



Revenue Budget Monitoring Report

2019/20 Month 6

Note for Resources O&S Committee

1. Purpose

- 1.1 Firstly, Members are asked if there are any issues raised in the Budget Monitoring Report that are not covered below.
- 1.2 Secondly, Members are asked to consider the issues set out below through engagement with the Cabinet Member(s) and officer(s) present.
- 1.3 Thirdly, Members are asked to consider whether there are:
 - any service impact issues they wish to refer to other O&S Committees;
 - any issues they wish to pick up at the next meeting of this committee.

2. Summary

- 2.1 At Month 6, the forecast outturn is estimated to be an underspend of £3.501m (an overspend of £2.638m was forecast at Month 5).
- 2.2 £3.900m from the £8.500m Policy Contingency set aside for demography pressures not now required (first identified at Month 4) is to be used for the underlying pressure in Community Sport (identified at Month 4), leaving an uncommitted sum of £4.600m. As part of the 2020+ Budget Process, the Community Sport budget will be rebased by £3.900m in future years.
- 2.3 An underspend in Corporately Managed Budgets of £4.000m at Month 5 is now reported as £2.780m, comprising:
 - a one-off VAT refund to the Council for sport services of £4.000m;
 - £0.500m from the dissolution of the GBS Business Rates Pool;
 - offset by a £1.720m overspend relating to the Tyseley Energy Recovery Facility following an incident at the plant.
- 2.4 Within Directorates there have been variations in the Forecast Outturn Position:



Directorate	Month 6 Base Budget Over/(Under)	Month 6 Savings Non- Delivery	Month 6 Forecast Over/(Under)	Month 5 Forecast Over/(Under)
	£m	£m	£m	£m
Adult Social Care	(8.726)	0.918	(7.808)	0.000
Education & Skills	0.497	0.000	0.497	0.000
Finance & Governance	0.683	0.687	1.370	1.567
Inclusive Growth	(0.609)	0.746	0.137	0.581
Neighbourhoods	4.966	4.537	9.503	12.810
Partnerships, Insight & Prevention	0.180	0.000	0.180	0.180
Policy Contingency	(4.600)	0.000	(4.600)	(8.500)
Corporately Managed Budgets	(2.780)	0.000	(2.780)	(4.000)

- 2.5 Of the total approved savings programme of £58.276m, £10.454m is at 'red'/'purple' non-delivery status, unchanged from Month 5. There are One-Off Mitigations to address service non-delivery in place of £3.432 (£2.898 at Month 5) following £0.534m one-off mitigations identified within the Neighbourhoods Directorate.

3. Key Issues at Month 6

Education and Skills Directorate

3.1 Children with Complex Needs Transport (Travel Assist):

A £0.927m overspend is forecast at Month 6 (£0.727m at Month 5), mainly due to the additional costs arising from the period of administration of ATG of £0.705m (£0.474m at Month 5). The full amount of the Policy Contingency made available of £2.897m was factored in at Month 5.

Future years risks 2020/21 remain relating to the step-up savings of £0.770m and the additional cost of the new Dynamic purchasing system contract for transport provision which comes into effect in January 2020, living wage increases of £0.390m and £0.500m costs relating to the CAZ.

3.2 Early Years:

An overspend of £0.333m is reported (£0.158m at Month 5), comprising a base budget pressure of £0.737m relating to the transfer of Day Nurseries to the private, voluntary and independent



sectors – mitigated by mainly staffing costs within Early Years of £0.391m and a saving of £0.013m relating to the planned TUPE transfer of staff to BCHC.

3.3 Birmingham Children's Trust (Intelligent Client Function):

An overspend of £0.327m is reported (£0.254m at Month 5) relating to the identification of further residual costs within the period prior to the establishment of the Trust.

3.4 Other:

Mitigations and new savings have been identified and factored into the overall forecast for the Directorate, with little change from those reported at Month 5.

The potential overspend of £10.355m at Month 4 reported by the Birmingham Children's Trust at Month 5 has not been updated.

Finance and Governance Directorate

3.5 Civic Cleaning:

There are budget pressures of £0.402m (£0.402m at Month 5) in Civic Cleaning as a result of the hourly rate charged for delivering cleaning being below that of the external market and not covering the actual cost of the service.

3.6 City Serve Schools Catering:

There is a £0.349m pressure on the trading budget (£0.349m at Month 5) as a result of a significant shift in the marketplace, combined with unachievable levels of savings following schools leaving City Serve in greater numbers due to the increasing cost of our service when compared to the private sector.

3.7 Digital Advertising:

The net budget pressure for Digital Advertising is £0.676m (£0.676m at Month 5), mainly as a result of cabling works at Lancaster Circus and the closure of the Five Ways underpass which has reduced income generated by these sites.

3.8 Procurement Income:

There is a projected shortfall of £0.336m on procurement income (£0.336m at Month 5). This is income expected from other directorates arising from savings achieved when contracts are re-procured.



Neighbourhoods Directorate

Street Scene	Month 6 Forecast Base Budget Over/(Under)	Month 6 Forecast Savings Non- Delivery	Month 6 Forecast Over/(Under)	Month 5 Forecast Base Budget Over/(Under)	Month 5 Forecast Savings Non- Delivery	Month 5 Forecast Over/(Under)
	£	£	£	£	£	£
	5.760	1.180	6.940	4.260	1.180	5.440

3.9 The overspend is principally in Waste Management and results from:

- continued loss of business to competitors;
- market rate of income from the disposal of waste paper has declined;
- increased staffing costs within refuse collection and street cleaning;
- mitigated by one-off savings realised from delay in capital spend, largely from Grounds Maintenance Equipment.

3.10 Services across Community Sport have shown an overspend due to the net budget for this service being significantly below what was required. These budgets are rebased by £3.900m covering:

- Health & Wellbeing Centres step-up savings of £0.600m;
- contractual commitments to the Active Wellbeing Society of £0.600m;
- offset of reduction in public health funding of £1.800m;
- maintenance and running costs for the remaining sports and leisure centres until they are outsourced.

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