



Revenue Budget Monitoring Report 2019/20 Month 8

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 8, the forecast outturn on the Revenue Budget is estimated to be an underspend of £3.335m (£3.490m at Month 7).
- 2.2 Directorate budgets have increased by £4.166m since Month 7 whilst corporate budgets have reduced by £4.166m, largely related to re-allocation of reserves previously held as Corporate reserves in relation to Major Events and PFI reserves.
- 2.3 There have been variations in the Forecast Outturn Position within some Directorates:



Directorate	Month 8 Base Budget Over/(Under)	Month 8 Savings Non- Delivery	Month 7 Base Budget Over/(Under)	Month 7 Savings Non- Delivery
	£m	£m	£m	£m
Adult Social Care	(9.522)	0.000	(7.599)	0.000
Digital & Customer Services	0.000	0.000	0.000	0.000
Education & Skills	0.380	0.000	0.000	0.000
Finance & Governance	0.407	0.687	0.667	0.687
Human Resources	(0.450)	0.000	(0.230)	0.000
Inclusive Growth	(0.889)	1.174	(1.147)	1.109
Neighbourhoods	6.859	5.428	5.866	4.537
Partnerships, Insight & Prevention	(0.028)	0.000	0.000	0.000

2.4 The total approved savings plan is £58.276m in 2019/20, of which £38.454m is on track, £9.101m at risk and £11.773m on a red/purple non-delivery status (£10.817m at Month 7).

Directorate	Red Non-Delivery	Purple Non-Deliverable	One-off Mitigation in place
	£m	£m	£m
Adult Social Care	(0.918)	0.000	0.000
Digital & Customer Services	0.000	(0.140)	(0.140)
Education & Skills	(1.010)	(1.718)	(2.728)
Finance & Governance	(0.717)	0.000	(0.030)
Human Resources	0.000	0.000	0.000
Inclusive Growth	(0.694)	(0.614)	0.000
Neighbourhoods	(3.775)	(2.187)	(0.534)
Partnerships, Insight & Prevention	0.000	0.000	0.000



- 2.5 One-off mitigations are in place of £3.432m (no change since Month 7) to address this Savings Non-Delivery, along with £0.134m of new savings in Inclusive Growth (no change since Month 7) and £0.918m over-achievement of savings in Adult Social Care (no change since Month 7).
- 2.6 Birmingham Children's Trust have indicated a risk of potential overspend of £8.600m at Month 7 (£9.200m at Month 5) – due to increases in numbers and cost of children in care and additional remand costs – but this has not been included in the City Council's forecast outturn position as BCT is a separate entity.

3. Key Issues at Month 8

Adult Social Care Directorate

- 3.1 A net underspend of £9.522m is forecast (£7.599m at Month 7) with major underspends identified within Packages of Care and employees, reflecting achievements against the transformation programme and with vacancies being held to ensure savings related to the Customer Journey are reflected in future years.

The increase in the underspend of £1.923m since Month 7 relates primarily to:

- Specialist Care Services reporting additional blue badge income and reduction in supplies and services expenditure that generates a change of around £0.126m
- Assessment & Support Planning forecasting a reduction in underspends of £0.271m due to pressure on staffing budgets; and
- A reduction of £1.274m in the number/cost of Packages of Care in Adults with a Learning Disability, Physical Disability and Older People and a rebasing of client income.

£0.918m of savings not being delivered against Special Care Packages are now being delivered through demand management within Packages of Care.

Digital and Customer Services Directorate

- 3.2 The Directorate is forecasting a nil variation to budget at Month 8. The £0.140m unachieved savings target will be absorbed through underspends within the directorate.

Education and Skills Directorate

- 3.3 Children with Complex Needs Transport forecasts an overspend of £1.291m (£1.012m at Month 7) relating to an increase in the number of pupils transported. Travel Assist savings non-delivery of £1.178m is being covered in 2019/20 by a one-off Policy Contingency allocation.



- 3.4 Birmingham Children's Trust (Intelligent Client Function) forecasts an overspend of £0.463m (£0.394m at Month 7) as a result of further residual cost liabilities relating to the period before the establishment of the Trust.
- 3.5 Birmingham Adult Education Services forecasts an overspend of £0.161m (£0.067m at Month 7) relating to staff recharges.
- 3.6 Admissions & Placement Service forecast an overspend of £0.077m, previously identified as a risk.
- 3.7 The remaining non-delivery of savings of £1.010m from Efficiency, WOC and Management review are being made on a one-off basis from a policy contingency no longer required.

Finance and Governance Directorate

- 3.8 Options for resolving the forecast Base Budget overspend and non-delivery of savings of £1.094m (£1.354m at Month 7) are being sought.

Human Resources Directorate

- 3.9 The forecast net underspend of £0.450m (£0.230m at Month 7) is made up of £0.230m underspend in HR Schools and £0.220m in Core HR service, both resulting from vacancies.

Inclusive Growth Directorate

- 3.10 The net overspend of £0.285m (£0.038m net underspend at Month 7) arises largely from a shortfall in planning application income and rent income, offset by surpluses in Transport & Connectivity and improved car parking income and recovery.

Neighbourhoods Directorate

- 3.11 Street Scene Service forecasts an overspend of £7.860m (£6.960m at Month 7) as a consequence of increased use of Agency staff (£1.100m) and a delay in the implementation of the Street Cleansing service redesign, and lower trade waste income of £0.300m, offset by a reduction of £0.500m in utility, agency and grounds maintenance spend.
- 3.12 Recycled paper income continues to be adversely affected by volatile market prices and early indications suggest that there could be a further income shortfall of up to £0.5m.
- 3.13 Neighbourhoods Service forecasts an underspend of £0.481m (no change from Month 7).
- 3.14 Housing Options is currently showing an overspend of £2.500m (no change since Month 7) but if homelessness cases presenting increase beyond the capacity of housing services, costs may increase by £4.000m.



- 3.15 Bereavement service forecast an income shortfall of £1.200m (balanced position at Month 7) following a review of the volume cremations and burials.
- 3.16 £0.534m non-delivery of savings in Health & Wellbeing will be covered by £3.900m funding from Policy Contingency.

Partnerships, Insight & Prevention Directorate

- 3.17 The budget pressure of £0.180m (no change from Month 7) relating to CCTV cameras that are either obsolete, dysfunctional or no longer achieve operational requirements will need to be decommissioned to avert the pressure in 2020/21.
- 3.18 Communications and Marketing is reporting an underspend of ££0.053m (£0.016m at Month 7) due to delay in restructuring.
- 3.19 Public Health is reporting a balanced position following £2.100m use of reserves.

4. Future Years Issues

- 4.1 Key future years issues are being developed as part of the 2020/21 budget setting process.

Digital and Customer Services Directorate

- 4.2 There is a pressure of £0.140m in relation to non-essential spending savings for which alternative mitigation is being proposed.

Education and Skills Directorate

- 4.3 There is a £1.500m base budget pressure within Travel Assist relating to additional costs of the National Express contract. Additional costs are anticipated with tenders to cover £0.390m of living wage increase and £0.500m of costs related to the Clean Air Zone.
Risks remain with the £2.488m savings non-delivery (£1.718m 2019/20 + £0.770m step-up saving).
- 4.4 An Early Years base budget pressure of £0.408m is expected related to the ongoing VAT costs of staff formerly employed in Children's Centres due to TUPE transfer to Birmingham Community Healthcare Trust.
- 4.5 There is a Base Budget pressure of £6.100m relating to growth in looked-after children.
- 4.6 A potential savings pressure of £0.430m has arisen in Birmingham Adult Education Services relating to the corporate support services recharge to Adult Education introduced as part of the commercialisation savings in 2019/20.



- 4.7 A potential savings pressure of £1.545m has arisen relating to the Birmingham Children's Trust step-up savings.

Finance and Governance Directorate

- 4.8 There are base budget pressures of a further £0.997m in advertising income, £0.201m for Cleaning from 2021/22 and £0.906m rising to £2.074m in 2022/23 for CityServe.
- 4.9 There is a forecast savings non-delivery of £0.623m rising to £0.703m in 2022/23 relating to advertising income and £0.387m relating to CityServe.

Inclusive Growth Directorate

- 4.10 The Directorate has identified a number of base budget pressures:
- £0.900m on Central Administration Building income and operating pressures;
 - £0.317m, rising to £0.606m in 2021/22, on the Wholesale Markets income;
 - £1.250m on Health & Safety compliance in the corporate estate;
 - £0.159m income, rising to £0.730m, related to the closure of car parks to facilitate the development of the Smithfield site;
 - £0.190m for local car parking income pressures; and
 - £1.233m, falling to £0.971m by 2022/23, of Commercial Income under-recovery.

Neighbourhoods Directorate

- 4.11 The Directorate has identified £6.477m of base budget pressures, reducing to £5.640m in 2022/23, including:
- £2.000m relating to the Waste Management fleet;
 - £1.600m relating to Homelessness;
 - £0.500m on Street Cleaning income
 - £0.500m on Waste Management IT;
 - £0.375m on Waste Management garage recharge income; and
 - £0.400m on Coroners.
- 4.12 There are £3.417m non-delivery of savings, reducing to £3.246m in 2022/23, of which:
- £1.130m in Street Scene;
 - £1.087m in Neighbourhoods;



- £0.700m directorate-wide; and
- £0.500m in Housing Services.

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