

APPENDIX A

Quarter 2 Financial Monitoring Report 2021-22

1. High Level Summary Financial Position

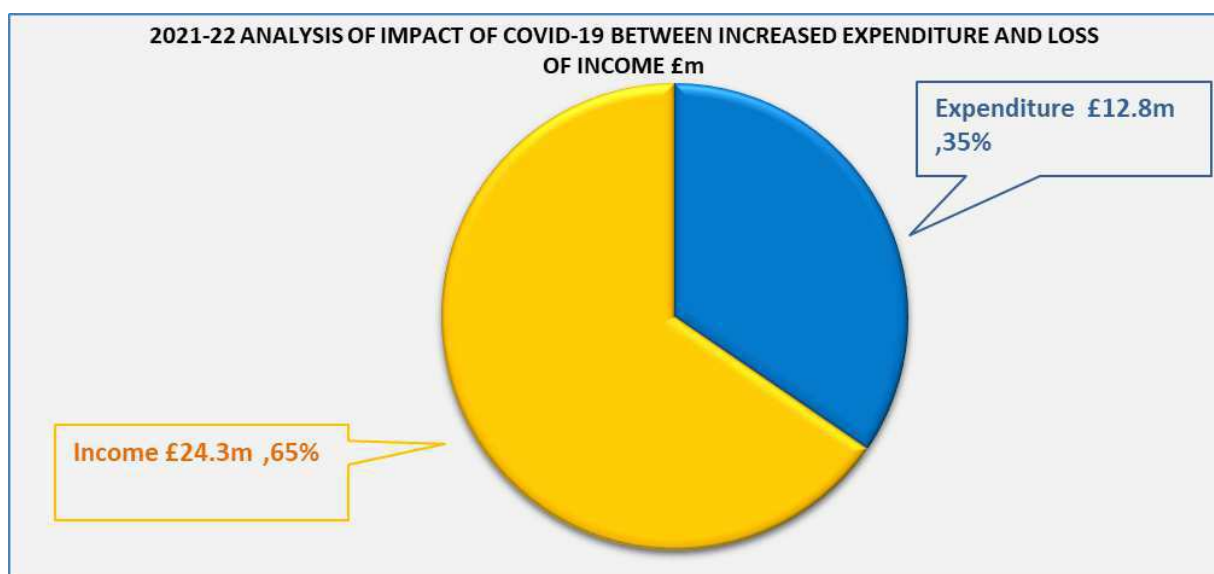
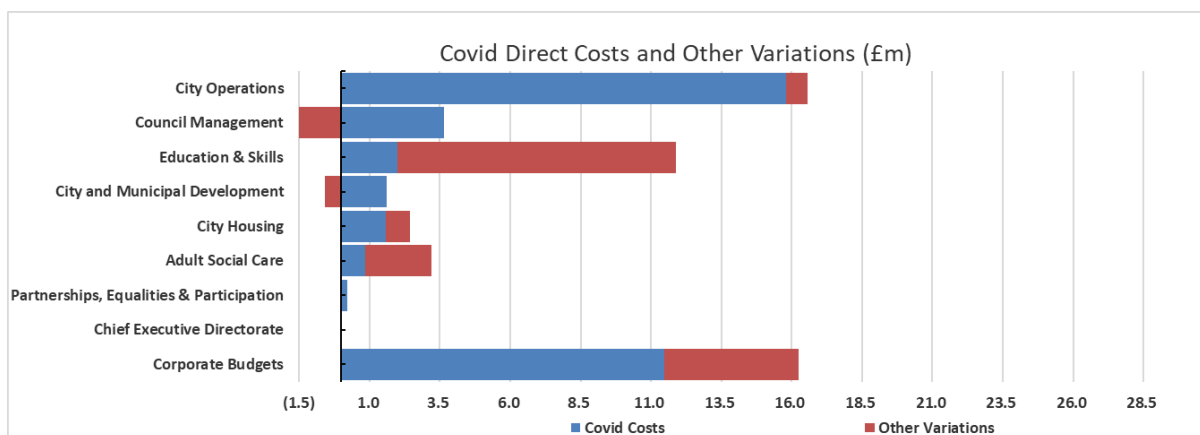
- 1.1. At the end of Quarter 2, there is a forecast net revenue overspend on the Council's General Fund of **£10.2m** (Column E in table 2) which represents 1.2% of the £828.7m budget and a **£17.2m** improvement since Quarter 1. This is made up of a **£22.7m** (Column D in table 2) revenue budget non-Covid underspends and a **£32.9m** (Column C in table 2) overspend on direct covid related expenditure and reduction in income.
- 1.2. Direct covid related expenditure and reduction in income of **£32.9m** (Column C in table 2) is after applying funding; **£17.5m** of un-ringfenced Covid-19 related grant funding from the government received in 2020/21 carried forward into 2021/22, release of **£3.0m** from specific grant funding, **£6.0m** of Public Health Grant to fund Covid related spending in 2021/22, an estimate of funding for income losses of **£3.2m** and **£12.5m** pressures funded in the 2021/22 budget from the application of Tranche 5 of Government Covid funding. It is also after applying an estimate of **£38.0m** cost from the redeployment of staff on a similar basis to that reported in the 2020-21 outturn. The covid overspend represents an improvement of **£3.5m** since Quarter 1. We will continue to look to maximise the use of other specific covid funding to reduce this estimated cost.

Table 1 : High level position.	Covid Variation	Non-Covid Variation	Total Variation
	£m	£m	£m
Directorate Sub Total	25.7	10.5	36.2
Corporate Budgets	11.5	4.8	16.3
Application of Tranche 5 Funding Budget 2021/22	(12.5)	0.0	(12.5)
Covid Funding	(17.5)	0.0	(17.5)
Specific Grant Funding	(3.0)	0.0	(3.0)
Public Health Grant	(6.0)	0.0	(6.0)
Income Loss Scheme Funding	(3.2)	0.0	(3.2)
City Council General Fund Sub Total	(5.1)	15.3	10.2
Transfer of Indirect Covid Costs	38.0	(38.0)	0.0
General Fund after transferring indirect costs	32.9	(22.7)	10.2

- 1.3. In terms of savings, **£19.8m** of the **£36.7m** savings targets are either delivered or on track which represents 54% of the total savings target with a further 38% (£14.1m) anticipated to be delivered, as shown in table 6 of this report. The £20.1m establishment saving, currently shows £14.4m achieved and £5.7m is an amber risk. However, one off in year savings have been identified and ongoing savings now need to be identified and delivered. Following the improved delivery, £5.0m that was previously considered as unachievable has now been reassessed as at amber risk rather than red, given the recent improvement in delivering savings.
- 1.4. The revenue budget non-Covid position is a net underspend of **£22.7m** (Column D in table 2). This is an improvement of **£7.7m**, which relates to the allocation of **£9.3m** of Policy Contingency funding, **£5.0m** reduced pressure from recognising workforce savings as an amber risk. This is offset by an overspend of **£4.8m** related to Birmingham Children's Trust.
- 1.5. The direct covid related expenditure and reduction in income is £32.7m overspend, including indirect spending of £37.9m, and is shown in table 2 (column c) below.

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

1.7. The corporate position is detailed below in table 2. The headlines are :- **£5.4m** shortfall in local tax support expected to be received compared to the forecast when the budget was set. The likely underachievement of **£0.4m** of transport savings. There is a forecast cost of **£8.3m** for potential costs of a pay award if this is agreed at 1.75% which has from Quarter 2 been offset by a **£9.3m** forecast underspend of Policy Contingency. At Quarter 2 it has been identified that **£6.0m** can be allocated from the Public Health Grant to fund Covid related expenditure.



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

Income loss forecast due to covid has decreased by £4.2m from Month 3. However, there is an increase of £3.4m across covid expenditure giving a directorates net decrease position of £1.3m. This is before an increase in £3.0m specific grant funding, £6.0m of Public Health Grant and a decrease of £1.7m in forecast funding for income loss, resulting in net decrease of £9.5m overall in the covid forecast.

Table 2

Table 2 :High Level Summary	A	B	C	D	E	F
Directorate *	Current Budget	Forecast Outturn	Covid 19 Financial Impact Included	Over/(Under) spend Non Covid costs	Total Over/(Under) Spend *	Movement since Month 3
	£m	£m	£m	£m	£m	£m
City Operations	185.204	201.762	15.810	0.748	16.558	(1.894)
Education & Skills	298.196	310.097	2.005	9.896	11.901	7.076
Adult Social Care	337.238	340.442	0.839	2.365	3.204	2.582
City Housing	12.869	15.315	1.568	0.878	2.446	(1.159)
City and Municipal Development	60.929	61.951	1.604	(0.582)	1.022	0.524
Council Management	54.117	54.931	3.638	(2.824)	0.814	(4.276)
Partnerships, Equalities & Participation	3.107	3.318	0.211	0.000	0.211	(0.124)
Chief Executive Directorate	0.623	0.623	0.000	0.000	0.000	0.000
Directorate Sub Total	952.284	988.440	25.675	10.481	36.156	2.729
Corporate Budgets	(123.613)	(107.355)	11.470	4.788	16.258	(12.581)
Application of Tranche 5 Funding Budget 2021/22	0.000	(12.515)	(12.515)	0.000	(12.515)	0.000
Covid Funding	0.000	(17.471)	(17.471)	0.000	(17.471)	0.000
Specific Grant Funding	0.000	(3.000)	(3.000)	0.000	(3.000)	(3.000)
Public Health Grant	0.000	(6.000)	(6.000)	0.000	(6.000)	(6.000)
Income Loss Scheme Funding	0.000	(3.234)	(3.234)	0.000	(3.234)	1.661
Corporate Subtotal	(123.613)	(149.575)	(30.750)	4.788	(25.962)	(19.920)
City Council General Fund	828.671	838.865	(5.075)	15.269	10.194	(17.191)
Indirect Covid Costs			37.998	(37.998)	0.000	0.000
General Fund after transferring indirect costs	828.671	838.865	32.923	(22.729)	10.194	(17.191)
Financial Position as at M3	828.671	856.055	42.374	(14.989)	27.385	
Movement from M3	0.000	(17.191)	(9.451)	(7.740)	(17.191)	
Movement from M3 %	0.000%	(2.01)%	(22.30)%	51.64%	(62.77)%	

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

**This excludes Covid-19 risk, see paragraph 3.44 below

Analysis of Non-covid pressure faced by Directorate

	Non delivery of savings £m	Expenditure variations £m	Income variations £m	One-off mitigations £m	Non Covid 19 Financial Impact Included £m
City Operation	1.508	3.302	1.068	(5.130)	0.748
Education & Skills	0.000	8.796	1.100	0.000	9.896
Council Management	0.200	(0.799)	(1.065)	(1.160)	(2.824)
City Housing	0.000	2.916	(2.038)	0.000	0.878
City and Municipal Development	0.329	(1.075)	0.164	0.000	(0.582)
Adult Social Care	0.000	2.070	0.295	0.000	2.365
Chief Executive	0.000	0.000	0.000	0.000	0.000
Partnerships, Equalities & Participation	0.000	0.000	0.000	0.000	0.000
Directorate Sub Total	2.037	15.210	(0.476)	(6.290)	10.481
Corporate *	0.400	8.300	5.369	(9.281)	4.788
Total	2.437	23.510	4.893	(15.571)	15.269

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

- 1.6 **City Operations:** The main mitigation is an underspend of £5.1m on borrowing costs due to delays in procurement of the new fleet. Out of a total of 74 new vehicles that have been ordered 31 vehicles were delivered and in use by the end of March 2021 with the remaining 43 received in June. In addition, further Garden and Bulky Waste income of £0.5m is anticipated. The Parks service has identified internal mitigations totalling £1m within Grounds Maintenance Service.
- 1.7 **Council Management:** There are one-off mitigations actions that have been identified including the use of Policy Contingency and the use of reserves carried forward from previous year that will be considered as part of Outturn. These mitigations now produce a significant underspend of £3.0m as a contribution towards balancing the Council's budget.
- 1.8 **Corporate:** £6.0m use of Public Health Grant to fund Covid related spend and £9.3m use of policy contingency, which is discussed in more details in section 3.57 below.

2. Capital Expenditure

- 2.1. Capital expenditure for the year 2021/22 is forecast at £709.2m against a revised capital budget of £754.8m, representing a net variation of £45.6m.
- 2.2. This is a decrease in forecast spend of £56.9m from Quarter 1. This is largely due to slippage in relation to Transportation & Connectivity within the City & Municipal Development Directorate (£26.0m) and within the Education and Skills Directorate (£9.0m). The Corporate Contingency budget is being slipped by half (£12.5m) at this half year stage too. Further details for these variations are provided below.
- 2.3. Expenditure to date is £222.6m which is 31% of the year-end total forecast. In comparison spend to date at Quarter 2 in 2019/20 (the year prior to Covid-19) was 26%. Traditionally capital spend increases during the second half of the financial year as more work is completed and contractor invoices are received.

- 2.4. Capital Receipts are a key element of the programme and at Quarter 2 in 2021/22 they amount to £44.9m, being £15.6m of the £65m Asset Review programme and £29.3m of the £35m Business as Usual programme. Further detail is provided in paragraph 2.24 below.

Table C1: Summary 2021/22 Capital Programme Financial Position

	Spend to date	Quarter 1 Budget	Budget Changes Period 4-6	Revised Quarter 2 Budget	Forecast net overspend/ (slippage)	Forecast Outturn
	£m	£m	£m	£m	£m	£m
General Fund	171.7	623.6	12.8	636.5	(51.1)	585.4
HRA	50.9	110.4	7.9	118.3	5.5	123.8
TOTAL	222.6	734.0	20.7	754.8	(45.6)	709.2

- 2.5. The revised budget is a £20.7m increase from the budget approved at Quarter 1.

Table C2: Movements from the Original Budget:

Directorate	Amount in 21/22	Capital Project	Funding	Cabinet Approval
City Operations: Private Sector Housing	£2.2m	Energy Efficiency – Green Homes Grant for Local Authority Delivery Phase 2	Green Homes Grant	07/09/21
City Housing: Housing Options	£2.0m	Temporary Accommodation Strategy	Prudential Borrowing	27/07/21
City Housing: HRA	£7.9m	Housing Improvement Programme – Green Homes Grant Phase 2	Grant & Direct Revenue Funding	07/09/21
City & Municipal Development: Planning & Development	£2.7m	Bromford Estate Flood Defence works.	Grant	June 2020
City & Municipal Development: Transportation	£1.0m	Adding new resources to various projects .as approved by Cabinet on 09/02/2021 within the Transportation & Highways Capital Programme Annual update report.	Various	09/02/21
City & Municipal Development: Property Services	£5.0m	Contribution towards the redevelopment of Perry Barr Train Station.	Community Infrastructure Levy (CIL)	June 2019
Total	20.7			

- 2.6 **Capital Planning & Allocations** City Operations – City Centre CCTV: an allocation of £0.745m is being requested in this report to be approved as an allocation from the Corporate Capital Contingency Budget, funded from corporate prudential borrowing. Further details are set out in paragraph 2.25 below.

Table C3: Year End forecast by Directorate.

Capital Forecast 2021/22 by Directorate						
Directorate	(a) 2021/22 Quarter 1 Budget	(b) 2021/22 Period 4-6 Budget Movements	(c) 2021/22 Quarter 2 Revised Budget	(d) 2021/22 Spend to Date	(e) Forecast Variation Quarter 2	(f) 2021/22 Forecast Outturn
	£m	£m	(a+b) £m	£m	£m	(c+e) £m
Commonwealth Games	72.5	0.0	72.5	32.9	0.0	72.5
Council Management						
Development & Commercial	1.1	0.0	1.1	1.7	0.0	1.1
Corporately Held Funds	88.4	0.0	88.4	2.4	(13.6)	74.8
ICT & Digital	9.3	0.0	9.3	0.8	(1.3)	8.0
Total Council Management	98.8	0.0	98.8	4.9	(14.8)	83.9
City Operations						
Control Centre Upgrade	0.3	0.0	0.3	0.0	0.0	0.3
Street Scene	39.3	0.0	39.3	14.5	0.0	39.3
Private Sector Housing	0.5	2.2	2.7	0.2	0.0	2.7
Neighbourhoods	3.2	0.0	3.2	0.0	(1.2)	2.0
Regulation & Enforcement	1.6	0.0	1.6	0.6	0.0	1.6
Highways Infrastructure	4.7	(0.0)	4.7	1.0	0.0	4.7
Total City Operations	49.5	2.2	51.7	16.3	(1.2)	50.5
City Housing						
Housing Options Service	0.1	2.0	2.1	0.0	0.0	2.1
HRA	110.4	7.9	118.3	50.9	5.5	123.8
Total City Housing	110.5	9.9	120.4	50.9	5.5	125.9
City & Municipal Development						
Planning & Development	50.6	2.7	53.3	20.8	0.0	53.3
Transport & Connectivity	81.7	1.0	82.6	9.6	(26.0)	56.6
Housing Development	1.6	0.0	1.6	0.0	0.0	1.6
Perry Barr Residential Scheme	151.8	5.0	156.8	70.4	0.0	156.8
Property Services	60.6	0.0	60.6	1.4	0.0	60.6
Total City & Municipal Development	346.3	8.7	354.9	102.2	(26.0)	328.9
Education & Skills	46.9	0.0	46.9	10.9	(9.0)	37.9
Adult Social Care	9.6	0.0	9.6	4.5	0.0	9.6
TOTAL	734.0	20.7	754.8	222.6	(45.6)	709.2

Forecast Variations at Quarter 2**Council Management – Slippage of £14.8m.**

- 2.7 **ICT & Digital** – Slippage of £1.3m – this is mainly due to the Application Platform Modernisation (APM) scheme which was expected to spend £3.3m in this financial year. £0.5m relates to hardware purchases which are awaiting clarity on capacity requirements and £0.4m relates to the Document Management Solution which is now being delivered by IT Operations due to complete in 2022/23. The remainder of the slippage relates to the Field Work Project (funded from Flexible Use of Capital Receipts) which will now be delivered in 2022/23.
- 2.8 **Corporate Capital Contingency** – Slippage of £12.5m – as at Quarter 2 there have been very few applications for corporate capital contingency funding therefore it is prudent to slip 50% of the current budget (£12.5m) into future financial years. These resources can be brought forward again prior to the year-end if required.

City Operations – Slippage of £1.2m.

- 2.9 Community Sports & Events – National Indoor Arena (NIA) Replacement Track £1.2m. Following recommendations from World Athletics after the World Indoors 2018 event, a specification for Tender was sent out based on their feedback. The outcome detailed higher costs on materials and shipping. In addition to that a longer build time is required which would impact other events due at the venue. Alternative proposals are being discussed but any change in specifications would require re-tendering due to procurement guidelines.

City Housing – Net Overspend of £5.5m.

- 2.10 HRA - Housing Improvement Programme - £12.1m forecast overspend as reported at Quarter 1 – mainly due to fire protection works to High Rise Residential Blocks including replacement cladding and fire panels and urgent structural defect remediation works to ageing stock.
- 2.11 HRA – Redevelopment - £6.6m slippage. This is made up of net slippage of £5.3m (against a £32.9m programme) in relation to Birmingham Municipal Housing Trust (BMHT). Although the impact of Covid and reduced labour availability is decreasing it is still impacting supply chains. Brexit is also impacting on certain trades due to import restrictions, bureaucracy and labour returning to home countries. The schemes affected are Kings Norton 1, Monmouth Road and Bromford. Clearance - slippage of £1.4m. Clearance and rehousing activity has been significantly impacted as a result of Covid, including delays with possession proceedings and court hearings. The lack of available suitable rehousing options, particularly for larger households, has caused delays obtaining vacant possession of the schemes. In addition, the ability to acquire properties within clearance schemes due to the complexity of cases, including numbers of households shielding and representatives not being available for negotiations have led to previous forecasts not being achieved. In addition, unforeseeable environmental issues caused by the weather, led to seeking an alternative approach to remediation works required prior to development at Yardley Brook.

City & Municipal Development – Net Slippage of £26.0m.

- 2.12 Transport Connectivity – Tame Valley Phases 2 & 3 slippage of £3.7m - Testing Contract: Tenders were sought in November 2019 for commencement on site in early 2020. Due to no interest received, a retendering exercise took place which was awarded and works commenced on site August 2020 and finished December 2020.
- 2.13 Main Works Contract: 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. Works are due on site in March 2022, approximately 1 year behind original schedule. Works are now programmed to be complete by December 2026.

- 2.14 Transport Connectivity – Snow Hill Public Realm slippage of £1.3m - due to the proximity of Commonwealth Games, a decision has been made not to commence some schemes until after the Games are completed. This means some of the projects will slip into future financial years.
- 2.15 Transport Connectivity – Brum Breathes & Route to Zero slippage of £10.6m – 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, Non-compliant car scrappage and support to encourage more use of Public Transport. As a result, spend may accelerate before year end or have further slippage into next financial year.
- 2.16 Transport Connectivity – Active Travel slippage of £5.9m – the majority of 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 is only available once the scheme development has been completed.
- 2.17 Transport Connectivity – Public Transport Slippage of £3.8m – 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.

Education & Skills – Slippage of £9.0m.

- 2.18 Schools Condition Allowance (SCA) – Slippage of £1.0m reflects the revised profile of costs provided by Education Infrastructure (EDI) due to current market conditions that includes an impact on the availability of resources and obtaining materials - therefore some projects have been reprofiled for delivery in 2022/23. It should be noted that will be no impact on service delivery, no loss of funding and resources will be re-profiled into future years.
- 2.19 Basic Need Additional Places – Slippage of £7.0m - 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 movement than previous. EDI are currently assessing the forecasts before embarking on any further expansions. It should be noted that there is no loss of funding and resources will be re-profiled into future years.
- 2.20 Community Libraries – Slippage of £1.0m due to a delay in the completion of the Community Libraries report to allow further development and approval of the Community Library Strategy – timescales are yet to be confirmed.

Risks and Issues

- 2.21 The **impact of Brexit** on the construction industry is still ongoing and together with the continuing impact of Covid 19 and economic recovery casts greater uncertainty

particularly about the supply and import of materials and labour. This applies to most projects within the capital programme and the impact of this situation will continue to be monitored closely during the coming months.

2.22 **Dudley Road Scheme** – Funding to be identified:

Delivery of the revised main scheme has been estimated at £20.7m. Funding has been identified from the Levelling Up Fund in order for the scheme to progress to full implementation after the Commonwealth Games. A bid to the Levelling Up Fund of £19.9m was submitted in June 2021 with the anticipated outcome due in October 2021. There is a risk that the funding bid may not be successful, and other sources of external funding may be required if the project is to progress. A further update will be provided to Cabinet once the outcome of the Levelling Up Fund bid is known.

2.23 **Revenue Reform Projects** (Flexible Use of Capital Receipts) – Revenue expenditure which qualifies as being eligible for funding under the Flexible Use of Capital Receipts i.e. Transformational spend that results in revenue savings at Quarter 2 is £2.6m. Eligible spend is initially charged to revenue and subsequently moved to capital against the appropriate projects – as at Period 6 only £2.6m has been transferred to capital and therefore this figure may be understated. Positive action will be undertaken at Period 7 to identify further revenue spend that will need to be transferred to capital. However, as at period 6 all projects are forecast to spend to budget and more detailed monitoring of this spend is provided in Table C4 below:

Table C4 – Flexible Use of Capital Receipts

Capital Monitoring Quarter 2 2021-22						
Flexible Use of Capital Receipts						
Directorate	(a) 2021/22 Quarter 1 Budget	(b) 2021/22 Period 4 - 6 Budget Movements	(c) 2021/22 Quarter 2 Revised Budget	(d) 2021/22 Spend to Date	(e) Forecast Variation Quarter 2	(f) 2021/22 Forecast Outturn
	£m	£m	(a+b) £m	£m	£m	(c+e) £m
Council Management Directorate:						
Corporately Held Funds:						
Redundancy & Pension Strain	0.0	0.0	0.0	0.2	0.0	0.0
Travel Assist	0.1	0.0	0.1	0.0	0.0	0.1
Tyseley ERF & Transfer Station	0.7	0.0	0.7	0.0	0.0	0.7
Business Improvement & Change	1.8	0.0	1.8	1.8	0.0	1.8
Finance Transformation Involvement	1.3	0.0	1.3	0.0	0.0	1.3
Service Innovation & SAP	0.0	0.0	0.0	0.0	0.0	0.0
Cyber Security	3.0	0.0	3.0	0.4	(0.3)	2.7
Insight Programme	1.1	0.0	1.1	0.0	(0.6)	0.5
Customer Programme	5.6	0.0	5.6	0.0	0.0	5.6
Eclipse IT Support	0.7	0.0	0.7	0.0	0.0	0.7
Early Interventions Transformation	0.5	0.0	0.5	0.0	0.0	0.5
Community Equipment	0.2	0.0	0.2	0.0	0.0	0.2
Life Courses Project	1.8	0.0	1.8	0.0	0.0	1.8
Flexible Use of Capital Receipts - Other	10.7	0.0	10.7	0.0	0.0	10.7
Inclusive Growth Delivery Plan	15.0	0.0	15.0	0.0	0.0	15.0
Birmingham Childrens Partnership	1.1	0.0	1.1	0.0	0.0	1.1
Total Corporately Held	43.7	0.0	43.7	2.4	(0.9)	42.8
ICT & Digital Services:						
ITD Transition Programme	0.2	0.0	0.2	0.0	0.0	0.2
Application Platform Modernisation	1.7	0.0	1.7	0.2	(0.6)	1.0
Networks & Security	0.0	0.0	0.0	0.0	0.0	0.0
Insight	0.1	0.0	0.1	0.0	0.0	0.1
Field Work Project	0.4	0.0	0.4	0.0	(0.4)	0.0
Total ICT & Digital Services	2.4	0.0	2.4	0.2	(1.0)	1.4
TOTAL	46.1	0.0	46.1	2.6	(1.9)	44.2

Capital Receipts & Disposals Programme:

- 2.24 Review of the Disposals Programme & Expected Capital Receipts – The 2021/22 budgeted target of capital receipts is £100.0m. At present £44.9m of receipts have been achieved in 2021/22, £15.6m against the £65m Asset Review programme and £29.3m against the Business as Usual programme. It should be noted that the disposals programme is back-end loaded meaning that majority of receipts are due to be received towards the end of the 2021/22 financial year and relate to a small number of high value cases.

Table C5 below sets out the position at Quarter 2 2021/22:

Capital Receipts & Disposals Programme 2021/22	
	2021/22 £m
Budget	100.0
Achieved at Quarter 2	44.9
Further Anticipated Receipts	55.1

Capital Planning and Allocations:

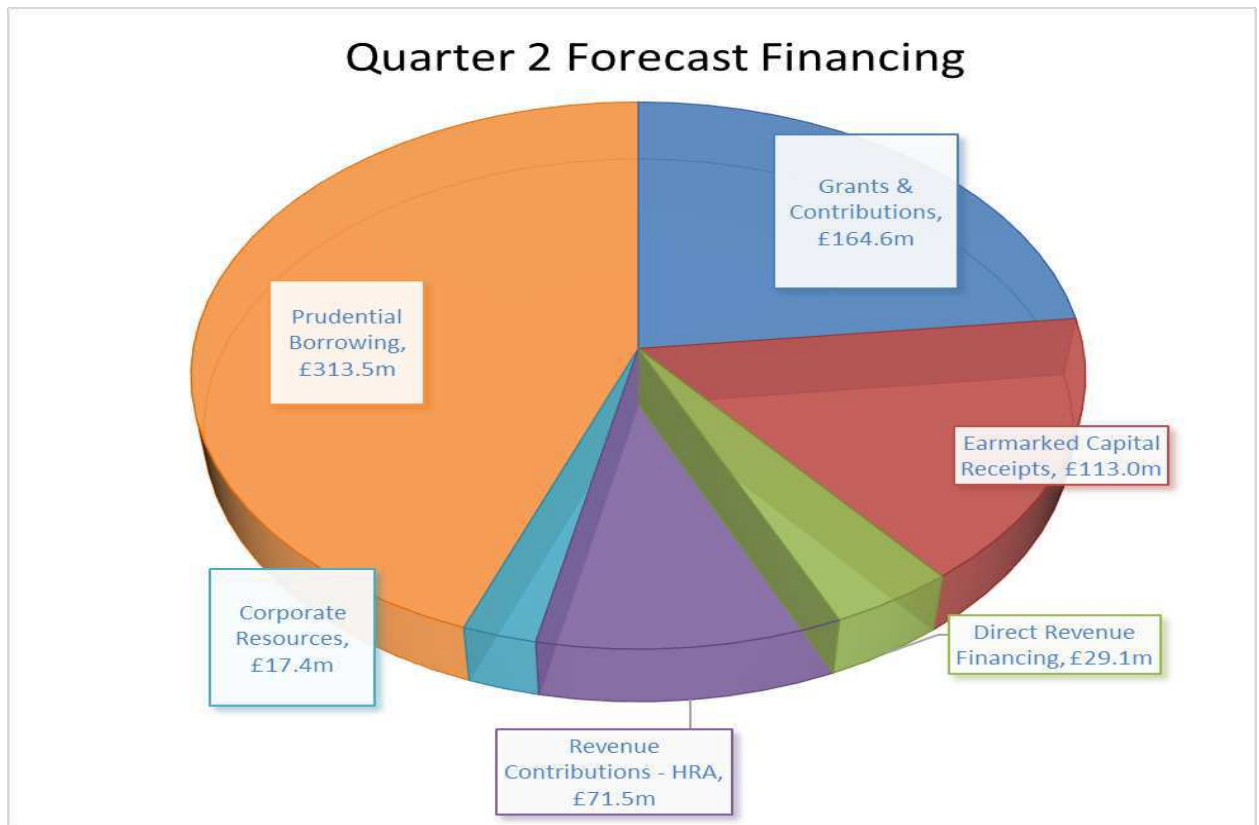
City Operations - City Centre CCTV

- 2.25 Cabinet are requested to approve an allocation of £0.745m from the Corporate Capital Contingency budget, funded from corporate prudential borrowing to support the procurement of 20 new CCTV cameras and an upgrade to 30 existing cameras removing gaps and improving quality, reliability across key Common Wealth Games and transit areas across the city centre, directly benefitting Birmingham City Council and multi-agency games operations. The upgrade will include enhanced coverage across the designated walking routes (e.g. between rail, shuttle and bus transport hubs and event venues) live and activation sites and all the elements required for compliance, satisfying the requirements of the Surveillance Camera Code 2013.

Financing the Quarter 2 Forecast Outturn

- 2.26 The Quarter 2 forecast outturn will be financed as shown in the pie chart (Table C6) and the Table C7 below.

Table C6 – Forecast Financing Chart - £709.2m



2.27 Table C7 – Capital Financing

Summary of Capital Funding Quarter 2 2021-22			
	General Fund	Housing Revenue Account	Total
	£m	£m	£m
Forecast Capital Expenditure	585.4	123.8	709.2
Forecast Funding:			
Grants & Contributions	(153.4)	(11.3)	(164.6)
Earmarked Receipts	(86.1)	(26.9)	(113.0)
Direct Revenue Funding	(29.1)	(71.5)	(100.6)
Corporate Resources	(17.4)	0.0	(17.4)
Prudential Borrowing	(299.4)	(14.1)	(313.5)
Total Funding	(585.4)	(123.8)	(709.2)

3. Key Issues

Non Covid-19 Related Issues (Significant variance above £0.5m)

- 3.1. **Afghan Refugees;** Three funding schemes are available for Local Authorities to support Afghan citizen resettlement. ARAP (Afghan Resettlement and Assistance Policy), under which BCC has already committed to welcoming 80 individuals, ACRS (Afghan Citizens Resettlement Scheme), and grant funding to top up housing costs. BCC has already started welcoming people under ARAP.
- 3.2. The resettlement schemes include funding of £20,520 per individual for welcome, integration and support, £4,500 per child for education provision for one year, and £850 per adult for English language provision. Housing is funded through the introduction amount, benefits, and additional grant funding to meet any gap between cost and benefits. Based on existing resettlement schemes, which attract the same funding offer, this is considered sufficient for the costs of administering and providing services required. The risk in this scheme is if families cannot fund their housing once the top up is removed, and present as homeless at that stage. The impact on wider BCC services over the longer term cannot be estimated without knowledge of the individuals and families and what skills and needs they bring, but without doubt are minimised by the successful implementation of resettlement.

Education and Skills

- 3.3. At the end of Quarter 2, there is a forecast **overspend of £9.9m** relating to revenue budget non-Covid expenditure for the Directorate. This is a deterioration of **£6.6m since Quarter 1**.
- 3.4. There is a forecast overspend for **Inclusion and SEND of £5.3m**. The forecast overspend is on Travel Assist made up of £3.9m transport costs and £1.4m on guides. The basis for projection is 2021/22 actual expenditure to date extrapolated for the remainder of the year. Management information on activity and costs is required for this projection to be more accurately refined. The forecast on Travel Assist assumes a successful bid of £1.6m for transformation costs funded through the Flexible Use of Capital Receipts.
- 3.5. The council have terminated a contract with North Birmingham Travel, the additional cost of the alternative provider (procured at short notice and including set up costs) is estimated to be up to £3.3m (worst case). This additional cost of contract will be taken from the Financial Resilience Reserve. As costings become more certain they will be reported through the routine financial reporting updates to Cabinet.
- 3.6. In May 2021 Birmingham hosted Ofsted and CQC to conduct their Local Area SEND Revisit in order to establish if the partnership has made sufficient progress against the 13 areas of significant weakness identified in the 2018 inspection. The outcome of this revisit has now been published, with Birmingham making sufficient progress in 1 of the 13 areas of significant weakness. As a result of the revisit, there is a need for a SEND Improvement Programme for the city which will require significant one-off investment from the general fund, alongside ongoing investment from the HNB and General Fund to address capacity issues within the system. Cabinet has approved in July 2021 extra funds to address the capacity issues. A bid for one-off transformation costs has also been submitted to the S151 Officer.
- 3.7. There is a forecast overspend for **Birmingham Children's Trust of £4.8m** as follows:

The outturn position for 2020/21 highlighted a cost pressure of £3m against placements which would carry forward into 2021/22. The latest position for the Trust is now forecast to overspend by £4.8m and this entirely relates to placement costs which can be broken down as follows:

- £2.4m supported accommodation
- £1.3m disabled children
- £1.1m shortfall in contributions from 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 actually reduced from around 6% to less than 3%. A key reason for the increase in placement costs is that children's needs are increasing in complexity, including mental health and trauma caused by domestic abuse and exploitation. The shortfall in income contributions is also a cause for concern, particularly health given the complexity of need.

The Trust continues to promote better outcomes for children and its Stronger Families initiative is intended to place more children with their families which in turn is expected to reduce costs by £2m this year. This benefit has already been factored into the forecast for the year.

- 3.8. The Director of Council Management and the Interim Director of Education and Skills have commissioned the Chartered Institute of Public Finance & Accountancy (CIPFA) to carry out a budget sufficiency review of the Education and Skills budget. The Local Government Association (LGA) will also support with work in this area. This work should conclude in November 2021.

City Housing

- 3.9. At the end of Quarter 2, there is a forecast **overspend of £0.9m** relating to revenue budget non-Covid expenditure for the Directorate, all related to the Homelessness Service. This is an improvement of **£1.6m since Quarter 1**.

3.10. **Housing General Fund (projected year end £1.1m overspend):**

- The forecast overspend is due to projected temporary accommodation demand levels over the course of the year reflecting significant increase following the lifting of the eviction ban at the end of May. We have seen an increase at the end of August which is earlier and higher than anticipated. Current modelling assumes continuation of current demand levels of 20 per week until the end of December reducing to 15 per week until the end of March. This continues to be monitored. Resulting cost pressure is **£3.1m**.
- Initial Additional Hostel accommodation at Oscott Gardens is planned to introduce a further 200 units phased in from December to March with an expected saving of **£0.7m** reducing the overspend to £2.4m. There are a number of risks associated with the delivery of this project which may delay the implementation date beyond December and have a detrimental impact the forecast position.
- Other mitigations have been explored generating a further £1.3m. This includes savings in procurement of commissioned services and alternative funding sources £0.4m, the implementation of a new contract for leased properties in February 2022 which will relieve the pressure on using night rate placements £0.3m and furniture and other underspends £0.6m.

3.11. Shelforce (£0.2m underspend)

- There are a number of minor variations across the service which net off to a breakeven position. The service is reliant on the HRA capital programme to deliver windows and doors via external contractors. A reduction in the HRA capital programme relating to Fire Doors means a loss of income of £0.9m which will be mitigated through cost savings in the lower use of materials of £0.9m. Shelforce have recently secured additional orders which will generate a surplus of £0.2m.

City Operations

3.12. At the end of Quarter 2, there is a forecast overspend of **£0.7m** relating to revenue budget non-Covid expenditure for the Directorate. This is a deterioration £0.4m since Quarter 1.

3.13. **Street Scene service** is reporting a forecast overspend of **£1.4m**, details of major variances are below:

- The Trade Waste Service forecast a shortfall of income of **£0.4m** as a result of losing a major contract. The service is working towards securing new clients to mitigate this pressure. The Waste Vehicle Garage service is forecasting an income shortfall of **£0.8m** due to reduced client base. This has been exacerbated by the procurement of new grounds maintenance fleet which will be covered by warranty arrangements in the first year of operation thereby reducing the reliance on the internal garage service. However, after the warranty period lapses, the Vehicle Garage service will be able to repair these vehicles where required
- **£1.2m** associated on maintenance and vehicle hire due to old and mechanically less reliable vehicles being past their natural life.
- The employee position has deteriorated and is forecast to be **£2.1m** overspent due to further delays in implementing the Street Scene Service re-design.
- **£0.4m** estimated costs of operating non-compliant vehicles in the CAZ.
- There are a number of other minor pressures which when aggregated together total **£1.6m**. This includes Non-delivery of savings relating to the disposal of parks land income and from commercial projects not been delivered in 2021/22 due to delays.
- The total overspends of **£6.5m** has been in part mitigated by **£5.1m** underspend:
 - £3.2m underspend on borrowing costs due to delays in procurement of the new fleet. Out of a total of 74 new vehicles that have been ordered 31 vehicles were delivered and in use by the end of March 2021 with the remaining 43 received in June.
 - £1.0m – Underspend with the Grounds Maintenance Service.
 - £0.5m additional income from Garden and Bulky Waste is anticipated.

3.14. **Neighbourhoods Service (projected year end £1.3m underspend):**

- The main variance is lower than expected payments to Leisure Contracts of £0.8m and an underspend of £0.2m relating to net operational savings mainly within Alexander Stadium and other Leisure facilities, additional income of £0.2m within Neighbourhood Advice Service from the Adults Directorate, and £0.1m savings on prudential borrowing costs.

Adult Social Care

3.15. At the end of Quarter 2, the directorate has a **forecast an overspend of £2.4m** relating to revenue budget non-Covid for the Directorate. This a deterioration of £2.4m since Quarter 1 resulting from £2.4m of workforce underspends previously

mitigating budget pressures, now being taken as a contribution towards achieving the £20m establishment saving target.

- 3.16. **Packages of Care** Quarter 2 forecast is reporting a forecast overspend of **£3.5m** for Older Adults driven by increased activity within the Sevacare budget, reduced health income and increased residential and non-residential activity; and a forecast underspend of £0.01m for Younger Adults driven by reduced activity (predominantly Day Care within Adults with a Learning Disability) partially offset by a reduction in income. The Sevacare contract is partially funded by Better Care Funding (BCF) funding and discussions are needed as to whether this overspend can be too.
- 3.17. **Community & Social Work Ops – (forecast zero variance at year end)** - The Service is currently seeing high levels of vacancies leading to unspent budget for employees and agency. This is predominantly due to difficulties in recruitment and retention of social work staff and is partially offset with the use of agency. There is a recruitment campaign to fill these vacancies, but progress has been slow together with the difficulty in getting agency workers, so posts are currently unfilled. The unspent budget has been removed to contribute to the 2021/22 Establishment Savings.
- 3.18. **Commissioning – £0.7m underspend** – The Service is reporting an underspend against employees of £0.4m linked to vacancies across the team and recharge income against base budget funded posts. Recruitment plans are being discussed with relevant Head of Service and assumptions are currently that these will be filled within the next few months. There are also underspends of £0.3m against the overall third sector grant budget
- 3.19. **Director – £0.4m underspend** – The service forecast an underspend of £0.2m due to reduced Access to Work and Professional Fees expenditure, together with £0.2m lower than anticipated Pensions Increase Act and annual pension costs for early retirement.

City & Municipal Development Directorate

- 3.20. At the end of Quarter 2, there is a forecast **underspend of £0.6m** relating to revenue budget non-Covid expenditure for the Directorate. There has been no change since Quarter 1. The underspend largely relates to a £0.3m underspend on Integrated Transport Levy Payments (ITA Levy) to the West Midlands Combined Authority (WMCA) and £0.3m surplus in income from project officer recharges to Capital projects.

Council Management Directorate

- 3.21. At the end of Quarter 2, there is a forecast revenue budget non-Covid **underspend of £2.8m**, this is an improvement of £3.0m since Quarter 1 on non-Covid-19. This is largely relating to Housing Benefit Overpayment recovery which is performing better than last year. The ongoing review of supported exempt accommodation (SEA) is identifying Landlords where this status is not applicable resulting in clawback of overpaid Housing Benefit. Overpayment recoveries from the Department of Work and Pensions are also performing better than last year. Improved collection of overpayments has contributed to an expected surplus on our benefit subsidy claim of £3 million for 2021/22. There are other £0.4m net pressures for the directorate. This report seeks cabinet approval to use Policy Contingency for the council wide overspends on Digital Mail and Bank Charges.

Clean Air Zone (CAZ)

- 3.22. Poor air quality remains the single biggest environmental health risk and is recognised as a national crisis by the Government and the NHS, which is why Birmingham - and numerous other cities across the UK - are introducing Clean Air Zones.
- 3.23. Birmingham's Clean Air Zone became operational on 1 June 2021. The Clean Air Zone was introduced as one of most significant measures to help bring the current levels of nitrogen dioxide to within the legal limit in the shortest possible time. This is to reduce the risk of ongoing human exposure to this pollutant and to comply with a ministerial direction from the Secretary of State for the Environment, Food and Rural Affairs to the Council (March 2019).
- 3.24. Around 80% of roadside nitrogen dioxide is from road transport. Therefore, the Clean Air Zone will help the Council, and the city, to achieve the objective of improved air quality by applying a daily fee to motor vehicles that do not meet the emission standards for the Clean Air Zone.
- 3.25. Some temporary exemptions and financial support have been put in place for certain groups: including residents within the Clean Air Zone, city centre workers earning less than £30,000 a year, Birmingham-licensed taxi/private hire vehicles and businesses based or operating within the Clean Air Zone.
- 3.26. The operation and enforcement of the Clean Air Zone are set out in a 'Charging Order', which exercises powers conferred on the Council by Part III and Schedule 12 of the Transport Act 2000 and Parts 2 and 6 of The Road User Charging Schemes (Penalty Charges, Adjudication and Enforcement) (England) Regulations 2013.
- 3.27. In line with the application of these regulations the revenue generated by the scheme will, in the first place, be used to cover the cost of operation, including the maintenance of cameras, operational staff etc.
- 3.28. It is also government policy that the level of any charges should not be set as a revenue raising measure and the purpose of the scheme is not to generate revenue but to encourage improved air quality. This means that the more vehicles that are compliant with the scheme, the less revenue the scheme would generate.
- 3.29. In the event that net proceeds are generated from the scheme these proceeds would be applied, in such proportions as may be decided by the Council, to directly or indirectly facilitate the achievement of relevant local transport policies in accordance with the following high-level spending objectives:
- supporting the delivery of the ambitions of the scheme and promoting cleaner air;
 - supporting active travel and incentivising public transport use;
 - supporting zero emission and sustainable infrastructure and actions in and around the city to improve air quality.
- 3.30. Some of the programmes which have been identified as being suitable for support include the Hydrogen Bus Project, additional funding to support the Private Hire Vehicle Running Grant, the City Centre Public Realm (CCPR) project and contributions to West Midlands Combined Authority Transport schemes such as the University Station redevelopment, Camp Hill Stations scheme and the Cross-City Bus scheme.
- 3.31. The current estimate of the potential revenue is shown in the table below. It should be noted that the forecast is based on limited data. Therefore, the forecast will be

reviewed and updated on a monthly basis to reflect actual revenue received and to provide higher degree of accuracy around forecast revenue.

Table 4: 2021/22 Period 6 Summary & Full Year Forecast

	Actual & Estimate £m	Actual & Estimate £m	2021/22 Estimate Reported to Cabinet 09.01.2021 £m
CAZ D daily charge revenue			(21.047)
CAZ PCN revenue			(5.839)
CAZ revenue total (estimate)			(26.886)
CAZ D daily charge revenue to Period 5 (actual)	(5.741)		
CAZ D daily charge revenue - Periods 6 to 12 (estimate)	<u>(11.900)</u>		
CAZ D daily charge revenue Total (actual and estimate)		(17.641)	
CAZ PCN revenue to Period 5 (actual)	(2.721)		
CAZ PCN revenue period 6 to 12 (estimate)	<u>(10.501)</u>		
PCN revenue total (actual and estimate)		(13.222)	
CAZ revenue total (actual and estimate)			(30.863)
Variance from January 2021 estimate (Surplus) / Shortfall			(3.977)

3.32. The estimate at Quarter 2 indicates a surplus of £3.977m over the position reported to Cabinet in January 2021. This is dependent on the assumptions regarding the CAZ D daily charge and the generation of CAZ related PCN's. It should be noted that there is no precedent for either of these items.

Emerging Risks not included in Forecast

3.33. There are a number of risks that are not included in the forecast outturn of this report.

3.34. The Trade Unions have been offered a pay award of 1.75% by the Employer's side, although this has not been accepted. A potential pay award of 1.75% that could cost £8.3m has been built into the forecast. There is a risk that a higher pay award is agreed. Each extra 0.5% increase would cost £2.3m per annum.

3.35. There is a risk that savings that are rated as amber are not achieved in full.

Other Risks that cannot be quantified

3.36. There are a number of risks that have not yet be quantified. These include the following:

- Recovery from Covid
- Economic impact of Covid

- Brexit
- Housing and homelessness
- Highways Re-procurement
- Clean Air Zone impact on Parking Income

Savings Programme

3.37. The savings programme for 2021/22 of £36.7m of which £16.5m of savings is either at risk or undeliverable. £19.8m of the saving is either achieved or on target, which is 54% of the target with a further 38% (£14.1m) anticipated to be delivered.

Directorate	Non-Delivery of Saving		Saving at Risk	Saving Delivered and on Track	Total Saving
	Delayed Because of Covid-19	High Risk & Undeliverable			
	£m	£m	£m	£m	£m
Adult Social Care	0.000	0.000	7.500	1.293	8.793
City Operations	0.000	1.508	0.000	0.673	2.181
Council Management	0.116	0.200	0.000	3.069	3.385
Education & Skills	0.000	0.000	0.000	0.050	0.050
City & Municipal Development	0.322	0.329	0.156	0.238	1.045
Corporate	0.000	0.400	6.421	14.458	21.279
Directorate Sub Total	0.438	2.437	14.077	19.781	36.733

3.38. The £36.7m savings programme for 2021-22 (shown in the following charts) is now showing £19.8m as delivered or on track.

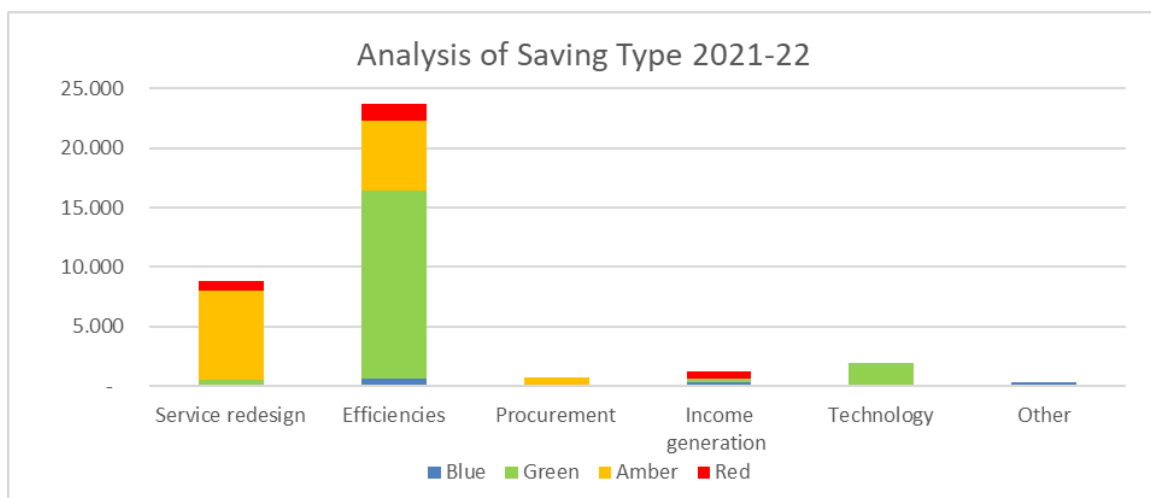
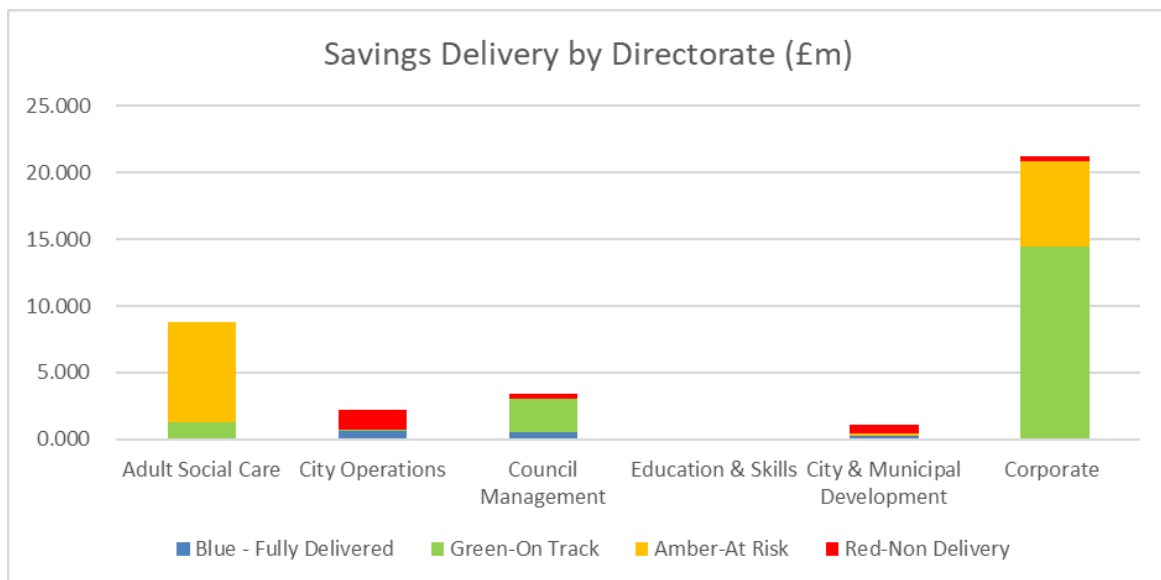
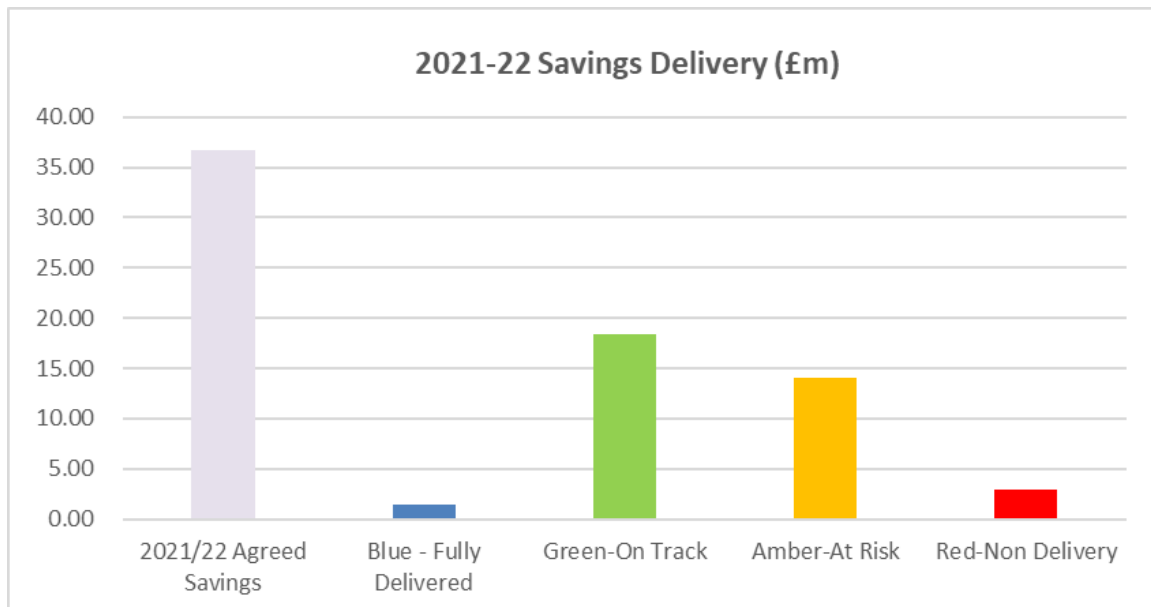
- **Corporate** has the largest saving target of £21.2m, of which 68% has been achieved, £14.5m is from the £20.1m establishment saving. The remainder of the saving is assessed as an amber risk in the current financial year. This is an improvement of £4.5m since quarter 1.
- **Adult Social Care** has a saving target of £8.8m of which 15% of the saving has been achieved. The £7.5m of saving is currently being assessed as being at risk due to uncertainty around demand in community and hospital settings. The increased demand from hospital discharges is currently being analysed.
- **City & Municipal Development** has £1.0m savings target of which £0.2m has been achieved and the rest has been assessed as at risk or undeliverable.
 - **£0.3m** non-delivery of the commercial property rental growth saving due to Covid delay.
 - **£0.3m** non-delivery of Public Hub Programme; property related savings have been delayed due to Covid. Proposals now to be considered as part of programme of New Ways of Working however this is not anticipated to be deliverable in 2021/22.
 - **£0.2m** is at risk of non-delivery Capital receipts from disposals of ring-fenced commercial portfolio properties to mitigate future Central Admin Buildings (CAB) savings are being monitored for deliverability.
- **City Operations** has £2.2m savings target. The current assessment is that £1.5m of those savings are considered unlikely to be delivered. The key highlights of which are:

- £0.6m Street Services - this saving will not be achieved in 2021/22. The redesign work requires additional HR capacity, which will need to be sourced. It is hoped that the redesign can be in place by 1st April next year. Investment of £0.1m is required to implement this and is being funded by the service.
- £0.2m of land sales saving will not be achieved in 2021/22. Discussions involving Parks and Housing colleagues are ongoing with the Allotment Association and Birmingham & District Allotment Confederation whose agreement is required to apply for consent from Secretary of State for disposal of statutory allotment land.
- £0.2m implementation of commercialisation programme relating to car parks .The delays in sourcing the business rates valuation information from the Valuation Office Agency has resulted in the implementation being delayed to 2022/23.
- £0.5m hire of vehicles and associated repairs and maintenance cost reduction for the Waste Management Replacement Strategy will not be achieved in 2021/22. Due to the delay in the procurement of waste vehicles, the associated hire and repair costs of existing vehicles which are beyond their useful life will continue until new vehicles are procured (currently planned for 2022/23).
- **Council Management** has £3.4m saving target of which £3.1m has been achieved.
 - Workforce related savings totalling £0.2m will not be achieved in 21/22 due to delayed restructure of the IT&D Service, however the service expects to mitigate this non-delivery of savings via efficiency gains on other budget lines.
 - Savings of £0.1m are considered unlikely to be achieved due to the impact of Covid on the events market and closure of the Council House.

Table 6: Achievement of Establishment Savings

- £14.5m of establishment saving have been delivered and it is anticipated that the remaining £5.7m will be delivered.

Table 6: Establishment Saving Summary by Directorate	Savings achieved at M3	Further Savings estimated at M6	Total
	£m	£m	£m
Adult Social Care	2.353	3.342	5.695
Education & Skills	0.455		0.455
City & Municipal Development	1.052	0.100	1.152
City Operations	0.820		0.820
City Housing	0.682	0.500	1.182
Council Management	1.100	0.551	1.651
Partnerships, Equalities & Prevention	0.503		0.503
Total Directorates	6.965	4.493	11.458
Unallocated Increment Budget remaining	3.000		3.000
Total	9.965	4.493	14.458



Covid-19 Major Incident Financial Impact

- 3.39. Council has carried forward £17.5m of un-ringfenced Covid-19 related grant funding from the government, there is an estimated £3.2m of income that can be reclaimed from the Governments Income loss scheme up to the scheme end on the 30th of June.
- 3.40. The Council funded £12.5m of covid pressures in the 2021/22 budget through the use of Tranche 5 of Government un-ringfenced grant funding.
- 3.41. £6.0m of Public Health Grant will be released to fund Covid related spending in 2021/22.
- 3.42. Ring-fenced grants for additional reliefs and support schemes are being spent on the additional measures set out in government guidance.
- 3.43. The summary below sets out the forecast Covid-19 financial position at Quarter 2.

Table 7: Forecast Covid-19 financial position	Covid cost £m
Directorate covid overspend	25.675
Corporate budgets overspend	11.470
Indirect Covid costs	37.998
Total Covid-19 overspend	75.143
Application of Tranche 5 Funding Budget 2021	(12.515)
Covid grants carried forwards	(17.471)
Specific Grant Funding	(3.000)
Public Health Grant	(6.000)
Income compensation	(3.234)
Total Covid income	(42.220)
Net deficit	32.923

- 3.44. There are further Covid-19 financial risks which have been quantified at £5.0m which are around Adult Social Care.

Delivery Plan

- 3.45. The Transformation Programme structure has been defined and the associated architecture to support delivery has been established. Reporting mechanisms and assurance processes are being developed and will be embedded over the next two quarters. Outline business cases and discovery/ feasibility work is continuing across the programme.
- 3.46. A further £5.0m was approved by Cabinet in July from the Delivery Plan Reserve, therefore a total of £10.0m has now been approved for draw down, from the Delivery Plan Reserve. The second approval was to enable and expedite programme management support across the Portfolios within the Transformation Programme and specialist capacity to lead and drive forward key areas of activity.

- 3.47. Initial sourcing of appropriate support for the organisation was funded primarily by the Transformation Fund (£5.25m).
- 3.48. With regards to the Transformation Fund, the total spend to date including 2021-22 Q2 is £1,841,283 with a remaining £1,219,068. Of this amount, £1,205,087 is committed leaving a remainder of £13,981 uncommitted funds.
- 3.49. With regards to the Delivery Plan Reserve, the total amount approved for spend to date is £9,150,251. The forecast for spend is £105,000 and the pipeline forecast is £447,618. This would leave a remainder of £297,132.
- 3.50. Given the success of the pump priming of transformation at pace to date, it is prudent at this time to request a further £10.0m draw down from the Delivery Plan Reserve. Further requests are expected in the coming months and it is important to keep up the pace and scale of transformation enabling work which is increasingly focussing on invest to save initiatives that will improve citizen outcomes whilst reducing net service delivery costs.

CEO Transformation Fund - £5.25m		
2020-2021 allocation £4m		
2021-2022 Allocation £1.25m		
Quarter 2 2021-22		
Actual spend 20/21	£	2,189,649
Total Allocation 20/21	£	4,000,000
Remaining funds carried forward to 21/22	£	1,810,351
Allocation 2021-2022	£	1,250,000
Remaining funds carried forward from 20/21	£	1,810,351
Total Allocation for 21/22	£	3,060,351
Spend Q2 21/22	£	1,841,283
Remaining	£	1,219,068
Committed funds	£	1,205,087
Remainder	£	13,981

Delivery Plan Reserve- Draw Down £10m		
Quarter 2		
Total Spend Approved	£	9,150,251
Request Forecast	£	105,000
Pipeline Forecast	£	447,618
Total	£	9,702,869
Remaining	£	297,132

Transfer of Service Areas

- 3.51. The Quarter 2 Report reflects the transfer of services from the previous Directorates to the new Directorates as part of the Chief Executive's Delivery Plan as approved in

principle by Cabinet on 19 January 2021. The new hierarchy is reflected in this report.

Policy Contingency

- 3.52. The Council Financial Plan and Budget 2021-2025 approved by Council on 23rd February 2021 reflected £44.0m for Specific Policy contingency budget in 2021/22 and £0.6m for General Policy Contingency budget. This is excluding savings that will be allocated to directorates in 2021/22. Until they are allocated, these will be held within the Policy Contingency budget.
- 3.53. It was approved by Cabinet on 29th June 2021 to carry forward £5.5m into a General Policy Contingency Reserve and use this in 2021/22 to increase the General Policy Contingency budget to £6.1m. This is reflected in the budget set out below.

Table 8: Policy Contingency

Policy Contingency	Budget £m	Committed by Qtr 1 £m	Qtr 2 Committed £m	Not yet committed £m	Forecast underspend £m
Inflation Contingency	17.324	(8.630)	(0.055)	8.639	0.000
Redundancy and Exit Costs	9.281			9.281	(9.281)
Modernisation Fund - Social Care	8.955		(5.800)	3.155	0.000
Workforce Equalities & Streetscene	4.000	(2.205)		1.795	0.000
Apprenticeship Levy	1.259			1.259	0.000
Delivery Plan Programme Management	1.250			1.250	0.000
Highways Maintenance	0.750			0.750	0.000
Short-term Improvement in the Council House	0.500			0.500	0.000
HR Additional Temporary Resources	0.300	(0.300)		0.000	0.000
Loss of Income from Car Park Closures	0.252			0.252	0.000
Corporate Funding for Owning & Driving Performance					
(ODP)Culture Change Programme	0.129			0.129	0.000
General Contingency	6.086	(0.651)	(2.149)	3.286	0.000
Total Policy Contingency excluding savings	50.086	(11.786)	(8.004)	30.296	(9.281)
Capitalisation Transformation Projects to be allocated to services in 2021/22	(21.349)			(21.349)	
Delivery Plan Workforce saving - to be allocated to services in 2021/22	(20.132)	9.965	4.493	(5.674)	
DRF Revenue Switching to be allocated to services in 2021/22	(9.304)			(9.304)	
Procurement Savings	(0.747)			(0.747)	
Transport Work Stream	(0.400)			(0.400)	
Total Savings to be allocated	(51.932)	9.965	4.493	(37.474)	0.000
Total Policy Contingency	(1.846)	(1.821)	(3.511)	(7.179)	(9.281)

Specific Policy Contingency

- 3.54. As shown above the Section 151 Officer has approved the release of the following:

- £0.1m of Specific Policy contingency to fund inflationary pressures,

- 3.55. The release of £5.8m funding for Modernisation Fund-Social Care was approved by Cabinet on 16th March 2021.

General Policy Contingency

3.56. Cabinet is asked to approve the release of the following from General Policy Contingency:

- £0.4m to fund JNC positions within City Operations as part of the new Council structure.
- £0.6m to fund communications costs to support the Commonwealth Games.
- £0.5m to fund a price freeze for City Serve.
- £0.1m to fund the 3 cities initiatives
- £0.6m to fund Digital mail and Bank charges

Balance Remaining

3.57. Assuming the releases of budget shown above are approved, the balance on Policy Contingency excluding Savings would be £30.3m.

3.58. The Council will closely monitor expenditure on Policy Contingency and will seek to identify savings during the remainder of the financial year.

Forecast Underspend

3.59. Following a review of Policy Contingency, there is a forecast underspend of £9.3m related to savings on redundancy and exit costs due to the number of redundancies being lower than forecasted, and any costs that do materialise will be funded using capital receipts flexibility. These savings will help to mitigate the cost of the pay award pressure.

3.60. The Council will continue to closely monitor expenditure on Policy Contingency and will seek to identify further savings during the remainder of the financial year.

Collection Fund

3.61. The monitoring arrangements for the Collection Fund include reporting on the in-year position for Council Tax and Business Rates. The impact of any surplus or deficit is taken into account as part of the setting of the following years budget.

Council Tax

3.62. The overall net budget for Council Tax income including Parish and Town Council Precepts is £384.8m in 2021/22. In addition, the Council collects the precepts on behalf of the Fire and Police Authorities.

3.63. There is a deficit forecast for the year of which the Council's share is **£2.7m**. This is made up of a cumulative deficit brought forward from 2020/21 of £5.9m, a 2021/22 deficit of £12.3m, largely driven by increased Council Tax Support, offset by the £15.5m Hardship Fund.

3.64. The position for Council Tax is set out in the table below:

Council Tax Summary Table (BCC Share)

	Budget	Forecast	Outturn	Forecast Surplus/(Deficit)
	£m		£m	£m
Gross Debit	569.373		569.853	0.480
Non Collection	(13.545)		(14.823)	(1.278)
Net Budget	555.828		555.030	(0.798)
Council Tax Support	(96.390)		(111.335)	(14.945)
Other Reliefs and Discount	(72.685)		(69.356)	3.329
Total in year Debit	386.754		374.340	(12.414)
Prior Year Adjustment	(1.965)		(1.849)	0.116
Total In Year Surplus/(Deficit)	384.789		372.491	(12.298)
Total Deficit Brought Forward	0.000		(5.905)	(5.905)
Grand Total Surplus/(Deficit)	384.789		366.586	(18.203)
Hardship Fund	0.000		15.526	15.526
Grand Total Net Surplus/(Deficit)	384.789		382.112	(2.676)

Business Rates

- 3.63. Under the 100% Business Rates Pilot that came into effect on 1st April 2017 the Council continues to retain 99% of all Business Rates collected under the Business Rates Retention Scheme with 1% being paid over to the West Midlands Fire Authority. The overall budgeted level of Business Rates in 2021/22 is £422.4m (excluding the Enterprise Zone), of which the Council's retained share is £418.2m.
- 3.64. There is a deficit anticipated, in year, of which the Council's share is £115.8m. This is mainly due to reliefs of £107.7m which primarily relate to Retail and Small Business Reliefs that the Council has granted to businesses in the leisure, hospitality, retail and nursery sectors which have been affected by Covid-19. The forecast gross rate yield is £3.1m lower than the budget due to lower growth in businesses and longer processing times at the Valuation Office impacting on when growth is added to the schedule. To be prudent only a small amount of growth from missing and undervalued assessments has been included in the forecast, and original growth from planning applications which was assumed when the budget was set has not been factored in the forecast due to economic uncertainties. In addition, an increase in bad debt provision of £2.6m is forecast as a result of COVID-19 and an increase in the appeals provision of £2.5m is forecast to cover outstanding appeals.
- 3.65. The Government has announced plans to provide an extra, targeted business rates support package for businesses which have been unable to benefit from the existing £16 billion business rates relief for retail, hospitality and leisure businesses. The £1.5 billion funding pot which is to be distributed amongst all local authorities will provide businesses within Birmingham access to an additional £25m in rate relief. The Council is currently waiting for the relief legislation to be passed by central government and the subsequent scheme guidance to be released to local authorities. The extra relief and the funding for it has not been included in the forecast above. Once the Council is in receipt of this guidance a further update will be provided.
- 3.66. As with Council Tax, the Council budgeted for lower than usual collection rates in 2021/22. There may be further worsening of non-collection rate due to the continuing effects of Covid-19 on the economy. An allowance has been made for this in the forecast for the bad debt provision.

3.67. The total additional grants, compared to budget, that are anticipated to offset this deficit is £100.7m. However, this will be received into the General Fund in 2021/22 and so will be required to be set aside as a contribution to reserves in the current year to be used to offset the £115.8m forecast deficit in the Collection Fund.

3.68. As a result of the above a total in year deficit of £15.1m is assumed to be carried forward and taken into account in setting the budget for 2022/23 made up of £115.8m deficit relating to the Council's share offset by £100.7m compensatory grants.

3.69. In addition to the in-year position and as previously reported in the 2020/21 Outturn report, a cumulative deficit was brought forward from 2020/21 of £2.5m. Therefore, an overall forecast Deficit of £17.6m relating to the Council's share of Business Rates (£15.1m in year Deficit plus £2.5m Deficit brought forward) is anticipated.

3.70. The position for Business Rates is shown in the table below:

Business Rates Summary Table (BCC Share)

	Net Budget	Forecast Outturn	Forecast Surplus/(Deficit)
	£m	£m	£m
Gross Rate Yield	556.321	553.265	(3.056)
Total Reliefs	(100.665)	(208.323)	(107.658)
Gross rate yield after reliefs	455.656	344.942	(110.714)
Increase in Bad Debts Provision	(18.226)	(20.791)	(2.565)
Other	(19.274)	(21.819)	(2.546)
Total Net Rate Yield	418.156	302.332	(115.824)
Compensatory Section 31 Grant (BCC Share)	54.079	154.796	100.716
Grand Total In Year Surplus/(Deficit)			(15.108)
BR Deficit Brought Forward		(2.477)	(2.477)
Grand Total Surplus/(Deficit)			(17.585)

Overall

3.71. Taken together, the anticipated position for the Collection Fund and related income streams is a deficit of £20.3m to be carried forward and taken into account in setting the budget for 2022/23 (a £2.7m deficit for Council Tax and a £17.6m deficit for Business Rates).

3.72. The Council is planning to use £2.5m of the Business Rates Volatility Contingency Reserve in 2022/23 to fund the increase in Appeals Provision that is forecast to be required.

3.73. It should be noted that the Government stated that local authorities would be compensated in 2021/22 for 75% of the 2020/21 loss in Collection Fund Income. The Council estimated that it would receive in the region of £39.6m when setting its 2021/22 budget based on the guidance issued by the Government, however it now only expects to receive £23.4m. This shortfall of £16.2m will be spread over the three years from 2021/22 to 2023/24 at £5.4m per year.

Housing Revenue Account (HRA)

	Current Budget £m	Forecast Outturn £m	Over/ (Under- spend) £m	Movement since Pd 3 Over/(Under) spend £m
Rent Income	(254.737)	(254.687)	0.050	0.050
Service Charges	(15.158)	(15.158)	0.000	0.000
Other Income	(11.638)	(11.712)	(0.074)	(0.074)
Total Income	(281.533)	(281.557)	(0.024)	(0.024)
Repairs	65.767	65.992	0.225	0.225
Estate Services	20.072	19.241	(0.831)	(0.831)
General Management	69.081	65.005	(4.076)	(3.657)
Bad Debt Provision	8.120	6.040	(2.080)	(0.235)
Capital Financing	55.870	52.870	(3.000)	0.000
Capital Programme Funding	62.623	70.144	7.521	4.521
Total Expenditure	281.533	279.293	(2.240)	0.024
Net Surplus	0.000	(2.264)	(2.264)	0.000

Overall Position

3.74. At the end of Quarter 2 the forecast for the HRA is a net surplus of (£2.3m), which is no change to what was reported at Period 3. The surplus is available to be added to the current revenue reserve of £11.3m increasing it to £13.6m.

Expenditure Variances

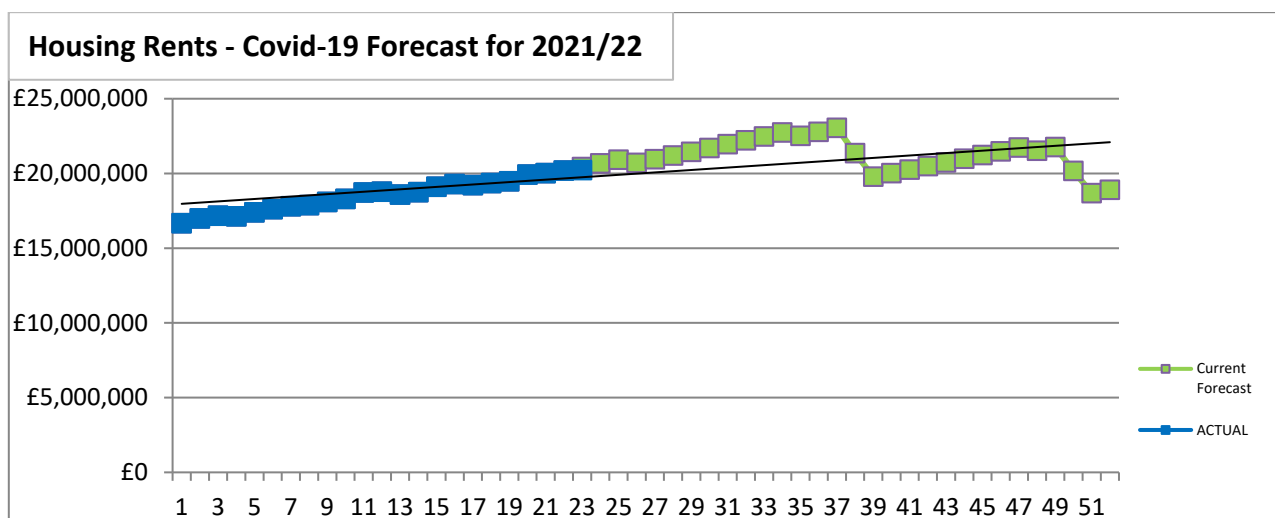
3.75. The forecast variance on Repairs is an overspend of £0.2m, an increase on the nil variance reported at Period 3. The net overspend is due to a combination of factors, including additional revenue costs resulting from capital fire panel works.

- This forecast variance on Estate Services is an underspend of (£0.8m), which is an increase on the nil variance reported at Period 3. The main reason for the forecast underspend is turnover on employees.
- The forecast variance on General Management is an underspend of (£4.1m) which is an increased underspend of (£3.7m) from what was reported at Period 3. The increase is due to an underspend on employees (£1.6m) due to turnover, a transformation review of the service and pension savings; an underspend on the recruitment of the new building safety posts due to delays in building safety legislation (£1.5m); and other variances (£0.6m).
- The forecast variance on the Bad Debt Provision is an underspend of (£2.1m) which is an increased underspend of (£0.2m) from what was reported at Period 3. The underspend is on the Housing Benefit provision and is due to lower levels of arrears on Housing Benefit because of the impact of Covid on former tenant arrears and the continued move to universal credit.
- This forecast variance on Capital Financing is an underspend of (£3.0m) which is no change from what was reported at Period 3. The anticipated savings on Capital Financing are largely due to the estimated interest rate being lower than the budgeted rate.

- The forecast overspend on Capital Programme Funding is £7.5m, an increase of £4.5m on what was reported at Period 3. The overspend is due to the increased investment planned on the Capital Programme, including match funding of £3.2m on the LAD2 programme. The overspend is funded from the savings on the Capital Financing, Estate Services and General Management budgets.

HRA Current Arrears

3.76. HRA current arrears at the end of August were £20.0m, an increase of £3.4m since the beginning of April. The latest forecast position provided by the Rent Team shows an increase in arrears of £2.2m, after taking into account the payment holidays in December and March. Year-end forecast is £18.9m. The position does not include any impact of changes in furlough or the additional £20 per week to tenants in receipt of universal credit. Both policies are currently due to finish at the end of September.



3.77. The HRA Current Arrears Bad Debt Provision would increase by £1.9m based on the forecast increase in arrears. This results in an underspend of £2.1m against the HRA Current Arrears Bad Debt Provision Budget. Work is ongoing to assess if the arrears increase will be in line with the above forecast or closer to last year's outturn of £3.2m. Currently the variation to budget forecast on this part of the Bad Debt Provision is nil.

Covid_19 pressures

Currently, the only Covid-19 specific pressure identified is an additional cost of £0.2m for targeted cleaning of high-rise and low-rise blocks of flats post Covid-19 lockdown, and provision of PPE. This will be funded from savings within the general management budget.

Dedicated Schools Grant (DSG)

Summary

3.78. The July 2021 notification from the Department for Education (DfE) shows total Dedicated Schools Grant (DSG) funding for Birmingham in 2021/22 of £1,324.2m, which comes through four blocks of funding. The Education & Skills Funding Agency (ESFA) currently recoups £646.0m of the DSG allocation to directly passport to academies and free schools.

- 3.79. The Council is responsible for the remaining budget of £678.2m, in conjunction with the local Schools' Forum. In addition, schools and academies receive direct funding allocations from the Department for Education (DfE) relating to Pupil Premium, Education Funding Agency (EFA) Post 16 Funding and Universal Infant Free School Meals. Birmingham's maintained schools allocation is estimated at £58.4m.
- 3.80. The budget will move during the course of the year as schools convert to academy status and Department for Education updates funding for updated pupil counts (particularly in early years).
- 3.81. At Quarter 2 the high-level forecast for the Dedicated Schools Grant (DSG) is as follows:

	Budget £m	Forecast Outturn £m	Variance £m
Schools Delegated	387.326	387.326	-
Central Schools Services	18.284	18.284	-
High Needs	181.231	181.231	-
Early Years	91.313	91.313	-
Sub Total – City Council	678.154	678.154	-
Academies & Other recoupment	646.017	646.017	-
Total	1,324.171	1,324.171	-

Key Service Highlights

- 3.82. DSG is a highly prescribed and ring-fenced grant and is the primary source of funding that is delegated or allocated to schools and other educational providers for their revenue costs as well as funding certain prescribed centrally managed provision. The Directorate have not reported any variations on the DSG at Period 6. This is primarily because the majority of the budget is delegated to schools and early years providers and variations tend only to appear during the start of the new academic year (in September). A more substantial update will be provided at period 9 when the new academic year placement of pupils and the associated financial implications have been evaluated.
- 3.83. Demand led pressures in the High Needs Block have in the past led to overspends with a £14m High Needs Block deficit reported at the end of 2019/20. As agreed by Schools Forum at their meeting in January 2020, £5m was repaid during 2020/21 with the remaining £9m due to be repaid at a rate of £5m in 2021/22 and the remaining £4m balance in 2022/23.
- 3.84. In May 2021 Birmingham hosted Ofsted and CQC to conduct their Local Area SEND Revisit in order to establish if the partnership has made sufficient progress against the 13 areas of significant weakness identified in the 2018 inspection. The outcome of this revisit has now been published, with Birmingham making sufficient progress in 1 of the 13 areas of significant weakness. As a result, the Secretary of State has issued a statutory direction to Birmingham to improve SEND services and has appointed a Commissioner. There is therefore a need for a SEND Improvement programme for the city which will require significant one-off investment from the general fund, alongside ongoing investment from the HNB and General Fund to address capacity issues within the system.
- 3.85. The Interim Director of Council Management and the Interim Director of Education and Skills have commissioned the Chartered Institute of Public Finance & Accountancy (CIPFA) to carry out a budget sufficiency review of the Education and

Skills budget which includes a review of spending against the DSG. The Local Government Association (LGA) will also support with work in this area. This work should conclude by November 2021 and further updates as to the impact of their assessment on the DSG position will be provided in due course.

- 3.86. The financial risk to the Council arising from any negative variance is low, as it is a condition of the grant from the Department for Education that any overspends are carried forward and plans submitted for bringing the DSG account back into balance. Nonetheless, potential risks and mitigations are detailed below.

Key Risks (not reflected in the financial forecast)

- 3.87. The number of LA maintained schools in deficit has decreased and is now 28 (11.9% of the total number of LA maintained schools). The cumulative value of deficits has decreased by £2.4m to £6.3m; the Local Authority is working with Governing Bodies on deficit recovery plans to reduce this further. For 2021/22 there is a proposal to use £3m of the High Needs Block to support special schools in financial difficulties and so reduce the liability that falls on the Council when special schools convert or close.
- 3.88. It should be recognised that 2020/21 has been a difficult year with the COVID-19 pandemic and whilst there have been reported cost increases and income losses, there have also been some savings associated with premises and utilities costs as a result of buildings being closed and staff working from home as well as additional funding being received to support schools during the pandemic. It is envisaged the true financial position will probably evolve over the next few years.

Future Years Impact

- 3.89. Future years impacts will be influenced most substantively by the Government's review of school funding and, in particular, ongoing guarantees of increased high needs funding. The current High Needs proposals should ensure that the deficit on the High Needs block is paid off by the end of 2022/23.

Savings Tracker:

- 3.90. There is no specific savings tracker for the Dedicated Schools Grant, but as highlighted above, the plan to repay the High Needs block cumulative deficit is on track.

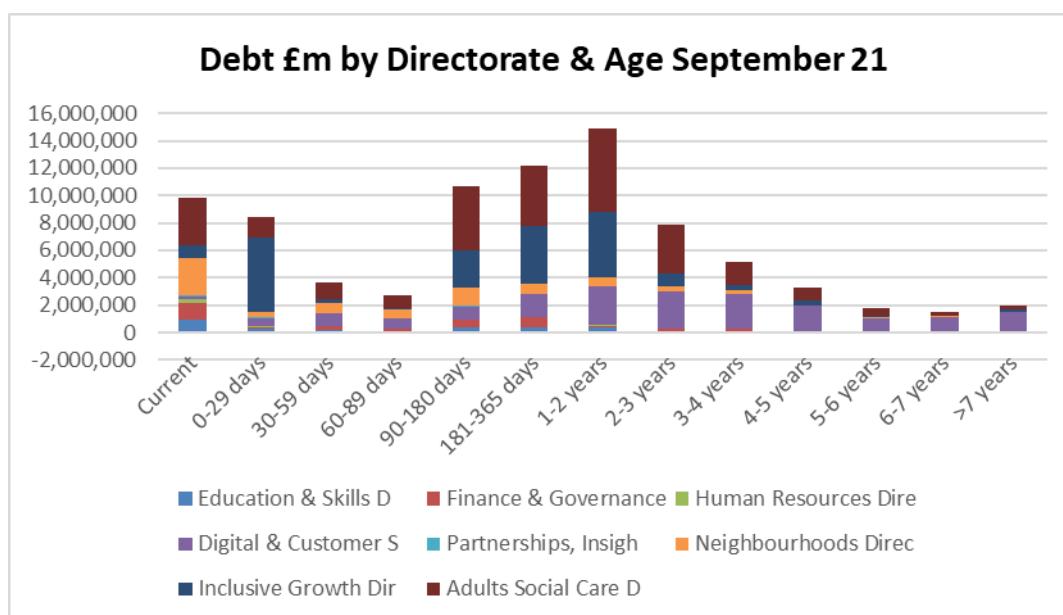
4. Balance Sheet Section

Borrowing

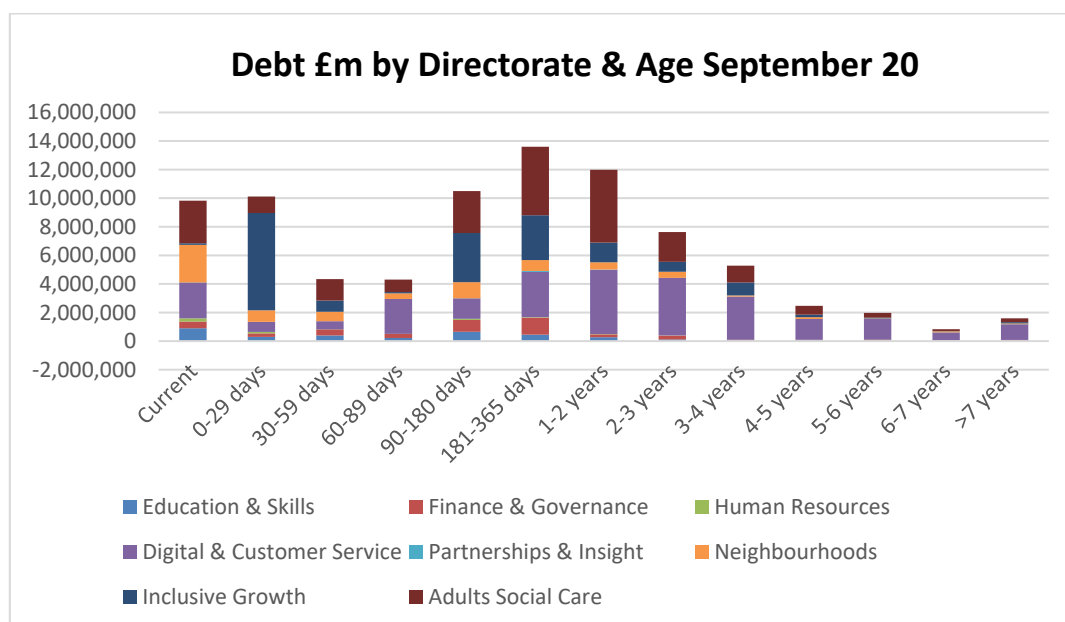
- 4.1. Gross loan debt is currently £3,190m, with the year-end projection likely to be below the planned level of £3,722m. Some government grants have been received early and there has been a reduced borrowing requirement for the capital programme. The annual cost of servicing debt represents approximately 27% of the budget.
- 4.2. Positive cashflows within the local government sector mean that the Council's treasury investments remain temporarily higher at £199m against a planned level of £40m. This has meant the Council has been able to delay some of its short term and long-term borrowing needs. Uncertainty remains about the continued impact of Covid on the Council's cashflow.

Level of Debt and Provision

- 4.3. The Council's sundry debt at end of September 21 stood at £81.7m. This was a decrease of £1.9m compared to end of September 20 when total debt was £83.6m.



- 4.4. The table below show there are year on year decreases in all age bands up to 89 days due. This is a positive position and the efforts to continue to drive down the city's sundry debt are ongoing.



- 4.5. The older debts show a different position with a year on year increase of £2.8m in the age band 1 – 2 years so a more concerted effort and focus will continue to be placed on these. There are factors which have contributed to this increase which include local decisions in place to not take proceedings on any commercial rent debt. This situation is to be reviewed again in March 22.
- 4.6. The targeted approach adopted will continue and this includes understanding the Council's top 50 debtors, analysis of which is given below.

Top 50 Debtors Profile

- 4.7. As of September 21 the value of the top 50 aged debtors (+ 90 days) was £8.7m which is 10.6% of total sundry debt. Analysis of this debt shows that £2.10m is highly likely to be or has been recovered, £4.80m is in the balance and £1.80m is high risk and unlikely to be or will not be recovered. Example being insolvent companies with no assets.

RAG Summary	£m	No. debts
Highly likely to be or has been recovered	2.10	10
In the balance	4.80	25
Unlikely to be or will not be recovered	1.80	15
TOTALS	8.70	50

- 4.8. The profile of the £8.7m is spread across directorates as shown in table below

Directorate	Value £m	Nature of debts
Adult Social Care	4.20	Residential care provision & NHS contributions
Finance & Governance	0.65	Suppliers to schools for meals & Schools
Inclusive Growth	3.50	Commercial property rents
Neighbourhoods	0.35	Market rents
TOTAL	8.70	

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

Reserves

- 4.10. The Council operates a policy of not using reserves unless they have been set aside for specific purposes; they will not be used to mitigate the requirement to make savings or meet on-going budget pressures, except in exceptional circumstances. 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 made a decision to set money aside to fund specific costs when they occur in later years.
- 4.11. The Council anticipated the net use of £155.9m of reserves in setting the 2021/22 budget. This is summarised in Table 6 together with the current forecast outturn balance. At Quarter 2, £37.4m of uses of reserves that were approved by Cabinet as part of the Outturn Report on June 29th have been reflected. There is a forecast of a further £55.6m net uses of reserves and a contribution to reserves of £100.7m.
- 4.12. This includes assuming that the forecast overspend of £10.2m is funded by use of the Financial Resilience Reserve (FRR).
- 4.13. Given the significant financial pressures that are still facing the Council due to the Covid-19 emergency it may become necessary to utilise reserves in 2021/22 to support the budget, but only as a last resort. In-year requests to use reserves will be considered on an exception basis.

Table 9: Reserves	Balance as at 31st March 2021 *	Original Budgeted (Use) / Contribution	Change to budget approved at Outturn	Further changes forecast	Forecast Outturn Balance at 31st March 2022
	£m	£m	£m	£m	£m
Corporate General Fund Balance	38.382	0.000	0.000	0.000	38.382
Delivery Plan Reserve (formerly Invest to Save)	70.097	3.296	0.000	(24.750)	48.643
Financial Resilience Reserve Gross	101.119	42.964	0.000	(15.544)	128.539
Net Borrowing from Financial Resilience Reserve	(11.863)	(9.017)	0.000	(0.600)	(21.480)
Financial Resilience Reserve Net	89.257	33.947	0.000	(16.144)	107.059
General Reserves and Balances	197.735	37.243	0.000	(40.894)	194.083
Other Corporate Reserves **	407.378	(205.454)	(21.954)	92.049	272.019
Grant	318.094	(7.419)	(15.480)	(6.000)	289.195
Earmarked	57.007	19.717	0.000	0.000	76.724
Schools	69.389	0.000	0.000	0.000	69.389
Non Schools DSG	12.660	0.000	0.000	0.000	12.660
Subtotal Other Reserves	864.529	(193.156)	(37.434)	86.049	719.987
Grand total	1,062.264	(155.914)	(37.434)	45.155	914.070

*The Opening Reserves Balances is subject to confirmation when the Accounts have been finalised. The figures are based on the draft accounts as published.

** Please note that the further changes forecast for Other Corporate Reserves includes the £100.7m as described in paragraph 4.16 below.

4.14. There are forecast further uses of reserves as follows:

- The forecast overspend of **£10.2m** is assumed to be funded from the FRR as mentioned above.
- The **£17.5m** of Covid Reserves carried forward from 2020/21 will be required in 2021/22 as referred to in paragraph 1.2.
- In order to facilitate the further improvement to the SEND service Cabinet approved the drawdown of **£5.1m** from the Financial Resilience Reserve (FRR) in July 2021.
- It is also expected that the **£2.0m** SEND Reserve created at the end of 2020/21 will be fully utilised in 2021/22.
- There will be a use of **£10.0m** of the Delivery Plan Reserve to fund the Delivery Plan as approved by Cabinet in April and July 2021 plus a further **£10.0m** requested in this report, and as described in paragraph 3.46 .
- There will be a use of **£6.0m** of carried forward Public Health Grant Reserve to mitigate eligible spending in 21/22.
- There will be a further use of **£4.8m** of the Delivery Plan Reserve to fund New Ways of Working (NWOW) as approved by Cabinet in July 2021.
- Cabinet approved the drawdown of **£0.7m** for two years for the Digital Inclusion Strategy and Action Plan from the £10.0m Community Recovery Reserve in September 2021, leaving a balance on that reserve of £9.3m.
- Cabinet approved the use of **£0.3m** of the FRR to fund costs of the Route to Zero (R20) team in October 2021.
- There is expected to be a reduction of **£0.6m** to a budgeted repayment of borrowing from the FRR as the repayment was made at the end of 2020/21, so is no longer required.

4.15. This is partially offset by a forecast 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 referred to in paragraph 1.5.

- The Council is using **£6.2m** less of the Capital Receipts Flexibility Reserve than planned. This is a timing issue and does not affect the bottom line.

4.16. There is also a forecast contribution to reserves as follows:

- As set out in paragraph 3.67 in the Collection Fund section, the Council will receive from the Government additional grants of **£100.7m** to offset the Collection Fund deficit caused by the granting of reliefs to businesses. This will be 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 in to offset the forecast deficit in the Collection Fund related to 2021/22 that will be charged to the General Fund in 2022/23.

List of Annexes

- 1. Covid Costs details**
- 2. Write off details**
- 3. Treasury Management**
- 4. Capital Programme tables**
- 5. Investment Property Portfolio Monitoring Dashboard**

Annex 1 Covid Cost Details

Detail of Covid Forecast Costs by Directorate

Directorate	Service	Description	Sum of Covid Cost (£m)
Adult Social Care	Packages of Care	Loss of day centre income due to closure	0.212
Adult Social Care	Packages of care	Support to care market not covered by grant or specific ASC provision	0.070
Adult Social Care	Assessment & Support Planning	Additional Adults staffing costs	0.445
Adult Social Care	Other Minor		0.112
Adult Social Care			0.839
Education & Skills	BCC Early Years, BCT	additional Covid expenditure approved by Coordination Response Group	0.300
Education & Skills	Birmingham Children's Trust - other	Increased costs in BCT Children's Social Care - Other - estimate only at this stage to be refined	1.120
Education & Skills	EWS	reduction in income from fixed penalty notices for school absences	0.105
Education & Skills	Libraries	Strategic and Community Libraries. Loss of income from sales, fees and room hire. Also potential loss of rental income at Sutton library.	0.070
Education & Skills	SENDIASS	SENDIASS - additional expenditure to cover work that would have been undertaken by social work placements	0.339
Education & Skills	Other Minor		0.071
Education & Skills			2.005
Council Management	IT&D	IT equipment and support to respond to immediate Business Continuity requests including project work and staff time	2.046
Council Management	Development & Commercial	City Catering – loss of income from functions	0.170
Council Management	Development & Commercial	City Catering –saving CC104 19+ Commercialism	0.116
Council Management	Development & Commercial	Loss of commercial advertising income from outdoor digital advertising, lamp posts, roundabouts etc	0.148
Council Management	Development & Commercial	Shortfall in overhead recovery due to reduced photocopying volumes in CAB and BCC Building	0.075
Council Management	CityServe	Increase in cost of laundering uniforms due to increased frequency of washing - CityServe	0.060
Council Management	Commercial Hub - Cityserve	Cityserve –loss of income from the schools	0.414
Council Management	Procurement	CRG Decision - Pandemic Response and Recovery Procurement Support	0.150
Council Management	Legal and Governance	CRG Decision - Pandemic Response and Recovery Legal and Governance Support	0.217
Council Management	Service Finance	CRG Decision - Pandemic Response and Recovery Service Finance Support	0.135
Council Management	Other Minor		0.107
Council Management			3.638
City & Municipal	Property Services	Commercial Rent Property Strategy Growth (Inclusive Growth only): non-achievement of savings proposal in Council Financial Plan 2020+	1.065
City & Municipal	Property Services	Operational Hub Programme - non achievement of savings targets in Council Financial Plan 2020+	0.322
City & Municipal	Director Inclusive Growth	Facilities - Miscellaneous	0.142
City & Municipal	Other Minor		0.075
City & Municipal			1.604
City Operations	Street Scene	Additional costs primarily agency as a result of responding to Covid related requirements (Lateral flow tests collection and disposal, cleaning of vehicles, supporting the reopening of hospitality venues, covering for staff who are being vaccinated or taking annual leave owed from 2020/21. (updated 20/06/20)	2.183
City Operations	Street Scene	Loss of income due to loss of customers as business have shut and delayed reopening loss of trade waste income	1.115
City Operations	Street Scene	Cost of buying back unused 2020/21 Annual Leave as a result of the demands of being part of City Council's response to Covid (nil in 2021/22)	-
City Operations	Neighbourhoods	Loss of income due to closure of Leisure Centres	1.433
City Operations	Neighbourhoods	Estimated Claims from External contractors	1.844
City Operations	Neighbourhoods	Loss of income Community Centres and delay in transfer of Oddingley (updated 29/05/20)	0.231
City Operations	Regulation & Enforcement	Additional cost of gate security at cemeteries and crematoria - costs arranged through Security Services (Inclusive Growth) using Extra Personnel resources	0.141
City Operations	Regulation & Enforcement	Register Office additional contracted hours for officers continued initially in 2021/22	0.090
City Operations	Regulation & Enforcement	Markets - Open Market St Martins 2021/22 Impact of traders continuing to leave and giving up stalls and storage units directly attributed to COVID-19 closure and reduced demand	0.108
City Operations	Regulation & Enforcement	Markets - Rag Market 2021/22 impact of traders giving up stalls and storage units directly attributed to COVID-19 closure and reduced demand. Vacancies unlikely to be re-filled	0.262
City Operations	Regulation & Enforcement	Trading Standards - Reduction in court costs expected to continue to affect 2021/22 due to closure of courts over COVID response period and prioritisation of serious criminal hearings only.	0.150
City Operations	Regulation & Enforcement	Coroner - cost in 2021/22 of additional coroner over and above holiday cover plus additional assistant coroners above BAU plans to deal with COVID workload.	0.074
City Operations	Regulation & Enforcement	Temp Mortuary facilities BCC / West Midlands Regional incl Registration with HTA £200k is expected BCC contribution to decommissioning - parts in Oct21, Dec21 and final decommissioning February 2022	0.200
City Operations	Car Parking	Car Parking On Street F&C - V3B0	1.010
City Operations	Car Parking	Car Parking On Street-Bay Suspensions - V350	0.905
City Operations	Car Parking	Car Parking Off Street F&C - V3B0	2.840
City Operations	Car Parking	Car Parking Off Street Season Tickets V220	0.670
City Operations	Car Parking	Civil Parking enforcement V4Q0	0.576
City Operations	Car Parking	Local Car Parks - V3B0	0.473
City Operations	Street Scene - Parks	Parks Loss of income from Bowls/Cricket/Car Parks/Shop Sales/catering income, plus other expenditure items relating to loss of tree assets	0.116
City Operations	Other Minor		1.389
City Operations			15.810
City Housing	Housing Options	Additional NRPF costs incurred in 2021/22 (third party and bed&breakfast)	0.148
City Housing	Housing Options	Reduced Capacity Hostels during 2021/22 resulting in additional bed & breakfast costs	0.825
City Housing	Other Minor		0.595
City Housing			1.568
Partnerships, Equalities & Participation	Community Safety	Improving standards of Supported Accommodation (Exempt)	0.100
Partnerships, Equalities & Participation	Community Safety	Improving standards of Supported Accommodation (Exempt)	0.105
Corporate	Other Minor		0.006
Corporate			0.211
Corporate Total	Council Tax	Council Tax Support	4.000
Corporate Total	Corporately Managed Budgets	Dividends	7.470
Corporate Total			11.470
Covid Grand total			37.145

Write-off of Irrecoverable Housing Benefit, Council Tax and Business Rates

a. Irrecoverable Housing Benefit

- 1) In circumstances where Housing Benefit overpayments are identified as not being recoverable, or where recovery is deemed uneconomic, the City Council's Financial Regulations and delegated powers allow for these overpayments and income to be written off. All possible avenues must be exhausted before such write offs are considered. Amounts already written off will still be pursued should those owing the Council money eventually be located or return to the city.
- 2) The cost to the council of writing off these irrecoverable sums will be charged to the City Council's provision set up for this purpose, which includes sums set aside in previous years to meet this need. It is, therefore, the appropriate account to be charged. There is no effect on the revenue account.
- 3) In 2021/22, from 1st July up to 30th Sept 2021, further items falling under this description in relation to Benefit overpayments have been written off under delegated authority. The Table below details the gross value of amounts written off, which members are asked to note.

Age analysis	Over 6 years	3 to 6 years	Under 3 years	Total
	£m	£m	£m	£m
Benefit Overpayments	0.009	0.030	0.043	0.082
Total	0.009	0.030	0.043	0.082

Appendix 6b to this report gives a more detailed age analysis of overpayments and income written off.

b. Irrecoverable Council Tax & Business Rates

There has been no write-offs submitted for Quarter 2. There has been no resource at either officer or management level to process write offs in the last quarter due to the continuation of business grants and the movement of cases to the correct enforcement stage.

c. **Age analysis of overpayments and debts written off under delegated authority by Revenues and Benefits Division (Housing Benefit)**

Summary 01.06.21 – 30.09.21.

Detail	Pre 2011	2011/12	2012/13	2013/14	20014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Total	No of Debtors
Housing Benefit debts written off under delegated authority	£156.11	£394.50	£41.35	£228.60	£3,459.95	£5,166.74	£7,075.48	£4,705.73	£17,881.78	£9,004.19	£22,467.09	£11,799.27	£82,380.79	261
TOTAL	£156.11	£394.50	£41.35	£228.60	£3,459.95	£5,166.74	£7,075.48	£4,705.73	£17,881.78	£9,004.19	£22,467.09	£11,799.27	£82,380.79	261
No of debts in Age band	5	5	3	3	15	30	54	38	43	61	129	119	505	

Debt Size	Small		Medium		Large
Cases	>£1,000	Cases	£1,001-£5,000	Cases	£5,000-£25,000
246	£32,038.86	13	£32,283.88	2	£18,058.05

d. **Schedule of Sundry debts recommended for write off.**

Cabinet is requested to approve the writing off of debts greater than £0.025m due to the Council, totalling £1.0m. Table 1 details the nature of the debt.

Directorate/ Service Area	Invoice Date(s) or Liability period	Amount (£)	Comments
Adult Social Care / Client Financial Services (CFS)	Feb 2018 to April 2020	£31,127.70	Nature and duration of service: Social Care charges for residential & non-residential care supplied - from February 2018 - to April 2020
Inclusive Growth / Birmingham Property Services (BPS)	Apr 2003-Mar 2018	£637,356.00	Nature and duration of service: Commercial Rent charges for land for the period April 2003 to March 2018.
Inclusive Growth / Birmingham Property Services (BPS)	Mar 2016 – Jun 2020	£256,437.25	Nature and duration of service: Commercial Rent charges for the period March 2016 to June 2020
Neighborhoods /Markets	Feb 2018 to March 2020	£30,254.70	Nature and duration of service: Market Rent of Unit from 18th February 2018 – 31st March 2020.

TREASURY MANAGEMENT MONITORING DASHBOARD: 30 SEPTEMBER 2021

	value	comparator	difference
1 Gross loan debt	£m	£m	£m
at month end	3,190		
year end Forecast (vs Plan)	3,568	3,722	-154
year end Forecast (vs Pru Limit for loan debt)	3,568	4,103	-535

Forecast year end debt is below the year end plan and prudential limit due to the impact of Covid and reduced borrowing required for the capital programme. Some uncertainty remains about the continued impact of Covid on the Council's cashflow.

2 short term borrowing			
at month end (vs Guideline)	214	588	-374
interest rate year to date on outstanding deals (vs assumption)	0.25%	0.50%	-0.25%

Short term borrowing is currently lower than forecast. Covid grants received in advance has allowed the Council to temporarily use internal borrowing to meet its borrowing needs. As these grants are utilised, the Council expects to resume short term borrowing later in the year.

3 Treasury investments			
at month end (vs Guideline)	199	40	159
interest rate year to date on outstanding deals (vs assumption)	0.01%	0.20%	-0.19%

Treasury investments remain temporarily higher than the guideline, before commitments made to expenditure of Covid grants are actually spent.

4 Long term loans taken			
year to date (vs Plan)	-	130	-130
ave. interest rate obtained (vs assumption)	-	2.40%	-2.40%

No long term borrowing has been taken in the year to date, due to favourable cashflows deferring the need for long term borrowing.

5 Assurance	
were Credit criteria complied with?	yes
were investment defaults avoided?	yes
was the TM Code complied with?	yes
were prudential limits complied with?	yes

These are key performance indicators for treasury management which in normal circumstances should all be yes. Investment quality is kept under continual review with support from the Council's treasury advisers.

Annex 3.2

Treasury Management: portfolio overview			
<i>This appendix summarises the Council's loan debt and treasury management investments</i>			
	this quarter		last quarter
	30/09/2021 £m		30/06/2021 £m
PWLB	2,484.2		2,484.2
Bonds	373.0		373.0
LOBOs	71.1		71.1
Other long term	47.4		49.8
Salix	0.4		0.5
Short term	214.3		232.9
Gross loan debt	3,190.4		3,211.5
less treasury investments	(198.9)		(172.0)
Net loan debt	2,991.5		3,039.5
Budgeted year end net debt	3,681.8		3,681.8
Prudential limit (gross loan debt)	4,102.7		4,102.7

Short term borrowing was lower at the end of the quarter as the use of internal borrowing has allowed the Council to repay maturing loans without refinancing.

Treasury investments by source	£m
UK Government	0
Money Market Funds	189
Banks and Building Societies	10
	199

Treasury investments by credit quality			
£m			
AAA			0
AAAmmf			189
AA			10
A			0
			199

In line with the Strategy, the Council holds its treasury investments in diversified liquid funds of high credit quality. The Covid grants received in advance have been retained in liquid funds until their distribution.

Investments as Accountable Body

These are investments made as Accountable Body on behalf of on behalf of others, and are not the Council's own money.

	Growing Places Fund £m	AMSCI £m	Regional Growth Fund £m	Local Growth Fund £m	LGF3 £m	LOGRO £m	NMCL £m	Total £m
UK Government	0.0	15.0	10.0	0.0	0.0	0.0	0.0	25.0
Birmingham City Council ¹	0.0	0.0	0.0	4.2	0.0	0.0	0.0	4.2
Money Market Funds	12.1	24.7	1.8	0.0	0.4	3.2	1.8	44.0
	12.1	39.7	11.8	4.2	0.4	3.2	1.8	73.2

¹ These funds have been lent to the Council by agreement at a commercial rate

Annex 3.3

Treasury management: summary of delegated decisions in the quarter

This appendix summarises decisions taken under treasury management delegations to the Chief Finance Officer during the quarter.

1. Short term (less than 1 year)	borrowing		investments
	£m		£m
opening balance	233		-172
new loans/investments	82		-760
loans/investments repaid	-101		733
closing balance	214		-199

*These loans and investments are for short periods from one day up to 365 days.
Short term loans have decreased as loans have been repaid upon maturity.*

2. Long term borrowing:				
date	lender	£m	rate	maturity

No long term borrowing has been taken to date

3. Long term loans prematurely repaid:				
date	lender	£m	rate	maturity

*No long term loans were prematurely repaid.
In line with treasury management practices, the Council will repay long term loans prematurely if this provides a financial saving to the Council.*

4. Long term treasury investments made:				
date	borrower	£m	rate	maturity

No long term investments were made. The Council is a substantial net borrower and usually has cash to invest for relatively short periods.

WHOLE COUNCIL

WHOLE COUNCIL		21/22 Indicators	21/22 Forecast	22/23 Indicators	22/23 Forecast	23/24 Indicators	23/24 Forecast	24/25 Indicators	24/25 Forecast
		£m	£m	£m	£m	£m	£m	£m	£m
Capital Finance									
1	Capital Expenditure - Capital Programme	639.7	709.2	461.6	494.5	261.1	339.5	204.2	251.4
2	Capital Expenditure - other long term liabilities	37.8	37.6	33.2	33.0	33.4	33.2	34.3	34.1
3	Capital expenditure	677.5	746.8	494.8	527.5	294.5	372.7	238.5	285.5
4	Capital Financing Requirement (CFR)	4,797.1	4,733.3	4,891.5	4,723.4	4,723.3	4,686.5	4,663.3	4,670.3
Planned Debt									
5	Peak loan debt in year	3,740.0	3,585.2	3,717.7	3,661.9	3,659.7	3,609.8	3,493.6	3,548.9
6	+ Other long term liabilities (peak in year)	397.3	397.8	373.7	374.0	348.4	348.5	322.1	322.1
7	= Peak debt in year	4,137.3	3,983.0	4,091.4	4,035.9	4,008.1	3,958.3	3,815.7	3,871.0
8	does peak debt exceed year 3 CFR?	no	no	no	no	no	no	no	no
Prudential limit for debt									
9	Gross loan debt	4,102.7	3,585.2	4,226.3	3,661.9	4,151.6	3,609.8	4,077.9	3,548.9
10	+ other long term liabilities	397.3	397.8	373.7	374.0	348.4	348.5	322.1	322.1
11	= Total debt	4,500.0	3,983.0	4,600.0	4,035.9	4,500.0	3,958.3	4,400.0	3,871.0
Notes									
1	There is a net increase in forecast capital expenditure due mainly to slippage from previous years.								
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.								

DEBT AND PRUDENTIAL INDICATORS

Annex 3.4b

HOUSING REVENUE ACCOUNT

		21/22	21/22	22/23	22/23	23/24	23/24	24/25	24/25
		Indicators	Forecast	Indicators	Forecast	Indicators	Forecast	Indicators	Forecast
		£m	£m	£m	£m	£m	£m	£m	£m
Capital Finance									
1	Capital expenditure	126.0	123.8	165.0	126.5	144.4	154.7	120.1	150.7
HRA Debt									
2	Capital Financing Requirement (CFR)	1,113.4	1,081.4	1,144.0	1,112.0	1,156.4	1,124.4	1,161.7	1,129.7
Affordability									
3	HRA financing costs	102.9	102.5	103.8	103.6	104.4	104.1	105.8	105.5
4	HRA revenues	281.5	279.3	288.1	288.1	296.2	296.2	304.2	304.2
5	HRA financing costs as % of revenues	36.6%	36.7%	36.0%	36.0%	35.2%	35.2%	34.8%	34.7%
6	HRA debt : revenues	4.0	3.9	4.0	3.9	3.9	3.8	3.8	3.7
7	Forecast Housing debt per dwelling	£18,782	£18,241	£19,271	£18,731	£19,513	£18,973	£19,764	£19,219

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

Annex 3.4c

GENERAL FUND

	21/22	21/22	22/23	22/23	23/24	23/24	24/25	24/25
	Indicators	Forecast	Indicators	Forecast	Indicators	Forecast	Indicators	Forecast
	£m	£m	£m	£m	£m	£m	£m	£m
Capital Finance								
1	Capital expenditure (including other long term liabilities)	551.6	623.0	329.8	401.0	150.1	218.0	118.4
2	Capital Financing Requirement (CFR)	3,683.7	3,651.9	3,747.5	3,611.4	3,566.9	3,562.1	3,501.6
General Fund debt								
3	Peak loan debt in year	2,626.6	2,503.8	2,573.7	2,549.9	2,503.3	2,485.4	2,331.9
4	+ Other long term liabilities (peak in year)	397.3	397.8	373.7	374.0	348.4	348.5	322.1
5	= Peak General Fund debt in year	3,023.9	2,901.6	2,947.4	2,923.9	2,851.7	2,833.9	2,654.0
General Fund Affordability								
6	Total General Fund financing costs	222.4	219.2	218.3	231.6	241.6	247.8	241.7
7	General Fund net revenues	828.7	828.7	852.2	852.2	872.4	872.4	909.7
8	General Fund financing costs (% of net revenues)	26.8%	26.4%	25.6%	27.2%	27.7%	28.4%	26.6%

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.

PRUDENTIAL INDICATORS

Annex 3.4d

TREASURY MANAGEMENT

		21/22	21/22	22/23	22/23	23/24	23/24	24/25	24/25
		Indicators	Forecast	Indicators	Forecast	Indicators	Forecast	Indicators	Forecast
1	General Fund impact of an unbudgeted 1% rise in interest rates	£4.1m	£3.9m	£3.7m	£4.5m	£2.3m	£3.8m	£2.2m	£4.3m
2	Variable rate exposures vs upper limit 30%	19%	19%	18%	20%	18%	21%	17%	21%
Maturity structure of borrowing		Indicators	Forecast	Indicators	Forecast	Indicators	Forecast	Indicators	Forecast
(lower limit and upper limit)		Year End	Year End	Year End	Year End	Year End	Year End	Year End	Year End
3	under 12 months	18%	17%	18%	19%	16%	19%	16%	21%
4	12 months to within 24 months	1%	1%	2%	2%	2%	2%	2%	2%
5	24 months to within 5 years	5%	6%	7%	7%	8%	8%	9%	9%
6	5 years to within 10 years	16%	17%	14%	14%	15%	15%	14%	14%
7	10 years to within 20 years	23%	21%	24%	21%	22%	20%	23%	20%
8	20 years to within 40 years	35%	36%	33%	34%	35%	35%	34%	33%
9	40 years and above	2%	2%	2%	2%	2%	2%	2%	1%
Investments longer than 364 days									
upper limit on amounts maturing in:									
		Limit	Forecast	Limit	Forecast	Limit	Forecast	Limit	Forecast
10	1-2 years	400	0	400	0	400	0	400	0
11	2-3 years	100	0	100	0	100	0	100	0
12	3-5 years	100	0	100	0	100	0	100	0
13	later	0	0	0	0	0	0	0	0

Note

- 1Based on year end debt borrowing less investments, with less than one year to maturity.
- 2-9These indicators assume that LOBO loan options are exercised at the earliest possibility, and are calculated as a % of net loan debt.
- 2The limit on variable rate exposures is a local indicator.

Capital Monitoring Summary - Quarter 2 2021/22

Annex 4a

Expenditure

	2021/22 £m	2022/23 £m	2023/24 £m	Later Years £m	Total Plan £m
Quarter 1 Budget 2021/22	734.028	473.563	337.241	1,605.798	3,150.630
New Resources Periods 4-6	20.742	0.000	0.000	0.000	20.742
Revised Budget Quarter 2	754.770	473.563	337.241	1,605.798	3,171.372
Forecast Slippage	(56.742)	21.485	2.312	32.945	0.000
Forecast Overspend / (Underspend)	11.159	(0.568)	(0.025)	0.553	11.119
Forecast Outturn at Quarter 2	709.187	494.480	339.528	1,639.296	3,182.491

Resources

Use of Specific Resources:

Grants & Contributions	164.618	108.638	86.725	69.598	429.579
Earmarked Capital Receipts - RTB & Revenue Reform	113.019	46.699	46.328	145.672	351.718
Revenue Contributions - Departmental	29.145	13.595	13.781	3.119	59.640
Revenue Contributions - HRA	71.467	73.582	75.128	600.236	820.413

Use of Corporate or General Resources:

Corporate Resources	17.394	0.319	16.850	0.000	34.563
Prudential Borrowing	313.544	251.647	100.716	820.671	1,486.578

Forecast Use of Resources at Quarter 2	709.187	494.480	339.528	1,639.296	3,182.491
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Capital Forecast 2021/22 by Directorate

Directorate	(a) 2021/22 Quarter 1 Budget	(b) 2021/22 Period 4-6 Budget Movements	(c) 2021/22 Quarter 2 Revised Budget	(d) 2021/22 Spend to Date	(e) Forecast Variation Quarter 2	(f) 2021/22 Forecast Outturn
	£m	£m	(a+b) £m	£m	£m	(c+e) £m
Commonwealth Games	72.5	0.0	72.5	32.9	0.0	72.5
Council Management						
Development & Commercial	1.1	0.0	1.1	1.7	0.0	1.1
Corporately Held Funds	88.4	0.0	88.4	2.4	(13.6)	74.8
ICT & Digital	9.3	0.0	9.3	0.8	(1.3)	8.0
Total Council Management	98.8	0.0	98.8	4.9	(14.8)	83.9
City Operations						
Control Centre Upgrade	0.3	0.0	0.3	0.0	0.0	0.3
Street Scene	39.3	0.0	39.3	14.5	0.0	39.3
Private Sector Housing	0.5	2.2	2.7	0.2	0.0	2.7
Neighbourhoods	3.2	0.0	3.2	0.0	(1.2)	2.0
Regulation & Enforcement	1.6	0.0	1.6	0.6	0.0	1.6
Highways Infrastructure	4.7	(0.0)	4.7	1.0	0.0	4.7
Total City Operations	49.5	2.2	51.7	16.3	(1.2)	50.5
City Housing						
Housing Options Service	0.1	2.0	2.1	0.0	0.0	2.1
HRA	110.4	7.9	118.3	50.9	5.5	123.8
Total City Housing	110.5	9.9	120.4	50.9	5.5	125.9
City & Municipal Development						
Planning & Development	50.6	2.7	53.3	20.8	0.0	53.3
Transport & Connectivity	81.7	1.0	82.6	9.6	(26.0)	56.6
Housing Development	1.6	0.0	1.6	0.0	0.0	1.6
Perry Barr Residential Scheme	151.8	5.0	156.8	70.4	0.0	156.8
Property Services	60.6	0.0	60.6	1.4	0.0	60.6
Total City & Municipal Development	346.3	8.7	354.9	102.2	(26.0)	328.9
Education & Skills	46.9	0.0	46.9	10.9	(9.0)	37.9
Adult Social Care	9.6	0.0	9.6	4.5	0.0	9.6
TOTAL	734.0	20.7	754.8	222.6	(45.6)	709.2

Quarter 2		Budget Movements					
		Current Year			All Years		
Ref.	Quarter 1 Budget £m	Quarter 2 Budget £m	Change £m	Quarter 1 Budget £m	Quarter 2 Budget £m	Change £m	
COMMONWEALTH GAMES 2022							
	44.282	44.282	0.000	49.639	49.639	0.000	
	28.263	28.263	0.000	34.791	34.791	0.000	
TOTAL COMMONWEALTH GAMES	72.545	72.545	0.000	84.430	84.430	0.000	
COUNCIL MANAGEMENT							
Development & Commercial							
	0.600	0.600	0.000	18.291	18.291	0.000	
	0.500	0.500	0.000	3.032	3.032	0.000	
Total Development & Commercial	1.100	1.100	0.000	21.323	21.323	0.000	
Corporately Held Funds							
	43.704	43.704	0.000	43.704	43.704	0.000	
	27.600	27.600	0.000	119.360	119.360	0.000	
	17.060	17.060	0.000	20.000	20.000	0.000	
Total Corporately Held Funds	88.364	88.364	0.000	183.064	183.064	0.000	
SAP Investments	0.000	0.000	0.000	3.733	3.733	0.000	
ICT & Digital Services							
	9.313	9.313	0.000	13.184	13.184	0.000	
Total Digital & Customer Services Directorate	9.313	9.313	0.000	13.184	13.184	0.000	
TOTAL COUNCIL MANAGEMENT	98.777	98.777	0.000	221.304	221.304	0.000	
CITY OPERATIONS							
Control Centre Upgrade							
	0.250	0.250	0.000	0.250	0.250	0.000	
Total Control Centre Upgrade	0.250	0.250	0.000	0.250	0.250	0.000	
Street Scene							
	27.388	27.388	0.000	74.628	74.628	0.000	
	11.920	11.921	0.001	15.575	15.576	0.001	
Total Street Scene	39.308	39.310	0.001	90.203	90.204	0.001	
Private Sector Housing	0.530	2.710	2.180	1.598	3.778	2.180	
Neighbourhoods							
	2.225	2.225	0.000	4.830	4.830	0.000	
	0.013	0.013	0.000	0.013	0.013	0.000	
	0.924	0.924	0.000	3.124	3.124	0.000	
Total Neighbourhoods	3.162	3.162	0.000	7.967	7.967	0.000	
Regulation & Enforcement							
	0.252	0.252	0.000	0.252	0.252	0.000	
	0.000	0.000	0.000	0.759	0.759	0.000	
	0.000	0.000	0.000	0.000	0.000	0.000	
	1.273	1.273	0.000	1.330	1.330	0.000	
	0.028	0.028	0.000	0.028	0.028	0.000	
Total Regulation & Enforcement	1.553	1.553	0.000	2.369	2.369	0.000	
Highways Infrastructure	4.682	4.675	(0.007)	17.043	17.036	(0.007)	
TOTAL CITY OPERATIONS	49.485	51.660	2.174	119.430	121.604	2.174	
CITY HOUSING							
Housing Options Service	0.057	2.057	2.000	2.377	4.377	2.000	
Housing Revenue Account							
	66.180	74.076	7.896	679.929	687.825	7.896	
	42.362	42.363	0.001	490.118	490.119	0.001	
	1.904	1.904	0.000	19.292	19.292	0.000	
Total Housing Revenue Account	110.446	118.343	7.897	1,189.339	1,197.236	7.897	
TOTAL CITY HOUSING	110.503	120.400	9.897	1,191.716	1,201.613	9.897	
CITY & MUNICIPAL DEVELOPMENT							
Planning & Development							
Major Projects							
	21.885	21.885	0.000	28.776	28.776	0.000	
	15.511	15.511	0.000	806.027	806.027	0.000	
	12.331	15.031	2.700	16.600	19.300	2.700	
Total Major Projects	49.727	52.427	2.700	851.403	854.103	2.700	
Public Realm	0.873	0.873	0.000	0.873	0.873	0.000	
Infrastructure	0.000	0.000	0.000	0.234	0.234	0.000	
Total Planning & Development	50.600	53.300	2.700	852.510	855.210	2.700	

Budget Movements						
Ref.	Current Year			All Years		
	Quarter 1 Budget £m	Quarter 2 Budget £m	Change £m	Quarter 1 Budget £m	Quarter 2 Budget £m	Change £m
Transport Connectivity						
Major Schemes						
Tame Valley Phase 2 & 3	5.104	5.104	0.000	86.032	86.032	0.000
A457 Dudley Road	4.803	4.803	0.000	23.441	23.441	0.000
Birmingham City Centre Retail Core Public Realm	8.676	8.676	0.000	11.236	11.236	0.000
Snowhill Public Realm	4.074	4.074	0.000	5.714	5.714	0.000
Other (Major Schemes)	5.609	6.083	0.474	14.796	15.270	0.474
Total Major Schemes	28.266	28.740	0.474	141.219	141.693	0.474
Brum Breathes & Route To Zero	23.142	23.142	0.000	40.409	40.409	0.000
Active Travel	17.263	17.498	0.235	23.031	23.266	0.235
Public Transport	9.532	9.532	0.000	10.882	10.882	0.000
Infrastructure Development	1.557	1.804	0.247	8.762	9.009	0.247
Places for People (Local Neighbourhoods)	1.836	1.859	0.023	4.479	4.502	0.023
Section 278/106	0.063	0.063	0.000	0.063	0.063	0.000
Local Measure	0.006	0.000	(0.006)	0.006	0.000	(0.006)
Total Transport Connectivity	81.665	82.638	0.973	228.851	229.824	0.973
Housing Development						
In Reach	1.563	1.563	0.000	7.900	7.900	0.000
Total Housing Development	1.563	1.563	0.000	7.900	7.900	0.000
Perry Barr Residential Scheme	151.815	156.815	5.000	244.382	249.382	5.000
Property Services						
Property Strategy	47.000	47.000	0.000	64.458	64.458	0.000
Other Schemes	13.629	13.629	0.000	28.629	28.629	0.000
Total Property Services	60.629	60.629	0.000	93.087	93.087	0.000
TOTAL CITY & MUNICIPAL DEVELOPMENT	346.272	354.945	8.673	1,426.729	1,435.402	8.673
EDUCATION AND SKILLS DIRECTORATE						
Education & Early Years						
Devolved Capital Allocation to Schools	3.075	3.075	0.000	3.075	3.075	0.000
School Condition Allocations	14.364	14.364	0.000	24.887	24.887	0.000
Basic Need - Additional School Places	24.080	24.080	0.000	59.821	59.821	0.000
Other Minor Schemes - Schools	0.013	0.013	0.000	0.013	0.013	0.000
IT Investment	1.083	1.083	0.000	1.683	1.683	0.000
Other Major Projects (Children's Trust Accom)	1.854	1.854	0.000	1.854	1.854	0.000
Total Education & Early Years	44.469	44.469	0.000	91.333	91.333	0.000
Skills & Employability						
Adult Ed & Youth	1.270	1.270	0.000	1.983	1.983	0.000
Birmingham Libraries	1.132	1.132	0.000	4.132	4.132	0.000
Total Skills & Employability	2.402	2.402	0.000	6.115	6.115	0.000
TOTAL EDUCATION & SKILLS	46.871	46.871	0.000	97.448	97.448	0.000
ADULT SOCIAL CARE DIRECTORATE						
Adult Care & Health						
Property Schemes	0.276	0.276	0.000	0.276	0.276	0.000
Adults IT	0.733	0.733	0.000	0.733	0.733	0.000
Independent Living	8.565	8.565	0.000	8.565	8.565	0.000
TOTAL ADULT SOCIAL CARE	9.573	9.573	0.000	9.573	9.573	0.000
TOTAL CAPITAL PROGRAMME	734.027	754.771	20.744	3,150.631	3,171.375	20.744

CITY OPERATIONS				
Ref.	Project/Programme	Comments	2021/22 Increase (Decrease) £m	All Years Increase (Decrease) £m
CO1	Private Sector Housing - Energy Efficiency	Green Homes Grant Local Authority Delivery Phase 2. Report to Cabinet 7th September 2021. Funded by Grant	2.180	2.180

CITY HOUSING				
Ref.	Project/Programme	Comments	2021/22 Increase (Decrease) £m	All Years Increase (Decrease) £m
CH1	Housing Options - Temporary Accommodation Strategy	Acceleration of City Housing Transformation to enable reduction in Temporary Accommodation. Report to Cabinet 27th July 2021. Funded by Departmental Prudential Borrowing.	2.000	2.000
CH2	HRA - Housing Improvement Programme	As approved by Cabinet 7 th September 2021 - Green Homes Grant – Local Authority Delivery Phase 2 report. £4.676m funded by grant; £3.220m funded by DRF.	7.896	7.896

CITY & MUNICIPAL DEVELOPMENT				
Ref.	Project/Programme	Comments	2020/21 Increase (Decrease) £m	All Years Increase (Decrease) £m
CMD1	Bromford Estate Flood Defence Works	Grant funded from the Homes England's Public Asset Accelerator Fund to make a payment of up to £2.7m to the Environment Agency to facilitate the Bromford Estate section of the Flood Defence proposals for the River Tame.	2.700	2.700
CMD2	Perry Barr Residential Scheme	Contribution from the Community Infrastructure Levy fund towards the redevelopment of Parry Barr train Station as approved by Cabinet in June 2019.	5.000	5.000

Capital Forecast 2021/22 - Quarter 2

Forecast Variations											
Ref.	Current Year						All Years				
	Quarter 2 Budget £m	Current Actuals £m	Quarter 2 Forecast £m	Variation £m	Quarter 1 Variation £m	Change £m	Quarter 2 Budget £m	Quarter 2 Forecast £m	Variation £m	Quarter 1 Variation £m	Change £m
COMMONWEALTH GAMES 2022											
CWG Alexander Stadium	44.282	20.141	44.282	0.000	0.000	0.000	49.639	49.639	0.000	0.000	0.000
CWG Organising Cttee	28.263	12.721	28.263	0.000	0.000	0.000	34.791	34.791	0.000	0.000	0.000
TOTAL COMMONWEALTH GAMES DIRECTORATE	72.545	32.862	72.545	0.000	0.000	0.000	84.430	84.430	0.000	0.000	0.000
COUNCIL MANAGEMENT											
Development & Commercial											
Gateway/Grand Central Residual Costs	0.600	1.682	0.600	0.000	0.000	0.000	18.291	18.291	0.000	0.000	0.000
Capital Loans & Equity	0.500	0.000	0.500	0.000	0.000	0.000	3.032	3.032	0.000	0.000	0.000
Total Development & Commercial	1.100	1.682	1.100	0.000	0.000	0.000	21.323	21.323	0.000	0.000	0.000
Corporately Held Funds											
Revenue Reform Projects	43.704	2.442	43.404	(0.300)	0.000	(0.300)	43.704	43.404	(0.300)	0.000	(0.300)
Corporate Capital Contingency	27.600	0.000	15.100	(12.500)	0.000	(12.500)	119.360	119.360	0.000	0.000	0.000
ERP Implementation	17.060	0.000	16.303	(0.757)	0.000	(0.757)	20.000	20.000	0.000	0.000	0.000
Total Corporately Held Funds	88.364	2.442	74.807	(13.557)	0.000	(13.557)	183.064	182.764	(0.300)	0.000	(0.300)
SAP Investments	0.000	0.000	0.000	0.000	0.000	0.000	3.733	3.733	0.000	0.000	0.000
ICT & Digital Services											
ICT & Digital	9.313	0.785	8.039	(1.274)	0.000	(1.274)	13.184	13.184	0.000	0.000	0.000
Total Digital & Customer Services	9.313	0.785	8.039	(1.274)	0.000	(1.274)	13.184	13.184	0.000	0.000	0.000
TOTAL COUNCIL MANAGEMENT DIRECTORATE	98.777	4.909	83.946	(14.831)	0.000	(14.831)	221.304	221.004	(0.300)	0.000	(0.300)
CITY OPERATIONS											
Control Centre Upgrade											
Control Centre Upgrade - CCTV Cameras	0.250	0.000	0.250	0.000	0.000	0.000	0.250	0.250	0.000	0.000	0.000
Total Control Centre Upgrade	0.250	0.000	0.250	0.000	0.000	0.000	0.250	0.250	0.000	0.000	0.000
Street Scene											
Waste Management Services	27.388	11.733	27.388	(0.000)	0.000	(0.000)	74.628	74.628	0.000	0.000	0.000
Parks & Nature Conservation	11.921	2.731	11.921	(0.000)	0.001	(0.001)	15.576	15.576	0.000	0.000	0.000
Total Street Scene	39.310	14.464	39.309	(0.001)	0.001	(0.002)	90.204	90.204	0.000	0.000	0.000
Private Sector Housing	2.710	0.150	2.710	0.000	0.000	0.000	3.778	3.778	0.000	0.000	0.000
Neighbourhoods											
Community, Sport & Events	2.225	0.027	1.025	(1.200)	0.000	(1.200)	4.830	4.830	0.000	0.000	0.000
Neighbourhoods	0.013	0.015	0.013	0.000	0.000	0.000	0.013	0.013	0.000	0.000	0.000
Cultural Development	0.924	0.030	0.924	0.000	0.000	0.000	3.124	3.124	0.000	0.000	0.000
Total Neighbourhoods	3.162	0.072	1.962	(1.200)	0.000	(1.200)	7.967	7.967	0.000	0.000	0.000
Regulation & Enforcement											
Bereavement	0.252	0.000	0.252	(0.000)	0.000	(0.000)	0.252	0.252	0.000	0.000	0.000
Markets Services	0.000	0.014	0.000	0.000	0.000	0.000	0.759	0.759	0.000	0.000	0.000
Mortuary/Coroners	1.273	0.605	1.273	0.000	0.000	0.000	1.330	1.330	0.000	0.000	0.000
Illegal Money Lending	0.028	0.000	0.028	(0.000)	0.000	(0.000)	0.028	0.028	0.000	0.000	0.000
Total Regulation & Enforcement	1.553	0.619	1.553	(0.000)	0.000	(0.000)	2.369	2.369	0.000	0.000	0.000
Highways Infrastructure	4.675	1.019	5.426	0.751	0.000	0.751	17.036	20.412	3.376	0.000	3.376
TOTAL CITY OPERATIONS DIRECTORATE	51.660	16.324	51.210	(0.450)	0.001	(0.451)	121.604	124.980	3.376	0.000	3.376
CITY HOUSING											
Housing Options Service											
Housing Revenue Account	2.057	0.000	2.057	0.000	0.000	0.000	4.377	4.377	0.000	0.000	0.000
Housing Improvement Programme	74.076	36.362	86.174	12.098	12.098	0.000	687.825	699.923	12.098	12.098	0.000
Redevelopment	42.363	14.667	35.731	(6.632)	0.000	(6.632)	490.119	490.119	0.000	0.000	0.000
Other Programmes	1.904	(0.118)	1.904	0.000	0.000	0.000	19.292	19.292	0.000	0.000	0.000
Total Housing Revenue Account	118.343	50.911	123.809	5.466	12.098	(6.632)	1,197.236	1,209.334	12.098	12.098	0.000
TOTAL CITY HOUSING DIRECTORATE	120.400	50.911	125.866	5.466	12.098	(6.632)	1,201.613	1,213.711	12.098	12.098	0.000

Capital Forecast 2021/22 - Quarter 2

		Forecast Variations											
		Current Year					All Years						
Ref.		Quarter 2 Budget £m	Current Actuals £m	Quarter 2 Forecast £m	Variation £m	Quarter 1 Variation £m	Change £m	Quarter 2 Budget £m	Quarter 2 Forecast £m	Variation £m	Quarter 1 Variation £m	Change £m	
CITY & MUNICIPAL DEVELOPMENT													
Planning & Development													
Major Projects													
	Enterprise Zone - Paradise Circus	21.885	17.987	21.885	0.000	0.000	0.000	28.776	28.776	0.000	0.000	0.000	
	Enterprise Zone - Other	15.511	0.913	15.511	0.000	0.000	0.000	806.027	806.027	0.000	0.000	0.000	
	Other Major Projects	15.031	1.589	15.031	0.000	0.000	0.000	19.300	19.300	0.000	0.000	0.000	
	Total Major Projects	52.427	20.489	52.427	0.000	0.000	0.000	854.103	854.103	0.000	0.000	0.000	
Public Realm													
		0.873	0.222	0.873	0.000	0.000	0.000	0.873	0.873	0.000	0.000	0.000	
Infrastructure/Site Enabling Programme													
		0.000	0.076	0.000	0.000	0.000	0.000	0.234	0.234	0.000	0.000	0.000	
Grants/Loans Programme													
		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
	Total Planning & Development	53.300	20.787	53.300	0.000	0.000	0.000	855.210	855.210	0.000	0.000	0.000	
Transport Connectivity													
Major Schemes													
	Tame Valley Phase 2 & 3	CMD1 ●	5.104	0.166	1.368	(3.736)	0.000	(3.736)	86.032	86.032	0.000	0.000	0.000
	A457 Dudley Road		4.803	1.928	4.803	0.000	0.000	0.000	23.441	23.441	0.000	0.000	0.000
	Birmingham City Centre Retail Core Public Realm		8.676	0.189	8.676	0.000	0.000	0.000	11.236	11.236	0.000	0.000	0.000
	Snowhill Public Realm	CMD2 ●	4.074	1.716	2.800	(1.274)	0.000	(1.274)	5.714	5.714	0.000	0.000	0.000
	Other (Major Schemes)		6.083	1.072	4.609	(1.474)	0.000	(1.474)	15.270	11.214	(4.056)	0.000	(4.056)
	Total Major Schemes		28.740	5.071	22.256	(6.484)	0.000	(6.484)	141.693	137.637	(4.056)	0.000	(4.056)
	Brum Breathes & Route To Zero	CMD3 ●	23.142	2.452	12.542	(10.600)	0.000	(10.600)	40.409	40.409	0.000	0.000	0.000
	Active Travel	CMD4 ●	17.498	0.892	11.635	(5.863)	0.000	(5.863)	23.266	23.266	0.000	0.000	0.000
	Public Transport	CMD5 ●	9.532	0.728	5.709	(3.823)	(0.785)	(3.038)	10.882	10.882	0.000	(0.785)	0.785
	Infrastructure Development		1.804	0.207	1.804	0.000	0.000	0.000	9.009	9.009	0.000	0.000	0.000
	Places for People (Local Neighbourhoods)		1.859	0.030	1.859	0.000	0.000	0.000	4.502	4.502	0.000	0.000	0.000
	Section 278/106		0.063	0.145	0.063	0.000	0.000	0.000	0.063	0.063	0.000	0.000	0.000
	Local Measure		0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	
	Total Transport Connectivity		82.638	9.525	55.868	(26.770)	(0.785)	(25.985)	229.824	225.768	(4.056)	(0.785)	(3.271)
Housing Development													
	In Reach		1.563	0.000	1.563	0.000	0.000	0.000	7.900	7.900	0.000	0.000	0.000
	Total Housing Development		1.563	0.000	1.563	0.000	0.000	0.000	7.900	7.900	0.000	0.000	0.000
Perry Barr Residential Scheme													
			156.815	70.442	156.815	0.000	0.000	0.000	249.382	249.382	0.000	0.000	0.000
Property Services													
	Property Strategy		47.000	0.000	47.000	0.000	0.000	0.000	64.458	64.458	(0.000)	0.000	(0.000)
	Other Schemes		13.629	1.384	13.629	0.000	0.000	0.000	28.629	28.629	0.000	0.000	0.000
	Total Property Services		60.629	1.384	60.629	0.000	0.000	0.000	93.087	93.087	(0.000)	0.000	(0.000)
TOTAL CITY & MUNICIPAL DEVELOPMENT DIRECTORATE			354.945	102.138	328.175	(26.770)	(0.785)	(25.985)	1,435.402	1,431.347	(4.056)	(0.785)	(3.271)
EDUCATION AND SKILLS DIRECTORATE													
Education & Early Years													
	Devolved Capital Allocation to Schools		3.075	0.198	3.075	0.000	0.000	0.000	3.075	3.075	0.000	0.000	0.000
	School Condition Allocations	ES1 ●	14.364	1.720	13.364	(1.000)	0.000	(1.000)	24.887	24.887	0.000	0.000	0.000
	Basic Need - Additional School Places	ES2 ●	24.080	8.832	17.080	(7.000)	0.000	(7.000)	59.821	59.821	0.000	0.000	0.000
	Other Minor Schemes - Schools		0.013	0.007	0.013	0.000	0.000	0.000	0.013	0.013	(0.000)	0.000	(0.000)
	IT Investment		1.083	0.146	1.083	0.000	0.000	0.000	1.683	1.683	0.000	0.000	0.000
	Other Major Projects (Children's Trust Accom)		1.854	0.000	1.854	0.000	0.000	0.000	1.854	1.854	0.000	0.000	0.000
	Total Education & Early Years		44.469	10.903	36.469	(8.000)	0.000	(8.000)	91.333	91.333	(0.000)	0.000	(0.000)
Skills & Employability													
	Adult Ed & Youth		1.270	0.000	1.270	0.000	0.000	0.000	1.983	1.983	0.000	0.000	0.000
	Birmingham Libraries	ES3 ●	1.132	0.000	0.132	(1.000)	0.000	(1.000)	4.132	4.132	0.000	0.000	0.000
	Total Skills & Employability		2.402	0.000	1.402	(1.000)	0.000	(1.000)	6.115	6.115	0.000	0.000	0.000
TOTAL EDUCATION & SKILLS DIRECTORATE			46.871	10.903	37.871	(9.000)	0.000	(9.000)	97.448	97.448	(0.000)	0.000	(0.000)

Capital Forecast 2021/22 - Quarter 2**ADULT SOCIAL CARE DIRECTORATE****Adult Care & Health**

Property Schemes

Adults IT

Independent Living

TOTAL ADULT SOCIAL CARE DIRECTORATE**TOTAL CAPITAL PROGRAMME**

Forecast Variations											
Ref.	Current Year						All Years				
	Quarter 2 Budget £m	Current Actuals £m	Quarter 2 Forecast £m	Variation £m	Quarter 1 Variation £m	Change £m	Quarter 2 Budget £m	Quarter 2 Forecast £m	Variation £m	Quarter 1 Variation £m	Change £m
	0.276	0.000	0.276	0.000	0.000	0.000	0.276	0.276	0.000	0.000	0.000
	0.733	0.000	0.733	0.000	0.000	0.000	0.733	0.733	0.000	0.000	0.000
	8.565	4.533	8.565	0.000	0.000	0.000	8.565	8.565	0.000	0.000	0.000
TOTAL ADULT SOCIAL CARE DIRECTORATE	9.573	4.533	9.573	(0.000)	0.000	(0.000)	9.573	9.574	(0.000)	0.000	0.001
TOTAL CAPITAL PROGRAMME	754.771	222.580	709.187	(45.585)	11.314	(56.899)	3,171.375	3,182.494	11.117	11.313	(0.195)

COUNCIL MANAGEMENT DIRECTORATE				
Ref	Project/Programme	Comments	Current Year (£m)	All Years (£m)
CM1	Corporately Held Funds - Capital Contingency	Slippage of £12.5m – as at Quarter 2 there have been very few applications for corporate capital contingency funding therefore it is prudent to slip 50% of the current budget (£12.5m) into future financial years. These resources can be brought forward again prior to the year-end if required.	(12.500)	0.000
CM2	ICT & Digital	Slippage of £1.3m – this is mainly due to the Application Platform Modernisation (APM) scheme which was expected to spend £3.3m in this financial year. £0.5m relates to hardware purchases which are awaiting clarity on capacity requirements and £0.4m relates to the Document Management Solution which is now being delivered by IT Operations due to complete in 2022/23. The remainder of the slippage relates to the Field Work Project (funded from Flexible Use of Capital Receipts) which will now be delivered in 2022/23.	(1.274)	0.000

CITY OPERATIONS DIRECTORATE				
Ref	Project/Programme	Comments	Current Year (£m)	All Years (£m)
C01	Community, Sport & Events	NIA Replacement Track - Following recommendations from World Athletics after World Indoors 2018 event, a specification for Tender was sent out based on their feedback. The outcome detailed higher costs on materials and shipping. In addition to that a longer build time is required which would impact have other events due at the venue. Alternative proposal are being discussed but any change in specifications would require re-tendering due to procurement guidelines.	(1.200)	0.000

CITY HOUSING DIRECTORATE				
Ref	Project/Programme	Comments	Current Year (£m)	All Years (£m)
CH1	Housing Improvement	Housing Improvement Programme - £12.1m forecast overspend as reported at Quarter 1 – mainly due to fire protection works to High Rise Residential Blocks including replacement cladding and fire panels and urgent structural defect remediation works to ageing stock.	12.098	12.098
CH2	Redevelopment	Redevelopment - £6.6m slippage. This is made up of net slippage of £5.3m (against a £32.9m programme) in relation to Birmingham Municipal Housing Trust (BMHT). Although the impact of Covid and reduced labour availability is decreasing it is still impacting supply chains. Brexit is also impacting on certain trades due to import restrictions, bureaucracy and labour returning to home countries. The schemes affected are Kings Norton 1, Monmouth Road and Bromford. Clearance - slippage of £1.4m. Clearance and rehousing activity has been significantly impacted as a result of Covid, including delays with possession proceedings and court hearings. The lack of available suitable rehousing options, particularly for larger households, has caused delays obtaining vacant possession of the schemes. In addition, the ability to acquire properties within clearance schemes due to the complexity of cases, including numbers of households shielding and representatives not being available for negotiations have led to previous forecasts not being achieved. In addition, unforeseeable environmental issues caused by the weather, led to seeking an alternative approach to remediation works required prior to development at Yardley Brook.	(6.632)	0.000

CITY & MUNICIPAL DEVELOPMENT DIRECTORATE				
Ref	Project/Programme	Comments	Current Year (£m)	All Years (£m)
CMD1	Transport & Connectivity - Tame Valley Phase 2 & 3	Testing Contract: Tenders sought in November 2019 for commencement on site in early 2020. Due to no interest received, retendering exercise happened which was awarded and commenced on site in August 2020 and finished in December 2020. Main Works Contract: Invitation to tender in Sept 2020 following on from Testing Contract and 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 the end of April 2021 and have been evaluated. Works due on site in March 2022, approximately 1 year behind schedule. Works are programmed to be completed in December 2026.	(3.736)	0.000
CMD2	Transport & Connectivity - Snow Hill Public Realm	Due to proximity of Commonwealth Games, a decision has been made not to commence some schemes until after the Games are completed. This means some of the finances will slip into future financial years.	(1.274)	0.000
CMD3	Transport & Connectivity - Brum Breathes & Route to Zero	Slippage relates to spend against the original Mitigations Budget profile as a result of the delayed implementation of the CAZ. This budget is also demand led with spend taking place after actions required are confirmed i.e. Taxi & HGV upgrades, Non-compliant Car Scrappage and support to encourage more use of Public Transport. As a result spend may accelerate before year end or have further slippage into next financial year.	(10.600)	0.000
CMD4	Transport & Connectivity - Active Travel	the majority of 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 is only available once the scheme development has been completed.	(5.863)	0.000
CMD5	Transport & Connectivity - Public Transport	Slippage into future years across a number of schemes but mainly in relation to Sprint projects (Sutton to Birmingham via Lantigely, Birmingham to Airport & Birmingham to Walsall) pending approvals from TfWM, Section 278 and proposals being out on hold until post the Commonwealth Games.	(3.823)	0.000

EDUCATION & SKILLS DIRECTORATE				
Ref	Project/Programme	Comments	Current Year (£m)	All Years (£m)
ES1	Schools Condition Allowance	Slippage of £1.0m reflects the revised profile of costs provided by Education Infrastructure (EDI) due to current market conditions that includes an impact on the availability of resources and obtaining materials - therefore some projects have been reprofiled for delivery in 2022/23. It should be noted that there will be no impact on service delivery, no loss of funding and resources will be re-profiled into future years.	(1.000)	0.000
ES2	Basic Need Additional Places	Slippage of £8.0m - 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 movement than previous. EDI are currently assessing the forecasts before embarking on any further expansions. It should be noted that there is no loss of funding and resources will be re-profiled into future years.	(7.000)	0.000
ES3	Community Libraries	Slippage of £1.0m due to a delay in the completion of the Community Libraries report to allow further development and approval of the Community Library Strategy – timescales are yet to be confirmed.	(1.000)	0.000

Prudential Borrowing - Additions or Reductions Quarter 2 (July to Sept) 2021

This Appendix reviews changes in the Council's proposed borrowing to finance capital expenditure to show whether the Council's underlying indebtedness increases or decreases. The Council needs to consider carefully the affordability and sustainability of any increase in debt.

Description	#	2021/22 £'000	2022/23 £'000	Later Years £'000	Total £'000
Borrowing Needing Budget Support:					
TOTAL BORROWING NEEDING BUDGET SUPPORT		0	0	0	0
Self Supported Borrowing:					
Council Management					
Corporate Capital Contingency	A	(12,500)	0	12,500	0
ERP Implementation	A	(157)	157	0	0
ICT Infrastructure	A	(278)	278	0	0
City Operations					
Sport	A	(1,200)	1,200	0	0
City Housing					
Housing Options	N	2,000	0	0	2,000
City Municipal Development					
Enterprise Zone Investment Plan Phases 1 & 2	A	67	(67)	0	0
Education & Skills:					
Basic Need	A	(7,000)	7,000	0	0
Skills & Employability	A	(1,000)	1,000	0	0
TOTAL SELF SUPPORTED BORROWING		(20,068)	9,568	12,500	2,000
TOTAL ADDITIONS / (REDUCTION) IN PRUDENTIAL BORROWING		(20,068)	9,568	12,500	2,000

Note: This includes some re-phasing between years.

A - Amendment to existing project spend or resources.

N - New projects or programmes added in the quarter.

CAPITAL PROGRAMME - QUARTER 2 2021/22 - 10 YEAR CAPITAL EXPENDITURE PLAN 2021/22 to 2030/31+

Annex 4h

This appendix shows capital plans over the ten year Long Term Financial Plan period, for those projects where longer term plans have been developed. Long term plans will be subject to ongoing review to ensure that any expenditure plans are within a prudent forecast of resources. Please note that many projects do not have such long term planning horizons, and the absence of forecasts does not mean that no spend is anticipated, just that it cannot yet be reasonably quantified.

	2021/22 Forecast	2022/23 Forecast	2023/24 Forecast	2024/25 Forecast	2025/26 Forecast	2026/27 Forecast	2027/28 Forecast	2028/29 Forecast	2029/30 Forecast	2030/31+ Forecast	Total Forecast
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
DIRECTORATE:											
COMMONWEALTH GAMES 2022	72.546	11.885	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	84.431
COUNCIL MANAGEMENT	83.945	51.742	45.608	39.708	0.000	0.000	0.000	0.000	0.000	0.000	221.003
CITY OPERATIONS	51.211	33.227	20.422	14.212	4.882	1.025	0.000	0.000	0.000	0.000	124.979
CITY HOUSING											
Housing Options	2.057	0.000	0.298	0.000	0.000	0.000	0.000	0.329	0.000	1.693	4.377
HRA	123.809	126.502	154.686	150.721	131.587	99.238	91.804	100.089	122.805	108.092	1,209.333
TOTAL CITY HOUSING	125.866	126.502	154.984	150.721	131.587	99.238	91.804	100.418	122.805	109.785	1,213.710
CITY & MUNICIPAL DEVELOPMENT											
Planning & Development	53.300	28.282	12.728	26.608	8.855	2.270	0.952	0.000	0.000	722.217	855.212
Transport & Connectivity	55.868	71.731	85.959	3.520	4.370	4.320	0.000	0.000	0.000	0.000	225.768
Housing Development	1.563	3.817	2.520	0.000	0.000	0.000	0.000	0.000	0.000	0.000	7.900
Perry Barr Residential Scheme	156.815	92.567	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	249.382
Property Services	60.629	27.357	5.100	0.000	0.000	0.000	0.000	0.000	0.000	0.000	93.086
TOTAL CITY & MUNICIPAL DEVELOPMENT	328.175	223.754	106.307	30.128	13.225	6.590	0.952	0.000	0.000	722.217	1,431.348
EDUCATION & SKILLS DIRECTORATE	37.871	47.369	12.208	0.000	0.000	0.000	0.000	0.000	0.000	0.000	97.448
ADULT SOCIAL CARE DIRECTORATE	9.573	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	9.573
TOTAL FORECAST CAPITAL PROGRAMME Q2	709.187	494.479	339.529	234.769	149.694	106.853	92.756	100.418	122.805	832.002	3,182.492
RESOURCES:											
USE OF SPECIFIC RESOURCES:											
Grants & Contributions	164.618	108.638	86.725	22.024	30.160	12.230	4.434	0.250	0.250	0.250	429.579
Use of earmarked Capital Receipts	113.019	46.699	46.328	31.385	30.713	11.890	6.662	11.909	32.376	20.737	351.718
Revenue Contributions - Departmental	29.145	13.595	13.781	1.097	0.000	0.000	0.000	0.329	0.000	1.693	59.640
- HRA (incl reserves & S106)	71.467	73.582	75.128	95.474	79.966	80.463	80.708	86.341	90.179	87.105	820.413
TOTAL SPECIFIC RESOURCES	378.249	242.514	221.962	149.980	140.839	104.583	91.804	98.829	122.805	109.785	1,661.350
USE OF CORPORATE OR GENERAL RESOURCES:											
Corporate Resources	17.394	0.319	16.850	0.000	0.000	0.000	0.000	0.000	0.000	0.000	34.563
Unsupported Prudential Borrowing - Corporate	75.539	96.558	64.500	39.908	0.000	0.000	0.000	0.000	0.000	0.000	276.505
Unsupported Prudential Borrowing - Directorate	238.005	155.088	36.217	44.880	8.855	2.270	0.952	1.589	0.000	722.217	1,210.073
TOTAL CORPORATE RESOURCES	330.938	251.965	117.567	84.788	8.855	2.270	0.952	1.589	0.000	722.217	1,521.141
TOTAL FORECAST USE OF RESOURCES Q2	709.187	494.479	339.529	234.768	149.694	106.853	92.756	100.418	122.805	832.002	3,182.492

INVESTMENT PROPERTY PORTFOLIO MONITORING DASHBOARD: QUARTER 2 2021/22

1 Portfolio objectives

The Portfolio is comprised of non-operational service properties which were historically held to earn a financial return.

2 Portfolio summary

	£m	budget £m	forecast £m	variance
Direct property		-23.98	-22.92	1.06
Loans on property				
less portfolio prudential borrowing		3.39	3.39	0.00
less management costs		2.39	2.39	0.00
net total		-18.21	-17.15	1.06

3 Limit on borrowing for Investment property portfolio

	value £m	limit £m	variance £m
prudential borrowing from 1 April 2019	7.91	50.00	42.09
borrowing repaid from sale proceeds	-17.38	0.00	17.38
	-9.47	50.00	59.47

4 Portfolio completions in the quarter (acquisitions and disposals)

	£m
Sales completed in quarter 1 & 2	
Sales	5.81
Purchase	0.00

Commentary:

Sales to date in 2021/22 include £2.450m Upper Gough Street car park, £0.710m John Bright St, £1.292m Northside Business Centre, £0.583m Princip & Lancaster St

5 Planned activity in the coming quarter

Receipts from Small Heath Business Park £0.837m (balance), 405-407 Dudley Road £0.380m and Brickfield Road £0.250m are expected. A further 6.048m is expected for the balance of Chamberlain Buildings in Quarter 4.

6 Assurance

was the CIPFA Treasury Code complied with? yes

was the Council's Service and Commercial investment Strategy complied with? yes
(the Strategy implements the requirements of the Government Investment Guidance)

was the Council's Investment Property Strategy complied with? yes

commentary:

All properties fully evaluated and disposed with in the appropriate manner.