deficits. The number of schools in deficit has only grown by a small amount (from 38 to 40), but the total deficit amount has risen substantially from £7.2m to £9.0m; where maintained schools convert to Academy status with a sponsor the licenced deficit falls to the Council. The Local Authority has contacted all schools with deficits and will review the robustness of deficit recovery plans in October (when the plans are due to be returned). In addition, specific actions (including regular monitoring, meetings with schools, implementation of Interim Executive Boards, negotiations with Department for Education and alternate funding sources) are all being implemented to minimise the impact on the Council's budget.

Neighbourhoods

2.6. The 2019/20 outturn for Neighbourhoods was an overspend of £19.3m. For 2020/21 additional budget has been allocated to Neighbourhoods of £23m. This funding should address the issues that were present in 2019/20.

2.7. At the end of Month 6 the forecast for the Neighbourhoods Directorate non Covid-19 is an underspend of £0.8m. The forecast improved by £1.1m on that reported on quarter

2.8. The Street Scene service overspend of £0.1m: The service continues to manage a number of pressures including £1.9m on vehicle maintenance and hire costs within the waste fleet and grounds maintenance service. The position is being mitigated by delaying spend and reduced borrowing charges due to fleet procurement delays. There is an income pressure of £1.5m within the Trade Waste service and a pressure of £0.5m within the waste procurement project due to the use of external legal advice and further cost pressure of £0.3m due to replace the heating system at Redfern Rd Depot. Which has largely been migrated by £4.0m related to Prudential Borrowing other small savings and underspends

2.9. Housing underspend of £1.2m: Bed and Breakfast is the main cost driver within the temporary accommodation service therefore both cost and demand projections continue be monitored. Non Covid-19 cost are mainly due to a forecast underspend of £1.2m within Housing due to a reduction in the cost charged by providers of Bed and Breakfast accommodation over the first half of the year. The service continues to mitigate pressures, including £0.5m income target against the Selective Licensing scheme. The scheme was not launched due to regulation changes and legal advice; however, a review is currently taking place to determine viability and a way forward and is currently being mitigated pending outcome of the review.

2.10. The Neighbourhoods service continues to project an £0.7m underspend due to holding vacant posts pending implementation of a new operating model.

2.11. Regulation and Enforcement is forecasting income pressure of £0.9m in Bereavement and Markets. The Bereavement pressure is due to budgeted mausoleum income which is currently unachievable and the Markets income shortfall is part of a review into viability of the Markets.

2.12. Neighbourhoods Directorate has £7.0m of one-off mitigations that have been identified for 2020/21. These are the £4.0m related to Prudential Borrowing, £1.0m other mitigations in Street Scene (including the "Love your Street" initiative delay), £1.5m in Housing General Fund where reductions in Bed and Breakfast costs and vacancies have mitigated delays in the Service Redesign, and £0.5m in Neighbourhoods primarily through holding vacant posts pending the implementation of a new operating model

Adult Social Care

2.13. The underspend of £3.8m is a result of additional funding towards health funded packages and continued reduction in ongoing use of agency staff. The improvement in Month 6 is due to the additional funding.

2.14. Health are currently meeting the costs arising from most hospital discharges between March and the end of August and this is expected to continue until these clients are reassessed with health also meeting the first 6 weeks costs of placements from 1st September. There has been a significant reduction in residential and nursing placements in the year to date although August and September numbers are now showing an increase with a return to normal numbers assumed from October, however, it is anticipated that there is currently a significant level of hidden demand which will impact when lockdown is fully eased. In addition there are still significant costs to be quantified in relation to Covid support to the care market (estimated to be £8m) in respect of actual costs incurred

2.15. Excluding Covid pressures there is an overall underspend of £1.5m due to CCG funding for hospital discharges and preventative packages. The movement from month 5 is a forecast reduction of £0.7m due to increased income from the CCG.

2.16. The Directorate's Transformation Programme continues to positively progress with the roll-out of the Customer Journey Restructure and the Early Intervention Programme over the coming months in order to deliver existing planned sustainable savings. Ongoing system-wide service transformation with partners (NHS) is continuing but no additional savings are assumed at this stage.

2.17. The short-term impact of Covid-19 has led to the need to retain additional agency Social Work capacity for longer than originally planned but has also meant that the Early Intervention process has been refined in advance of wider implementation. Following the implementation of the Customer Journey Restructure in September 2020 the planned reduction in the ongoing use of agency staff will result in a saving of £3.0m.

Inclusive Growth

2.18. The majority of the directorates underspend is due to staff vacancies that have not yet been filled.

2.19. The Council is currently working with Birmingham Highways Ltd to re-procure the subcontract for its Highway Maintenance and Management PFI (HMMPFI) contract. Affordability will be assessed taking account of the total cost of a re-procured contract and available resources, with the outcome being factored in as part of setting future Council budgets.

2.20. On the 6th April 2020 the Council received approval from Government to delay the implementation of the Birmingham Clean Air Zone (CAZ) until no earlier than January 2021 and activities associated with delivery were scaled back reflecting the delays experienced and also the need for the Council to redeploy staff to support the Covid-19 response. The Council has remained committed to the CAZ. and the implementation date has now been set for 1st June 2021.

2.21. Property Services Commercial Property rental income - the current year-end forecast from the Manhattan database is significantly lower than expected based upon the last financial year and known/anticipated movements. Further work has been carried out since month 5 to establish a year-end forecast which has been identified at £1.6m under-recovery. Property Services is continuing to refine the accuracy of data, system update practices and reporting, supported by officers from Finance, ICT&D and Trimble (external system support for Manhattan), in order that a reliable process is established for future forecasting. Additionally, external consultants Avison Young have been commissioned to provide detailed sector by sector analysis of the likely short and medium term impact of Covid-19 on the existing rent roll. Forecasting uncertainty in conjunction with the yet to be confirmed impacts of Covid-19 mean that there is a risk that the current forecast pressures could increase.

2.22. The Directors of the Council's wholly owned company, InReach (Birmingham) Ltd, have made the decision not to progress with one of the planned schemes, Brasshouse, due to a combination of factors that have increased the level of risk. The Council expenditure over the programme was budgeted at £43m, through a mix of equity and loan investments, and was to deliver an annual net income stream rising to £0.9m following the final loan drawdown. The company continues to deliver a net income stream resulting from the original Embankment scheme and current plans are to progress with the remaining smaller scheme.

Digital & Customer Services

2.23. At the end of month 6 the high-level forecast for the Digital & Customer Service Directorate, after taking account of management actions, is an overspend of £0.300m against a net budget of £29.3m, the overspend represents 1% of the net budget. This is an improvement of £2m since Q1, which is a result of £1.2m forecast update to include Margin to be centralised on Information Technology and Digital Services (ITDS) and £0.8m improvement to ongoing support to ensure that the systems operate effectively, and projects are completed. forecast following budget centralisation in period 5.

New Oracle Back office system (ERP)

2.24. The programme, as a result of an assurance process, is going through a reset phase to establish and quantity financial and non-financial risks. A report to Cabinet is scheduled on the Forward Plan for December 2020.

Savings Programme

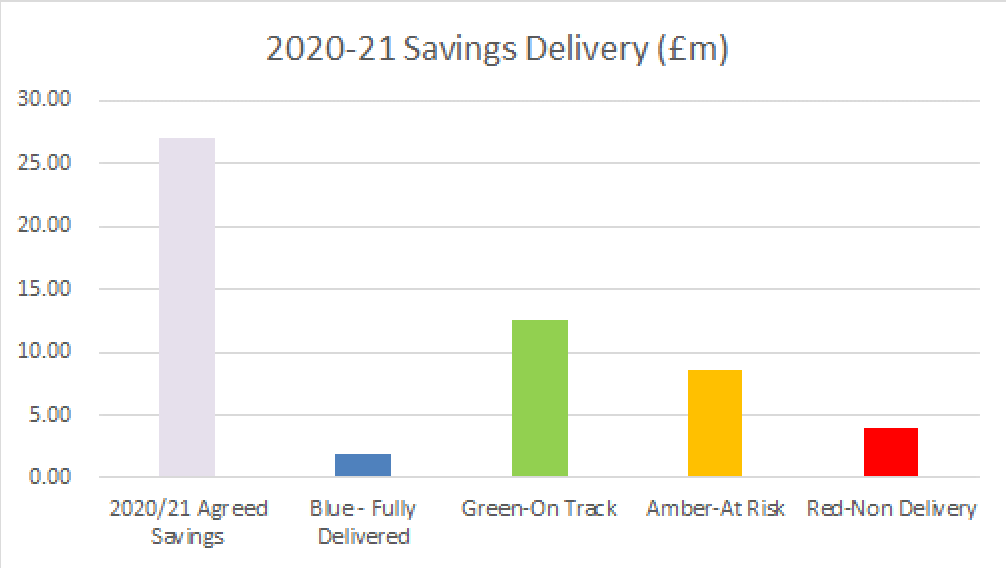
2.25. The £27.1m savings programme for 2020-21 (shown in the following charts) has £8.6m at risk and £4.0m classed as undeliverable or non-delivered. Covid-19 has impacted savings delivery. The key non Covid-19 areas at risk or non-deliverable (those over £0.5m) are:

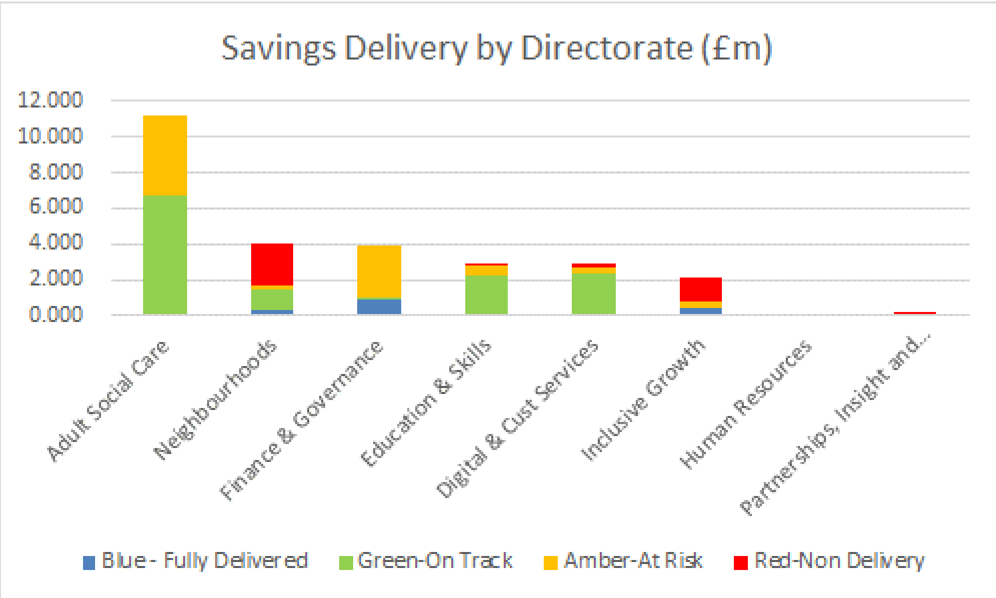
- **Adult Social Care has £4.4m** savings that are at risk due to Covid-19, particularly regarding Packages of Care. However, these are now considered likely to be achieved.
- **Neighbourhoods has £0.2m** savings that are at risk and **£2.3m** savings that are unlikely to be achieved, about half of which are related to Covid. Of the remainder, £1.0m relate to Housing. It is requested that these savings are redirected, as covered in paragraph 2.22 below.
- **Contract** savings, whilst sitting in Finance & Governance, cut across all directorates. The target is **£3.0m** of which **£0.6m** has been delivered so far. While a delivery plan exists, this is now considered a risk as Covid-19 has caused services to reappraise their planned procurements.
- **Education & Skills has £0.5m** savings at risk - these largely relate to an increased commercialisation target for the Adult Education Service that was set in 2019/20 at £1.2m and reduced this year to £0.8m, but which is still unlikely to be fully delivered. It is being

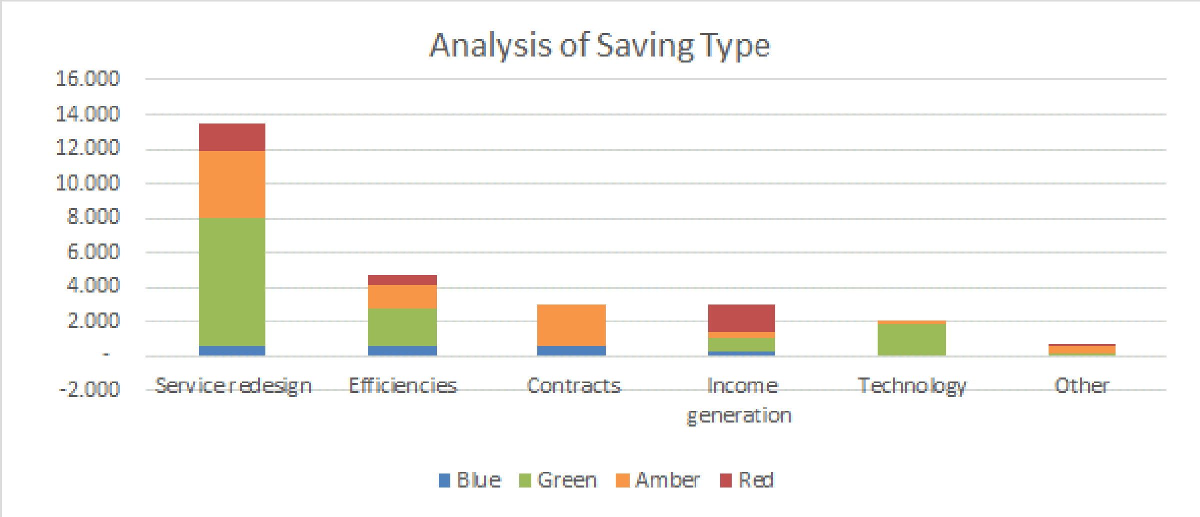
partly mitigated this year through a restructure of the service and savings from elsewhere in Skills & Employability.

- **Digital & Customer Services has £0.3m** savings at risk mainly due to delays and potential income losses related to Covid-19. It also has **£0.2m** of savings that are unlikely to be achieved related to Debt Collection costs, also due to Covid-19.
- **Inclusive Growth has £0.3m** savings at risk and **£1.4m** that are unlikely be achieved, mainly due to delays and risks to income caused by Covid-19

2.26. **Housing Savings Target Redirection**. The savings within the Housing General Fund Service are currently rated as red, however one-off mitigations have been identified in 2020/21 to fully meet this target. For 2021/22 onwards the service is proposing to implement these savings after the completion of the Housing Service Redesign. This will enable the service to realign resources to focus on robust support plans and prevent homelessness.







Borrowing

2.27. The annual cost of servicing debt represents approximately 30% of the budget. Currently borrowing is £3,454m, with the year-end projection likely to be below the planned level of £3,832m. Some government grants have been received early and there is slippage in spending on the capital programme. There does remain uncertainty about the impact of Covid-19 on future cashflows.

Level of Debt and Provision

2.28. The outturn for 2019/20 showed short-term net debt at £401m, higher than the £331m in the previous year. The net debt is made up of £577m owed to the Council less £176m set aside as a bad debt provision to cover the risk of non-collection. An additional £13m was included in the £176m bad debt provision to cover the increased risk of non-collection brought about by Covid-19.

Policy Contingency and Use of Reserves

2.29. The policy contingency budget for 2020-21 is £40.8m. General Reserves are forecast to be £123.1m out of a total £645.0m at the end of financial year. Proposals to utilise the Policy contingency budget to support the Councils' budget this year are set out in the MTFP Refresh Report. As part of the reported outturn to Cabinet on 23 June 2020, the Council had funded £8.7m of capital expenditure from Direct Revenue Financing (DRF) of capital expenditure. The Council's financial statements for 2019/20 are being audited by Grant Thornton and it is proposed that, given the financial pressures faced as a result of the demands placed on the Council in its response to Covid-19, the Council replace the DRF incurred by increasing the Capital Financing Requirement (CFR). This will increase the level of usable reserves available to the Council to meet future funding pressures.

Council Tax and Business Rates

2.30. The Collection Fund collects business rates and council tax income and pays it over to the precepting body. Council tax and business rates income has been heavily impacted by Covid-19. The forecast for the Collection Fund is a deficit of £46.5m (£10.4m deficit for Council Tax and a £36.1m deficit for Business Rates). The impact of this will be considered in setting the budget for 2021-22

Covid-19 Major Incident Financial Impact

2.31. The Council has now received £83.4m of un-ringfenced Covid-19 related grant funding from the government. The government has announced an income loss scheme where after 5% deductible, the council will be compensated for 75p in every pound in sales, fees and charges losses due to Covid-19. The council currently estimates that this could provide £19.6m of additional funding, however the government has yet to issue the precise mechanism for this claim. The government has also announced several ring-fenced grants for additional reliefs and support schemes which are being spent on the additional measures set out in government guidance.

2.32. On 22nd October the Council was informed of a further **£44.2m** of un-ringfenced Covid-19 related grant. It is recommended that this is transferred to specific Covid reserve to manage the ongoing pandemic through the higher risk winter months.

2.33. There are further Covid-19 financial risks which have been quantified at £18.2m, which are reported through emergency cells on a weekly basis. There is an ongoing review of risks to ensure that they reflect the latest circumstances. This is a reduction from the £39m reported at Quarter 1.