

Public Report

Birmingham City Council

Report to Cabinet

30TH JULY 2019



Subject: FINANCIAL MONITORING REPORT QUARTER 1 (UP TO 30TH JUNE 2019)

Report of: Chief Finance Officer

Relevant Cabinet Member: Councillor Tristan Chatfield

Relevant O &S Chair(s): Councillor Sir Albert Bore

Report author: Clive Heaphy, Chief Finance Officer

Are specific wards affected?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No – All wards affected
If yes, name(s) of ward(s):		
Is this a key decision?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
If relevant, add Forward Plan Reference: 006757/2019		
Is the decision eligible for call-in?	<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Does the report contain confidential or exempt information?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
If relevant, provide exempt information paragraph number or reason if confidential :		

1 Executive Summary

- 1.1 This report forms part of the City Council's robust arrangements for controlling its revenue and capital expenditure.
- 1.2 Each Directorate's financial performance to date is shown, together with the risks and issues identified to date in the Corporate Revenue and Capital Budget Monitoring documents for Month 3, which are appended to this report as Appendices A and B.
- 1.3 The latest Treasury Management position is shown in the Treasury Management Report for Month 3, which is appended to this report as Appendix C.

2 Recommendations

That the Cabinet:-

- 2.1 Notes the City Council's 2019/20 forecast revenue budget position and the gross pressures identified as at 30th June 2019 resulting in a forecast overspend of £17.440m.
- 2.2 Notes the latest monitoring position in respect of the City Council's savings programme and the present risks identified in its delivery.
- 2.3 Approve the proposal in paragraph 3.4 that the Section 151 Officer be given delegated authority for the verification and allocation of Specific Policy contingency to fund expenditure which is in line with the Council's approval of the Council Financial Plan 2019-2023.
- 2.4 Approve the change in use of the "Invest to Save" budget within Specific Policy Contingency to "Invest to Improve", as detailed in paragraph 3.5.
- 2.5 Approve the resource allocation within Specific Policy Contingency as set out in paragraph 3.6.
- 2.6 Approves the proposed changes in uses of and contributions to Reserves as proposed in paragraph 3.7.
- 2.7 Approves the writing off of debts over £0.025m as described in paragraph 3.8.
- 2.8 Approves the revised 10 year+ capital programme of £3,547.031m.
- 2.9 Notes the forecast capital expenditure in 2019/20 of £641.451m.
- 2.10 Notes the Treasury Management report.

3 Background

- 3.1 At the meeting on 26th February 2019, the Council agreed a net revenue budget for 2019/20 of £851.590m to be met by government grants, council tax and business rates payers.
- 3.2 The Council is forecasting a revenue overspend of £17.440m. The forecast variations in each Directorate are detailed in Section 2 and Annexes 1-11 of the Corporate Revenue Budget Monitoring document attached as Appendix A. The forecast overspend does not include the final impact of the 15 July Cabinet approval of the award of the Home to School Transport report which could add up to £0.685m to the Education & Skills overspend. Directorate risks relating to the Savings Programme and measures being undertaken to alleviate these are detailed in Section 3, Annexes 1-11 and Annex 13 of Appendix A.
- 3.3 Risks and mitigations that have not been reflected in the forecast position are detailed in Section 4 and Annexes 1-11 of Appendix A.
- 3.4 It is recommended that the S151 Officer be given delegated authority for the verification and allocation of Specific Policy Contingency to fund expenditure

which is in line with the approval given as part of the Council Financial Plan 2019-2023 as described in Annex 14 paragraph 1.2.

- 3.5 Council approved as part of Specific Policy Contingency an “Invest to Save” budget of £3.172m on a repayable basis. Following the review of a number of service areas, it has been identified that there is a need to significantly improve operational performance to benefit the wider organisation. The S151 Officer recommends that this one-off budget is made available on a non-repayable basis to services in order to contribute towards the cost of improvement plans that are currently in development.
- 3.6 At Month 3 it is proposed to allocate £2.174m from the Invest to Improve fund and £0.600m from the Inflation budget within Specific Policy Contingency as set out in Appendix A Annex 14 paragraph 1.2.
- 3.7 Proposed changes in use of reserves are summarised in the table below:

Summary (Use of) / Contribution to Reserves					
Reserve	Original Base Budget	Budget Assumed Period 1	Net Changes Proposed Period 2&3	Forecast Proposed Use at Period 3	Variance to Original
	£m	£m	£m	£m	£m
General Reserves*	(5.910)	(5.910)	0.000	(5.910)	0.000
Corporate	11.861	11.861	3.503	15.364	3.503
Subtotal All Corporate	5.951	5.951	3.503	9.454	3.503
Other Reserves					
Grant	(29.206)	(29.206)	9.758	(19.448)	9.758
Earmarked	(3.719)	(3.719)	(4.176)	(7.896)	(4.176)
Schools	0.000	0.000	0.000	0.000	0.000
Non Schools DSG	0.000	0.000	(1.199)	(1.199)	(1.199)
Subtotal Other	(32.926)	(32.926)	4.383	(28.543)	4.383
Total	(26.975)	(26.975)	7.885	(19.090)	7.885

The specific detail can be seen in Appendix A, Annex 12.

- 3.8 The schedule at Appendix A, Annex 17 summarises debts recommended for write off of over £0.025m.
- 3.9 The Full Council meeting of the 26th February 2019 also agreed a 10 year capital programme of £3,192.297m.
- 3.10 Appendix B covers capital monitoring. The capital budget has increased by a net £58.542m since month 1 to £3,547.031m due to slippage of £95.350m brought forward from the 2018/19 capital programme (as outlined in the outturn report) and a net reduction of planned expenditure of £36.808m. At month 3, capital budgets have been reprofiled over the 4-year programme to ensure that the most up to date profile of spend is set for in-year monitoring, there are therefore minimal forecast variations at month 3 other than an overspend of

£0.433m which is forecast for the financial year 2019/20. All major variations to the original budget are explained in Appendix B.

- 3.11 Appendix C monitors Treasury Management, which is on track. Please note the delegated decision to repay a £30m Lender's Option Borrowers' Option (LoBo) loan and replace it with a combination of loans from the PWLB and short term market borrowing. This results in initially modest (but growing) savings combined with a reduction in refinancing risk due to increased certainty about repayment dates.

4 Options considered and Recommended Proposal

- 4.1 Directors, in striving to manage their budgets, have evaluated all the options available to them to maintain balance between service delivery and a balanced budget.

5 Consultation

5.1 Internal

- 5.1.1 Cabinet Members, Corporate Directors, the City Solicitor, Human Resources and Assistant Directors of Finance have been consulted in the preparation of this report.

5.2 External

- 5.2.1 There are no additional issues beyond consultations carried out as part of the budget setting process for 2019/20.

6 Risk Management

- 6.1 The monitoring of the Council's budget and the identification of actions to address issues arising, as set out in this report, are part of the Council's arrangements for the management of financial issues.

7 Compliance Issues:

7.1 How are the recommended decisions consistent with the City Council's priorities, plans and strategies?

- 7.1.1 The budget is integrated with the Council Financial Plan, and resource allocation is directed towards policy priorities.

7.2 Legal Implications

- 7.2.1 Section 151 of the 1972 Local Government Act requires the Corporate Director – Finance & Governance (as the responsible officer) to ensure the proper administration of the City Council's financial affairs. Budget control, which includes the regular monitoring of and reporting on budgets, is an essential requirement placed on Directorates and members of the Corporate Management Team by the City Council in discharging the statutory responsibility. This report meets the City Council's requirements

on budgetary control for the specified area of the City Council's Directorate activities.

7.3 Financial Implications

7.3.1 The Corporate Revenue and Capital Budget Monitoring documents attached give details of monitoring of service delivery within available resources.

7.4 Procurement Implications (if required)

7.4.1 N/A

7.5 Human Resources Implications (if required)

7.5.1 N/A

7.6 Public Sector Equality Duty

7.6.1 There are no additional Equality Duty or Equality Analysis issues beyond any already assessed in the year to date. Any specific assessments needed shall be made by Directorates in the management of their services.

8 Background Documents

8.1 City Council Financial Plan 2019-2023 approved at Council 26th February 2019

CORPORATE REVENUE BUDGET MONITORING REPORT 2019/20 MONTH 3

(year to 30th June 2019)

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Revenue Budget Management Report – Period 3 Forecast**1. Executive Summary**

- 1.1 The Council set a net budget of £851.590m for 2019/20 at its meeting on 26 February 2019. This net budget is after assuming savings of £58.276m, included approving a savings programme of £46.191m and requiring a further £12.085m savings to be delivered that were achieved on a one-off basis in 2018/19. This is set out in Table 2.
- 1.2 At Period 3 the forecast outturn is estimated to be an overspend of £17.440m. The Council is actively pursuing mitigations to resolve this position. At period 3 £0.134m of new savings have been identified and are included in the forecast.
- 1.3 A summary of the forecast position for each Directorate is set out in Table 1.
- 1.4 There is a forecast balanced position in Schools at Month 3. Further detail is contained in Annex 10.
- 1.5 There is a forecast balanced position in the Housing Revenue Account. Further detail is contained in Annex 11.
- 1.6 There are net additional requests for contributions to reserves of £7.885m. All requests are in line with the reserves policy as set out in Section 6.
- 1.7 Details of the Collection Fund position are provided in Annex 16.
- 1.8 Details of write-offs are provided in Annex 17.

Table 1: Period 3 Forecast Outturn Position									
Directorate	Original Budget	Current Budget	Period 3 Forecast Outturn	Period 3 Forecast Base Budget Over /(Under)	Period 3 Forecast Savings Non-Delivery	Period 3 Forecast Over /(Under)	Period 1 Forecast Over /(Under)	Change since Period 1 (Improvement)/ Deterioration	
	£m	£m	£m	£m	£m	£m	£m	£m	%
Adult Social Care	325.707	325.974	325.974	(0.918)	0.918	0.000	0.000	0.000	0.00
Digital & Cust Services	22.046	22.629	22.769	0.000	0.140	0.140	0.000	0.140	0.62
Education & Skills	262.369	262.176	263.968	0.474	1.318	1.792	0.000	1.792	0.68
Finance & Governance	24.913	25.034	25.776	0.242	0.500	0.742	0.000	0.742	2.96
Human Resources	6.597	6.597	6.597	0.000	0.000	0.000	0.000	0.000	0.00
Inclusive Growth	97.515	97.604	98.198	(0.252)	0.846	0.594	0.000	0.594	0.61
Neighbourhoods	99.565	99.545	113.538	8.906	5.087	13.993	0.000	13.993	14.06
Partnerships, Insight and Prevention	6.442	6.175	6.355	0.180	0.000	0.180	0.000	0.180	2.92
Directorate Sub Total	845.155	845.734	863.174	8.631	8.809	17.440	0.000	17.440	2.06
Policy Contingency	42.244	42.244	42.244	0.000	0.000	0.000	0.000	0.000	0.00
Corporately Managed Budgets	91.601	91.022	91.022	0.000	0.000	0.000	0.000	0.000	0.00
Corporate Grants	(127.409)	(127.409)	(127.409)	0.000	0.000	0.000	0.000	0.000	0.00
Corporate Subtotal	6.436	5.856	5.856	0.000	0.000	0.000	0.000	0.000	0.00
City Council General Fund	851.590	851.590	869.031	8.631	8.809	17.440	0.000	17.440	2.05
Dedicated Schools Grant	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	n/a
Housing Revenue Account	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	n/a
City Council Total	851.590	851.590	869.031	8.631	8.809	17.440	0.000	17.440	2.05

Note 1: Percentage movement is shown as a percentage of the current budget

Note 2: The Education & Skills forecast does not include the implications of the 15 July Cabinet approval of the award of the Home to School Transport report. This potentially adds £0.685m to the overspend forecast for Education & Skills.

2. Key Issues Identified up to Period 3

- 2.1 A number of budgetary pressures reported in the 2018/19 outturn are evident in the period 3 monitoring process which are due to issues with planned savings delivery and/or base budget pressures. They will be the focus of management action and recovery plans to deliver within directorate budgets wherever possible. Future cabinet reports will contain further commentary to provide the overview of the progress of directorate recovery plans for areas of overspending resulting from base budget pressures and/or delayed or undeliverable savings.
- 2.2 Directorates with a forecast overspend in excess of £1m have issues in the following areas:
- Education and Skills Directorate has a forecast overspend of £1.792m of which £2.212m relates to Travel Assist. This is partially offset by net underspends of £0.420m. The forecast potential overspend on Travel Assist was revised to £2.897m as a result of the Home to School contract award report approved by Cabinet on 15 July 2019. The net impact on the forecast overspend would be to increase by £0.685m to £2.477m.
 - However, to ensure budgetary provision for this contract award and provide for the potential shortfall on savings, Cabinet agreed to underwrite the Education & Skills budget by up to £2.897m from the Budget Delivery Policy Contingency subject to the production of a financial recovery plan. The Education and Skills Directorate will seek to mitigate this overspend and a financial recovery plan is being prepared addressing both Travel Assist pressures and other service areas for review. This will be reviewed via Member led Star Chambers and via the Budget Programme Board led by the Chief Executive. The plan will be presented for consideration by Members at the earliest opportunity.
 - Neighbourhoods Directorate has a forecast overspend of £13.993m of which £6.330m is within Street Scene, £1.600m within Housing Services, £4.346m is within Neighbourhoods, £0.293m in Regulation and Enforcement and £1.424m is within Business Support. A deep dive review has been initiated within Neighbourhoods Directorate and a recovery plan is being prepared addressing these service areas for review and challenge via Member led Star Chambers and via the Budget Programme Board led by the Chief Executive.

Further detail of each directorate forecast is set out in the Directorate Executive Summaries at Annexes 1-11 of this report.

- 2.2 There will be scrutiny and challenge of the financial position on a monthly basis via the Council's monthly Management Team, Member led Star Chambers, EMT and Resources Overview & Scrutiny. On a quarterly basis there will be further rigorous challenge of the overall financial performance via the officer Budget Programme Board chaired by the Chief Executive. Quarterly reports will be considered by Cabinet. Additional Member led star chambers have been established for those directorates that are forecasting significant overspends to explore the issues and develop solutions. This will continue throughout the year until the budgetary position is successfully recovered. These measures will seek to provide appropriate challenge and support to ensure that directorates deliver services within their approved budget.

3. Overview of the Savings Programme

3.1 The total approved savings programme is £58.276m in 2019/20. This comprises the approved savings plan of £46.191m plus £12.085m of savings that were only delivered on a one-off basis in 2018/19. Of these £37.383m on track, £11.044m at risk and £9.983m red/purple savings non-delivery in Table 2 is analysed further into approved savings and one off savings in Tables 2a and 2b in Annex 13. Table 3 illustrates the movement between setting the budget and Period 3.

Table 2: Overview of the Forecast Delivery of the 2019/20 Savings Programme									
Directorate	2019/20 Agreed Savings	On Track/ Fully Delivered against Programme	Blue - Fully Delivered	Green-On Track	Amber-At Risk	Red-Non Delivery	Purple-Undeliverable	One off Mitigations to address Savings Non-Delivery	
	£m	%	£m	£m	£m	£m	£m	£m	
Adult Social Care	(16.310)	94.4	(5.056)	(10.336)	0.000	(0.918)	0.000	0.000	
Digital & Cust Services	(6.918)	12.6	0.711	(1.584)	(5.905)	(0.140)	0.000	0.000	
Education & Skills	(8.837)	56.5	0.148	(5.137)	(1.520)	(1.010)	(1.318)	(1.010)	
Finance & Governance	(2.791)	57.9	(0.399)	(1.216)	(0.646)	(0.500)	(0.030)	(0.030)	
Human Resources	(0.718)	100.0	(0.232)	(0.486)	0.000	0.000	0.000	0.000	
Inclusive Growth	(4.770)	79.5	(1.407)	(2.383)	0.000	(0.794)	(0.186)	0.000	
Neighbourhoods	(18.564)	57.0	(6.188)	(4.389)	(2.900)	(3.387)	(1.700)	0.000	
Partnerships, Insight and Prevention	(0.548)	86.7	(0.475)	0.000	(0.073)	0.000	0.000	0.000	
Directorate Subtotal	(59.456)	64.6	(12.898)	(25.531)	(11.044)	(6.749)	(3.234)	(1.040)	
Corporate Savings	1.180	100.0	1.180	0.000	0.000	0.000	0.000	0.000	
Total Programme	(58.276)	63.9	(11.718)	(25.531)	(11.044)	(6.749)	(3.234)	(1.040)	
New savings									
Inclusive Growth	0.000	n/a	(0.050)	(0.084)	0.000	0.000	0.000	0.000	
New Savings Subtotal	0.000	n/a	(0.050)	(0.084)	0.000	0.000	0.000	0.000	
Total Programme	(58.276)	64.1	(11.768)	(25.615)	(11.044)	(6.749)	(3.234)	(1.040)	
Percentage of Total Programme excluding new savings	100.00%		20.11%	43.81%	18.95%	11.58%	5.55%	n/a	

In total £3.234m is undeliverable and £6.749m is red and Directorates will have to identify recovery plans to address this and bring these proposals to Cabinet where there is a policy implication. These could be alternative proposals or one-off mitigations. This will be addressed at Member led Star Chamber Meetings. £1.040m of one-off mitigations and £0.134m of new savings have been identified at Period 3.

3.2 Definitions of the savings classifications are as follows:

- Fully delivered (Blue) – the saving has been fully implemented and the saving has been achieved.
- On track (Green) – Savings that are on target to meet delivery milestones and are expected to deliver the level of savings anticipated.

- At risk (Amber) – Savings yet to be delivered and there may be some risks to the delivery milestones and/or the level of savings originally anticipated.
- Non Delivery (Red) – the saving are experiencing difficulty in achieving their delivery plan milestones and/or the level of savings originally anticipated; mitigations will need to be identified immediately for consideration and approval via Cabinet.
- Undeliverable (Purple) – the Council is no longer pursuing this saving as it is no longer considered to be achievable. An immediate action is needed to develop an alternative proposal to deliver the value of the saving that will be considered and approved by Cabinet.
- One-off mitigation – an approved saving has had trouble being delivered in the way anticipated, but a one-off mitigation has been identified within the service area which need to be reported to and considered by Cabinet as appropriate.

Table 3

Table 3: Movement in Forecast Delivery of the 2019/20 Savings Programme						
	Blue - Fully Delivered	Green-On Track	Amber-At Risk	Red-Non Delivery	Purple- Undeliverable	One off Mitigations
	£m	£m	£m	£m	£m	£m
Period 3 Forecast	11.768	25.615	11.044	6.749	3.234	1.040
Budget Setting Assumption	0.000	58.276	0.000	0.000	0.000	0.000
Increase/(Decrease)	11.768	(32.661)	11.044	6.749	3.234	1.040
Percentage Change (%)	n/a	n/a	n/a	n/a	n/a	n/a

Future Years Savings Overview

- 3.3 Table 4 identifies forecast levels of non-achievement of savings in future years in relation to those savings classed as red or purple. It will be necessary for alternative savings proposals to be identified for consideration by Cabinet if the approved savings plans cannot be delivered as originally proposed and require policy decisions.

Table 4: Forecast Levels of Non Delivery of Savings at Period 3 in All Years				
Directorate	2019/20	2020/21	2021/22	2022/23
	£m	£m	£m	£m
Adult Social Care	0.918	0.000	0.000	0.000
Digital & Cust Services	0.140	0.140	0.140	0.140
Education & Skills	1.318	2.488	2.488	2.488
Finance & Governance	0.500	0.500	0.500	0.500
Human Resources	0.000	0.000	0.000	0.000
Inclusive Growth*	0.846	1.734	2.413	3.059
Neighbourhoods Partnerships, Insight and Prevention	5.087	2.839	2.659	2.659
	0.000	0.000	0.000	0.000
Directorate Subtotal	8.809	7.701	8.200	8.846
Corporate Savings	0.000	0.525	0.925	0.925
Total Programme	8.809	8.226	9.125	9.771

*These figures are net of new savings identified in Table 2.

Note: figures in 2019/20 include one off mitigations

4. Risks and Mitigations

4.1 There are a number of risk areas identified across Directorates that are being highlighted in summary to ensure proactive management and mitigation. However, the Directorate is not yet able to assess and quantify those risks fully to include them in the forecast. Therefore, they are not currently included within the forecast outturn. These will be tracked and progress reported in future cabinet reports. **Further details of Directorate Risks and Mitigations can be seen in Annexes 1-11.**

4.2 Education and Skills:

- Travel Assist: there are additional risks of increased costs in a number of areas within Travel Assist unrelated to the Home to School contract which cannot be quantified yet.
- SENAR Staffing: a potential shortfall has been identified due to reduced grant in funding
- Early Years Day Nurseries: there are potential costs as a result of the transfer of day nurseries. There is also uncertainty on assumed income from leases which can not be confirmed until the lease negotiations are fully completed.
- Education Infrastructure (EDI) regarding Baverstock Academy: there are potential costs relating to rates and security for which there is no budget in 2019/20. However, it may be possible to identify grant funding to cover this.
- Adult Education: there is a potential shortfall on the income from fees and charges. Measures to mitigate this are being explored.
- Education PFI: work has been undertaken to review the education PFI contracts which identified potential risks in addressing future PFI liabilities. Figures are yet to be quantified and confirmed.

4.3 Neighbourhoods:

- Housing Options: costs may increase by an estimated £4.000m if homeless cases presenting increase beyond the capacity of housing services
- Coroners: there are ongoing building and maintenance costs for the Coroners court and Mortuary services which can not be quantified yet.

- Shelforce: The service is working on alternative income stream to cover a potential shortfall.

4.4 Neighbourhoods is engaged in a series of Member led 'deep dive' star chambers and is actively working to develop a recovery plan across a range of services to mitigate the known pressures and overspends. These will be addressed in a future report. The Directorate is investigating how costs can be reduced in a number of areas. These are yet to be quantified:

- Street Scene: awaiting the permanent replacement of Waste Vehicles.
- Parks: the service is progressing land sales over and above those planned
- Neighbourhoods: the service is exploring radical change in service offer
- Housing: The service is planning to launch two pilots to test new ways of working as part of the whole housing redesign model, a prevention hub model and Homeless on the Day approach.

5. Future Years Issues

5.1 Whilst the focus of this report is on the delivery of the 2019/20 budget, the monitoring process allows the opportunity to consider what issues may have been identified which have not been provided for in previous plans.

5.2 Key future years issues include the following:

- Education & Skills: £2.488m savings non delivery on Travel Assist, £1.400m potential costs of alternative provision: Following the administration in March of one of the Travel Assist main transport providers it has been necessary to secure alternative provision for this service. Discussion and negotiation has been underway since April and the expected additional cost of this provision with an alternative provider has been factored into the forecast. In addition the Travel Assist savings which were targeted for 2019/20 and 2020/21, though are red-rated have been flagged as a future year's issue.
- Education & Skills PFI reserve: At the 2018/19 Outturn the Council recognised the need to create an Education PFI Reserve in order to ensure that there are sufficient resources to fully finance the remaining life of the contract to the extent that the unitary payments exceed the Government grant received in future years. A significant amount of work has been undertaken reviewing the education PFI contracts. It is envisaged that an additional £5.162m would be needed in PFI reserve to cover expected PFI liabilities to the end of the term of the contracts.
- Inclusive Growth: £0.240m on Central Administration Building income
- Neighbourhoods: future requirement for Vehicle Placement beyond the current approved capital investment; there is a continual growth in waste to be collected and this will put pressure on street scene services in future years; responsive repair bills across all Directorate property and assets and capacity on temporary accommodation for homeless people to address increasing demand

5.3 Further details are contained in in Annexes 1-11.

6. Reserves

- 6.1 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. In the main, use of reserves relates to grant reserves where the 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. Use of such reserves should be strictly in accordance with the purpose for which it was approved.
- 6.2 The Council anticipated the use £26.975m of reserves in setting the 2019/20 budget. This is summarised in Table 6 and further detail is set out in Annex 12.

Table 6: Summary (Use of) / Contribution to Reserves					
Reserve	Original Base Budget	Budget Assumed Period 1	Net Changes Proposed Period 2&3	Forecast Proposed Use at Period 3	Variance to Original
	£m	£m	£m	£m	£m
General Reserves*	(5.910)	(5.910)	0.000	(5.910)	0.000
Corporate	11.861	11.861	3.503	15.364	3.503
Subtotal All Corporate	5.951	5.951	3.503	9.454	3.503
Other Reserves					
Grant	(29.206)	(29.206)	9.758	(19.448)	9.758
Earmarked	(3.719)	(3.719)	(4.176)	(7.896)	(4.176)
Schools	0.000	0.000	0.000	0.000	0.000
Non Schools DSG	0.000	0.000	(1.199)	(1.199)	(1.199)
Subtotal Other	(32.926)	(32.926)	4.383	(28.543)	4.383
Total	(26.975)	(26.975)	7.885	(19.090)	7.885

*Agreed as part of the Reserves Policy

- 6.3 Net changes to the original budgeted use of reserves of £7.885m have been requested, of which £7.885m have been requested by Period 3. The Period 3 forecast assumes that these reserves changes will be approved. Details of how these are proposed to change are set out in Tables 6, 7 and 8. Specific changes in reserves are set out in Annex 12.
- 6.4 There is a budgeted use of £5.910m of General Reserves, which is in line with the Reserves Policy. This is to fund the additional revenue costs arising from a retrospective change in the Council Minimum Revenue Provision Policy (MRP), approved by the Council in February 2018. This is a planned use agreed within the Council's Reserves Policy and is due to phase out over a number of years as the Council identifies alternative ways to address these additional costs. No further uses of general reserves are planned.
- 6.5 Other Corporate net contributions to reserves of £3.503m requested by Period 3 largely relates to

- a. £5.612m relating to 2019/20 Business Rates Section 31 Grant Income Surplus received in advance of when it is required. This will be carried forward to offset 2019/20 Business Rates Collection Fund Deficit Forecast that will occur in 2020/21.
 - b. £1.000m requested use of Digital & Customer Services Reserve by Digital & Customer Services to fund transformation in the Revenues and Benefits Service linked to the implementation of Universal Credit.
 - c. £0.682m reduced contribution to reserves where Finance & Governance will be unable to contribute to the World Indoor Athletics (WIA)(2018) reserve due to an ongoing shortfall in advertising income.
- 6.6 The Council holds Grant Reserves for the unused element of grant support for which the conditions of the grant are expected to be met. The reserves will be used to meet future years' expenditure for the service for which the grant was awarded. At Month 3, there is £11.722m of grant received that is unlikely to be utilised during 2019/20 and is requested to be carried forward to match planned expenditure in 2020/21. This is offset by a net £1.963m use of Grant received in 2018/19 to be utilised in 2019/20 above the budgeted figure. These contributions to and uses of grant reserve are in line with the Reserves Policy approved by Cabinet in January 2019.
- 6.7 The Council holds Earmarked Reserves where resources have been set aside to support future years' service delivery. These reserves can only be used for specific purposes. At Month 3, there are £4.176m of reserves that are requested to be released. These uses of earmarked reserve are in line with the Reserves Policy approved by Cabinet in January 2019.
- 6.8 Schools Forum has approved the use of £1.199m on non-Schools DSG Grant Reserves. These are requested to be approved at Month 3.
- 6.9 Further details of all requested use of or contributions to Reserves are provided in Annex 12.

Table 7: Forecast Reserves Balance					
Reserve	Balance 31/03/19	Budgeted (use)/ contribution	Changes assumed Period 1	Changes Proposed By Period 3	Forecast Balance 31/03/20
	£m	£m	£m	£m	£m
Corporate Reserves	218.270	5.951	0.000	3.503	227.724
Earmarked	35.375	(3.719)	0.000	(4.176)	27.479
Grant	262.597	(29.206)	0.000	9.758	243.149
Schools	34.255	0.000	0.000	0.000	34.255
Non Schools DSG	7.344	0.000	0.000	(1.199)	6.145
Total	557.842	(26.975)	0.000	7.885	538.752

Table 8: Breakdown of change in (Use of)/Contribution to Reserves					
Reserve	(Increase in Use of)	Reduction in Use of	Increase in Contributions	(Reduction in Contributions)	Total
	£m	£m	£m	£m	£m
Corporate Reserves	(1.428)	0.000	5.612	(0.682)	3.503
Earmarked	(4.176)	0.000	0.000	0.000	(4.176)
Grant	(2.007)	0.044	11.722	0.000	9.758
Schools	0.000	0.000	0.000	0.000	0.000
Non Schools DSG	(1.199)	0.000	0.000	0.000	(1.199)
Total	(8.811)	0.044	17.334	(0.682)	7.885

Adult Social Care Directorate Revenue Budget Management Report – Period 3 Forecast

1. Executive Summary

- 1.1 The Council set the Adult Social Care Directorate a net budget of £325.707m for 2019/20 at its meeting on 26 February 2019. This net budget is after approving a savings programme of £14.620m and requiring a further £1.690m savings to be delivered that were achieved on a one-off basis in 2018/19. Following budget adjustments, the net budget for the Directorate is now £325.973m.
- 1.2 At Period 3 the Adult Social Care Directorate is forecasting a balanced position. At Period 3 no new savings have been identified in the forecast other than mitigations already planned and being implemented. £0.918m of savings, not being delivered, are being mitigated by a net underspend on packages of care.

Table 1: Period 3 Forecast Outturn Position									
Directorate	Original Budget	Current Budget	Forecast Outturn	Forecast Base Budget Over/(Under)	Forecast Saving Non - delivery	Forecast Over/(Under)	Period 1 Forecast Over/(Under)	Change since Period 1 (Improvement)/Deterioration	
	£m	£m	£m	£m	£m	£m	£m	£m	£m
Director	26.684	12.819	12.819	0.000	0.000	0.000	0.000	0.000	0.000
Adult Packages of Care	202.394	212.608	210.408	(2.200)	0.000	(2.200)	0.000	(2.200)	0.000
Assessment & Support Planning	35.752	41.647	41.647	0.000	0.000	0.000	0.000	0.000	0.000
Specilist Care Services	29.071	29.071	31.271	1.282	0.918	2.200	0.000	2.200	0.000
Commissioning	31.805	29.828	29.828	0.000	0.000	0.000	0.000	0.000	0.000
Directorate Total	325.707	325.973	325.973	(0.918)	0.918	0.000	0.000	0.000	0.000

Key Issues Identified up to Period 3

1.3 There is a small degree of variation in spend against budget, however this does not impact on the projected balanced position of the Directorate.

- Specialist Care Services - £2.200m net budget overspend. £0.918m relating to non-delivery of saving on employees and £1.282m net base pressure on services transferring to packages of care, and budgets will be realigned to reflect these changes in Month 4.
- Packages of Care - £2.200m base budget underspend. £0.500m overspend relating to increased numbers of service users discharged from hospitals requiring short term home support. This is offset by a (£2.700m) overachievement on income.

Risks identified but not yet included in the Forecast

1.4 No further risks identified at this stage.

1.5 No savings are at risk.

Future Years

1.6 The Adult Social Care Programme is on track to deliver on the savings agenda, with no issues anticipated in future years.

Future Years Issues			
	2020/21 £m	2021/22 £m	2022/23 £m
Base Budget Pressures	0	0	0
Savings	0	0	0
Mitigations	0	0	0
Total	0	0	0

Digital & Customer Services

1. Executive Summary

1.1 The Council set the Customer and Digital Services Directorate a net budget of £26.822m for 2019/20 at its meeting on 26 February 2019. This net budget is after approving a savings programme of £2.773m. Following budget adjustments, including allocations from Policy Contingency and transfers of services from other Directorates as part of the Council's new structure, the net original budget for the Directorate was revised to £22.046m and the budget at Period 3 to £22.629m. There is also a savings target of £4.145m to deliver that was delivered as a one-off in 2018/19.

1.2 At Period 3 the Directorate is forecasting an overspend of £0.140m.

Directorate	Original Budget	Current Budget	Forecast Outturn	Forecast Base Budget Over/(Under)	Forecast Savings Non - delivery	Forecast Over/(Under)	Period 1 Forecast Over/(Under)	Change Since Period 1 (Improvement)/Detrioration	
	£m	£m	£m	£m	£m	£m	£m	£m	%
Business Improvement	9.516	9.562	9.562	-	-	-	-	0.000	-
Cust Services	8.566	8.087	8.087	-	-	-	-	0.000	-
ITDS	1.005	2.022	2.022	-	-	-	-	0.000	-
Revenues and Benefits	2.791	2.791	2.931	-	0.140	0.140	-	0.140	-
Director of DCS	0.168	0.167	0.167	-	-	-	-	-	-
Directorate Total	22.046	22.629	22.769	0.000	0.140	0.140	0.000	0.140	

Key Issues Identified up to Period 3

1.3 The Directorate was allocated a non-essential savings target of £0.347m. Of this, it is considered that £0.140m is currently unachievable. This relates to professional fees and bulk printing in the Revenues service. These budgets are required to pay for liability order costs, land registry services and other tracing tools e.g. TransUnionsummons, and bulk printing services that are required for billing and reminders. We are actively seeking solutions in order to mitigate this.

1.4 The Information, Technology and Digital Service (ITDS) is currently undergoing a large transition away from the Capita contract. Savings of £12m are required from the service in 2019/20 c£6m of which are being delivered on an on-going basis. The transition of ITDS services in-house are being implemented to deliver additional £6m per year. The Transition project team, along with Finance, will robustly monitor the savings throughout the year.

Risks identified but not yet included in the Forecast

- 1.5 There are no further risks currently identified, the c£6m savings for ITDS are being mitigated through the transition of services back in house. This project is currently on track to achieve the planned transfer date of 1st August, however the savings are being categorised as Amber until the transition is complete.

Future Years

- 1.6 During 2019 the Council intends to review the Council Tax Support scheme. Any new proposals will be subject to extensive consultation and, dependent on the outcome of the consultation, changes may be made to the level of support awarded.

In addition, £0.140m of non-essential spending savings may not be achievable. This relates to professional fees and bulk printing in the Revenues service. These budgets are required to pay for liability order costs, land registry services and other tracing tools eg TransUnionsummons, and bulk printing services that are required for billing and reminders.

- 1.7 Describe any issues that may impact on future years' budgets.

Future Years Issues			
	2020/21 £m	2021/22 £m	2022/23 £m
Base Budget Pressures			
Savings	0.140	0.140	0.140
Mitigations			
Total	0.140	0.140	0.140

Education & Skills Directorate Revenue Budget Management Report - Directorate

Period 3: General Fund Forecast

1. Executive Summary

- 1.1 The Council set the Education & Skills Directorate a net budget of £255.477m for 2019/20 at its meeting on 26 February 2019. This net budget is after approving a savings programme of £8.816m. Following budget adjustments relating to the Council restructure, the net budget for the Directorate is now £262.176m.
- 1.2 The budget includes a number of services which have been transferred in from the Place and Economy directorates, including Libraries, Adult Education, Careers, Youth Service and Employment Services. The overall budget of transferred services as at period 3 is £24.525m. This report incorporates the financial position of these services.
- 1.3 At Period 3 the Education & Skills Directorate is forecasting an overspend of £1.792m, of which £2.212m relates to Travel Assist. This is partially offset by underspends of £0.420m. The potential overspend of Travel Assist may increase up to £2.897m in relation to securing alternative provision for Home to School Transport, with a call upon the Budget Delivery Policy Contingency Budget as reported to Cabinet on 15 July. However, the Education & Skills Directorate is pursuing mitigations to seek to resolve this position through the development of a financial recovery plan.

Table 1: Period 3 Forecast Outturn Position									
Directorate	Original Budget	Current Budget	Period 3 Forecast Outturn	Forecast Base Budget Over/(Under)	Forecast Savings Non-delivery	Period 3 Forecast Over/(Under)	Period 1 Forecast Over/(Under)	Change Since Period 1 (Improvement)/Deterioration	
	£m	£m	£m	£m	£m	£m	£m	£m	%
Service General Fund	-	-	-	-	-	-	-	-	-
AD inclusion & SEND	24.827	24.827	27.039	0.894	1.318	2.212	0.000	2.212	-
AD - J Y(AD education & early years - split role)	12.557	12.635	12.107	(0.528)	0.000	(0.528)	0.000	(0.528)	-
AD - SS (AD education & early years - split role)	185.240	184.874	185.355	0.481	0.000	0.481	0.000	0.481	-
Director & DCS - Strategic Leadership	15.326	15.315	14.842	(0.473)	0.000	(0.473)	0.000	(0.473)	-
AD skills and employability	24.418	24.525	24.625	0.100	0.000	0.100	0.000	0.100	-
Education & Skills	262.369	262.176	263.968	0.474	1.318	1.792	0.000	1.792	-

Key Issues Identified up to Period 3

- 1.4 The key issues that are included within the Education & Skills Directorate's forecast overspend are:

- Children with Complex Needs Transport (Travel Assist) – a £2.212m overspend is being reported at period 3 which is due to the combined impact of a shortfall on the delivery of savings and expected additional costs of transport provision following a service provider going into administration. The forecast excludes the impact of the 15 July Cabinet approval of the Home to School Contract report, which could add £0.685m to the forecast overspend.
 - Early years - overspend of £0.228m, comprising a base budget pressure of £0.206m as a result of a delay to transfer of BCC run day nurseries to Private Voluntary and Independent sector provision and other minor variations of £0.022m.
 - Business Transformation (IT) - an overspend is anticipated of £0.100m relating to ICT requirements for the Education service including the funding of IT training for Children Trust staff.
 - Childrens Trust (Intelligent Client Function) & Disabled Children's Social Care – £0.254m overspend cost pressures relating to changes to the contract and reduced loan interest and historical legal costs.
 - Libraries - £0.100m overspend mainly relating to additional property costs across Community libraries, as a consequence of non-delivery of previous years savings.
- 1.5 Mitigations/New Savings that have been identified and factored into the overall forecast for the Directorate are:
- Education Skills & Infrastructure – a net saving of £0.414m is being reported which relates to savings generated as result of the review of the PFI and BSF contracts.
 - Premature retirements – savings of £0.096m are expected from the premature retirements budget due a reduction in the number of claimants. At period 3 there is also a further £0.018m saving related to the anticipated Pension Increase Act payments being lower than budgeted.
 - Strategic Leadership – the Council have recently received notification from the DFE that it will receive additional funding of £0.500m in 2019/20 of School Improvement Monitoring and Brokering Grant. This grant is non-ringfenced and in view of the spend pressures within the Directorate will be held in Strategic Leadership to mitigate some of these pressures. In addition there is a forecast underspend of £0.100m in this budget relating to IT/ miscellaneous spending and part of the professional fees.

Risks identified but not yet included in the Forecast

- 1.6 Base budget and savings programme risks that have not yet crystallised and mitigations that are being considered to address these, including financial implications, are:

- **Travel Assist Transport Provision.** The expected impact of the alternative provision for the transport provider who went into administration has been factored into the forecast. However, there are further risks which remain relating to this area which cannot yet be quantified:
 - The current framework agreement for other transport providers expires in October and will be replaced by a new Dynamic Purchasing System (DPS) framework.
 - The new framework will need to reflect increased environmental standards requirements and the effect of the Birmingham Clean Air Zone which comes into force in Jan 20 could lead to increased costs from suppliers and other changes which could lead to increased costs.
 - Any effect on costs of increasing numbers of SEND pupils requiring transport.
- **SENAR Staffing** - This budget supports SENAR staffing along with costs associated with tribunals, complaints and mediations. In previous years this budget has been supported by SEN Reform grant funding, which has now come to an end. The previous grant funding was £1.100m and whilst an increase to the budget was made this only amounted to £0.625m, leaving a potential gap of £0.475m. Based on the current staff in post and assuming that no vacancies are filled during the year, current projections suggest a balanced budget is possible, however this remains an area of concern given the pressures and challenges facing the Special Needs sector. A review of the staffing structure is underway which will seek to align the structure with funding on a sustainable basis.
- **Early Years Day Nurseries**– There is a budget set aside of £0.250m to support the whole of the Early Years estate. Whilst work is ongoing to ensure that costs are minimised, it is not yet clear if this will be sufficient to cover all of the expected costs, as the transfer of day nurseries may have an effect on costs. The assumed income from leases to Private Voluntary Independent organisations (PVIs) of the

Day Nurseries is based on calculated lease costs. However it is possible that due to the state of some of the Day nursery buildings, this could reduce as part of the negotiations with providers. The impact cannot be confirmed until the lease negotiations are fully complete.

- **Adult Education** - a potential overspend of £0.600m is being forecast relating to an expected shortfall on the income from fees and charges, which also arose in 2018/19. This is related to the Commercialisation savings which were agreed by the service. This potential overspend in 2019/20 is expected to be mitigated by a combination of a draw down from reserve and other measures which are being explored. A more sustainable solution will be required going forward.
- **Education PFI** – At the 2018/19 Outturn the Council recognised the need to create an Education PFI Reserve in order to ensure that there are sufficient resources to fully finance the remaining life of the contract to the extent that the unitary payments exceed the Government grant received in future years. A significant amount of work has been undertaken reviewing the education PFI contracts. It is envisaged that an additional £5.162m would be needed in PFI reserve to cover expected PFI liabilities to the end of the term of the contracts.

Savings at risk

- 1.7 The main saving at risk in Education & Skills is the Travel Assist saving of £1.718m, of which £1.318m is flagged as undeliverable and £0.400m amber rated. In addition there are a number of other savings which are currently flagged as Amber rated, though the intention with these is that remedial action will be taken over the remainder of 2019/20 to ensure delivery or mitigation.

Future Years Issues

- 1.8 Key future years issues include:

Future Years Issues			
	2020/21 £m	2021/22 £m	2022/23 £m
PFI Reserve (Note 1)	2.135	1.041	0.805
Travel Assist – alternative provision for provider in administration and red-rated savings risk(Note 2)	3.888	3.888	3.888
Total	6.023	4.929	4.693

Note 1 PFI Reserve. It should be noted that a further £1.181m will be required between 2023/24 to 2027/28.

Note 2 Travel Assist. Following the administration in March of one of the Travel Assist main transport providers it has been necessary to secure alternative provision for this service. Discussion and negotiation has been underway since April and the expected additional cost of this provision with an alternative provider has been factored into the forecast. In addition the Travel Assist savings which were targeted for 2019/20 and 2020/21, though are red-rated have been flagged as a future year's issue.

Other potential risks not yet quantified are:

- Early Years– transition to new contractual arrangements
- Children Trust commissioning pressures relating to LAC placement demand and remand pressures.
- New Dynamic Purchasing System (DPS) framework for remaining Home to School transport provision
- Service demand pressures
- Workforce sustainability

Finance and Governance Directorate Revenue Budget Management Report Period 3 Forecast



1. Executive Summary

- 1.1 The Finance and Governance (F&G) Directorate net budget for 2019/20 as set at the Council's meeting on 26 February 2019 was £24.914m. This net budget is after approving a savings programme of £2.261m and requiring a further £0.530m savings to be delivered that were achieved on a one-off basis in 2018/19. Following budget adjustments, the net budget for the Directorate is now £25.034m.
- 1.2 At Period 3 the F&G is forecasting an overspend of £0.742m. The overspend is made up by a Base Budget overspend within Development & Commercial of £0.749m which is offset by a small underspend of £0.007m in Audit. The Directorate is actively pursuing solutions to resolve this position.

Table 1: Period 3 Forecast Outturn Position

Directorate	Original Budget	Current Budget	Period 3 Forecast Over/(Under)	Change Since Period 1 (Improvement)/Detorioration	
	£m	£m	£m	£m	%
Development & Commercial	(4.374)	(4.374)	0.749	0.749	-
Service Finance	20.005	19.996	0.000	0.000	-
GBSLEP	0.000	0.000	0.000	0.000	-
City Solicitor	7.754	7.754	0.000	0.000	-
Birmingham Audit	1.529	1.657	(0.007)	(0.007)	-
Holding Accounts and Other Funds	0.000	0.000	0.000	0.000	-
Directorate Total	24.914	25.034	0.742	0.742	-

Table 1a: Period 3 Forecast Outturn Position for Development and Commercial

Directorate	Forecast Base Budget Over/ (Under)	Forecast Savings Non-delivery	Forecast Over/ (Under)	Summary Action Plan	Target Date for completed actions	Direction of Travel (green/red/amber arrows)
	£m	£m	£m			
D & C Finance team	0.000	0.000	0.000			
Major Projects	0.000	0.000	0.000			
Birmingham Loans	0.000	0.000	0.000			
Other Investments	0.000	0.000	0.000			
Acivico Profit Share	0.000	0.000	0.000			
Services managed by Acivico	0.000	0.000	0.000			
Procurement Services	0.336	0.000	0.336	Procurement Maturity assessment and Contract review	Oct/Nov 2019	
Outdoor Advertising	(0.087)	0.500	0.413	Directorate wide budget deep dive and Spend review	Sept/Oct 2019	
Commercial Business	0.000	0.000	0.000			
Total	0.249	0.500	0.749			

Key Issues Identified up to Period 3

- 1.3 The key issues that are included within the F&G Directorate's forecast overspend are:

1.3.1 Development & Commercial

Development and Commercial is reporting a forecast outturn overspend of £0.749m against the annual budget of (£4.374m). This is mainly driven by

- £1.111m projected shortfall against the Digital advertising due to general economic conditions and Brexit uncertainty affecting the general advertising market. In addition at a local level BT cabling impacting on the Lancaster build and the announcement that Five Ways underpass would close.

This projected overspend is being mitigated partly by £0.682m non contribution to the World Indoor Athletics (WIA) reserve and £0.016m of other minor variations resulting in a £0.413m overspend.

The Advertising budget transferred into the F&G Directorate with the budget pressure as part of the 2019/20 Council wide restructure.

- £0.336m projected shortfall on Procurement income as a result of shortfall in fees and charges.

The Procurement team continues to carry full time vacancies pending the anticipated outcome of the PWC 12 week procurement maturity assessment. The vacancies are currently being filled through the use of interims which continue to create pressure on the budget position.

The Procurement team is also partly funded through internal recharging for procurement and project support and this income line is subject to fluctuation dependent on the procurement workplan.

Mitigating Plan

The projected overspend within Development and Commercial is being mitigated partly by £0.682m non contribution to the World Indoor Athletics (WIA) reserve and £0.016m of other minor variations.

A procurement maturity assessment with PWC is planned with a view to helping shape the future of the Council's Procurement department for the benefit of the wider organisation. It is anticipated that to deliver this work,

additional budget of £0.105m will be required, which will form an application to the Invest to Improve budget.

This review will take approximately 12 weeks to conclude, following which it is anticipated that a future structure will have been designed from which approval can be sought to recruit to any existing vacancies.

The increased cost of the use of interims is being offset to some extent by not filling all existing vacancies with interims and in some cases the costs of interims is being fully funded by Directorates \ specific project budgets e.g. Brum Breathes, Waste and CWG.

Other WM Heads of Procurement are also being contacted to ascertain whether any procurement staff would be interested in a secondment into BCC to alleviate the requirement for Interims. In addition, workload is prioritised.

A paper agreed by CMT in February 2019 set out the process by which a proportion of any savings delivered by procurement can be ringfenced and transferred in the budget to offset the £0.300m savings target in 2019/20. For all projects within the 2019/20 Procurement workplan has identified which projects will either deliver a cashable saving; are one off or project procurements e.g. CWG, BMHT works; are grant or HRA funded or savings are already committed as part of an existing council savings reference.

By working with finance Business Partners (BPs) to validate this categorisation it will enable finance BPs and Procurement to present and agree with budget holders which projects (with cashable revenue savings) can be used to achieve the agreed savings target. It is anticipated that this will be agreed over the next month.

1.3.2 Service Finance

At the end of period 3, Service Finance is reporting a nil variance, subject to a successful application to the Invest to Improve Budget to fund planned improvement work as summarised below.

The recent CIPFA report into the Council's Financial Management arrangements identified a series of recommendations for improvement in the Council's financial management arrangements. These were set out in recent briefings to CMT, EMT and Scrutiny Committee Chairs and the Chair of the Audit Committee,

The Finance Service is in the final stages of developing a comprehensive improvement plan that will cover 2019/20 and 2020/21 to achieve an improvement to 3 star rating in Financial Management across the Council during 2020.

This plan is due to be completed and incorporated into the Finance Business Plan by early August. This incorporates a number of improvement work streams, some of which are in delivery, with the final elements linked to ERP

Programme business change requiring integration once the ERP Change partner is operational:

- **CIPFA Improvement Plan-** delivery plan workshops and training with Elected Members, CMT, service directors and their budget holders as well as with the Finance Team have commenced.
- **Owning & Driving Performance (ODP)** – the culture change programme for all staff within Finance launched in June and will run throughout the remainder of the year.
- **Investment in resilience and wellbeing** workshops to support staff and address the areas of risk identified in the 2018 staff survey took place between March and June. Together with the ODP programme represents critical investment in staff to support them on the improvement and change journey.
- **Investment in expert interim finance business partnering** capacity are engaged and currently working to support Directorates and to drive the development of working practices, skillsets and knowledge of the substantive in-house finance team until Spring 2020.
- **Development of Target Operating Model and design of future Finance Structure, together with a comprehensive training, development and succession plan for the medium term.** This will commence in the late summer with an expected implementation in the Spring of 2020 at which stage interim staff resource will transition out of the organisation.
- **Internal Finance Improvement Team**, supplemented by interim process change capacity is actively engaged in end to end business process and procedure review which form the foundation of robust financial administration and reporting. Revisions to current practices are required in the short term together with improvements in the use of financial systems and processes using the existing SAP ERP solution. This is critical to stabilising business as usual activities including securing data quality for 2019/20 budget monitoring, forecasting and 2020+ budget development ahead of the ERP Programme
- **The ERP Programme** and invest to save business case is being considered for approval of the Final Business Case, associated budget and award of contracts to a System Integrator partner and replacement ERP IT by Cabinet on 30 July. This will establish the medium to long term operating platform for future financial management.
Integration and alignment of the business change element within the ERP Programme and the current improvement work of the internal Finance Improvement team will be critical to achieving sustainable improvement over the medium term.

Over the course of 2019/20, the Finance team therefore needs additional resources to support both the delivery of business as usual and to respond to the CIPFA recommendations for improvement to achieve 3 star Financial Management standard during 2020. The team needs to be developed from the existing traditional book-keeping and reporting model, into a proactive and

enabling service that adds value in advising and supporting the strategic decisions of Service Directorates and operating using streamlined and automated financial systems and procedures. That improvement journey towards a 5 star Financial Management organisation is currently estimated to be 3 years.

Delivery of this comprehensive improvement programme will be partially funded from the Finance base budget but will need supplementary funding through an application against the Invest to Improve budget as set out in the table below.

The gross cost of the investment required in 2019/20 is £2.550m. £1.358m has been identified within the Finance base revenue budget. The application for the balance of required funding is £1.192m from the Invest to Improve Budget held in the Policy Contingency which has been set aside for services to invest in sustainable change programmes where no direct cashable savings can be readily identified, but from which the wider organisation will benefit. In the event that the additional funding is not approved, this would require interim staff resource to be terminated early and/or CIPFA improvement work to be curtailed. This would result in an inability to deliver the finance focused improvement work.

Forecast at Period 3			
	Budget Required £	Proposed Funding Source	
		Finance base budget, Service contributions and Savings £	Application to Corporate Funding for transformation £
Forecast Cost of Interim Resource	2.150	1.341	0.809
Forecast cost - Resilience and Wellbeing Coaching	0.010	0.010	-
Forecast cost - ODP	0.050	-	0.050
Forecast cost - CIPFA	0.340	0.008	0.332
Estimated Total Cost	2.550	1.358	1.192

1.3.3 Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP)

The GBSLEP is a self-funded service made up of a gross expenditure budget of £1.172m against a gross income budget of £1.172m. At the end of Period 3, GSLEP is reporting a nil variance.

1.3.4 City Solicitor

At the end of Period 3, City Solicitor is reporting a nil variance against a net current budget of £7.754m. A budget deep dive is planned in readiness for Period 4 monitoring to ensure better transparency and budget integrity.

At Period 3, savings “FG102 – Reduced External Legal Spend” is reported as Amber. The steps to deliver this saving are currently taking place and as instructions with Counsel are agreed the fees are negotiated. Counsel fees are incurred throughout the year and the instructions might vary as the case progresses. Final negotiation is expected during July/August and delivered by March 2020.

1.3.5 Birmingham Audit

At the end of Period 3, Birmingham Audit is reporting a £0.007m underspend against a net current budget of £1.657m.

1.4 Risks identified but not yet included in the Forecast

The savings identified as “at risk” (i.e. amber) at Period 3 and the management actions being put in place to ensure that they will be delivered are listed below:

Savings Reference	Proposal Title / Description	Amount £m	Commentary
CC104 19+	Commercialisation	0.146	Directorate inherited savings as part of restructure. Savings lead identified at period 3
CC106 19+	Contract Management Savings Opportunities	0.300	Paper agreed at CMT regarding delivery of this saving. Contracts for renewal etc. being drawn up for each Directorate by Corporate Procurement Services to identify potential opportunities for savings delivery and how these can be met by Directorates. Maturity assessment by PWC underway.
FG102 19+	Reduced External Legal Spend	0.200	Working group being established to put in place framework for delivery of reduced external legal fees. Paper to go to CMT to set out options for savings delivery. Saving may have to be delivered in an alternative way in short term pending outcome of working group. To be monitored closely.

1.7 Future Years

Issues that have the potential to impact on future years’ budgets (excluding inflation adjustments) are presented in table 2 below.

Future Years Issues - Describe any that may impact on future years budget				
Future Years	2020/21 £m	2021/22 £m	2022/23 £m	Comments
Base Budget	0.129	0.129	0.129	Budget for AD Audit post needs to be reinstated for 2020-21 onwards
	0.961	0.868	0.685	Realignment of Millenium Point Loan
	0.218	0.218	0.218	NNDR Budget Realignment
Savings	0.500	0.500	0.500	CC4 17+, SS002a and Base Budget - Digital Advertising forecast shortfall
Mitigations	0	0	0	
Total	1.808	1.715	1.532	

Human Resources

Revenue Budget Management Report – Period 03 Forecast

1. Executive Summary

1.1 The Council set the HR Directorate a net budget of £6.629m for 2019/20 at its meeting on 26 February 2019. This net budget is after approving a savings programme of £0.514m and requiring a further £0.204m savings to be delivered that were achieved on a one-off basis in 2018/19. Following budget adjustments the net budget for the Directorate is now £6.597m and remains unchanged at Period 3.

1.2 HR are requesting allocation of one-off Invest to Improve funding of £0.596m in 2019/20 for the following activities:

£0.215m Demand Management – to continue to support delivery of cultural change activity throughout the organisation that recognises the skills, attitudes and behaviours required of a modern council.

£0.069m Career Transition – to support organisational development in the delivery of career transition activity for those areas undergoing restructuring. This investment is not about reinstating resources but ensuring there is the necessary change support across the City Council for those undergoing restructuring

£0.312m Equal Pay – to mitigate potential additional spend in terms of ongoing cases and actions.

1.3 Separately, the service are requesting the use of £0.170m from policy contingency reserve. This is in respect of ensuring historical data is cleansed to reflect an accurate position in terms of payments and allowances.

1.4 At Period 03 the HR Directorate is forecasting a balanced budget.

Table 1: Period 3 Forecast Outturn Position							
Directorate	Original Budget	Current Budget	Period 3 Forecast Outturn	Period 3 Forecast Over/(Under)	Period 1 Forecast Over/(Under)	Change Since Period 1 (Improvement)/Deterioration	
	£m	£m	£m	£m	£m	£m	%
Schools	0.141	0.141	0.141	0	0	0	-
HR Services	6.456	6.456	6.456	0	0	0	-
Directorate Total	6.597	6.597	6.597	0	0	0	-

Key Issues Identified up to Period 3

1.5 No key issues have been identified at this stage for HR.

Future Years

1.6 No issues have been identified that affect future years.

Future Years Issues			
	2020/21 £m	2021/22 £m	2022/23 £m
Base Budget	0	0	0
Savings	0	0	0
Mitigations	0	0	0
Total	0	0	0

Inclusive Growth Directorate Revenue Budget Management Report – Period 3 Forecast

1. Executive Summary

- 1.1 The Council set the Inclusive Growth Directorate a net budget of £103.977m for 2019/20 at its meeting on 26 February 2019. This net budget is after approving a savings programme of £2.836m and requiring a further £1.934m savings to be delivered that were achieved on a one-off basis in 2018/19. Following budget adjustments, including the transfer of Educational Skill and Infrastructure to Education and Skills Directorate plus other minor changes, the net budget for the Directorate is now £97.604m.
- 1.2 At Period 3 the Inclusive Growth Directorate is forecasting an overspend of £0.594m. The overspend is made up by a Base Budget underspend of £0.252m and Savings non-delivery of £0.794m. The Inclusive Growth Directorate is actively pursuing solutions to resolve this position. At Period 3 £0.134m of new savings have been identified as mitigations and are included in the forecast.

Table 1: Period 3 Forecast Outturn Position

Directorate	Original Budget	Current Budget	Forecast Outturn	Forecast Base Budget Over/ (Under)	Forecast Savings Non-delivery	Forecast Over/ (Under)	Period 1 Forecast Over/ (Under)	Change since Period 1 (Improvement)/ Deterioration	
Inclusive Growth	£m	£m	£m	£m	£m	£m	£m	£m	%
P&D City Centre, EZ, BDI	3.257	(0.701)	(1.491)	(0.790)	0.000	(0.790)	0.000	(0.790)	0.000
Transportation & Connectivity	46.159	46.095	46.095	0.000	0.000	0.000	0.000	0.000	0.000
P&D Strategy & Planning	0.963	4.670	4.330	(0.440)	0.100	(0.340)	0.000	(0.340)	0.000
Birmingham Property Services	(3.743)	(3.567)	(2.427)	1.140	0.000	1.140	0.000	1.140	0.000
Housing Development	(0.322)	(0.322)	0.372	0.000	0.694	0.694	0.000	0.694	0.000
Highways & Infrastructure	43.483	43.485	43.375	(0.162)	0.052	(0.110)	0.000	(0.110)	0.000
Inclusive Growth Director	7.718	7.944	7.944	0.000	0.000	0.000	0.000	0.000	0.000
Directorate Total	97.515	97.604	98.198	(0.252)	0.846	0.594	0.000	0.594	0.000

Key Issues Identified up to Period 3

- 1.3 The key issues that are included within the Inclusive Growth Directorate's forecast overspend are:

Base Budget and Savings Key Issues:

- Planning & Development (City Centre, Management & EZ) - £0.790m Surplus:
 - £0.560m employee underspend (net of agency costs);
 - £0.230m planning application fee income over-recovery.
- Planning & Development (Strategy & BDI) - £0.340m Surplus:
 - £0.440m employee underspend;
 - £0.100 European & International Affairs self-funding 'Saving'. Until financial plan is finalised uncertainties remain around income generation.
- Property Services - £1.140m Deficit:
 - £0.900m commercial income under-recovery;
 - £0.240m central administration buildings (CAB) income under-recovery.
- Housing Development - £0.694m Deficit:
 - £0.694m InReach 'Saving' income under-recovery. Resulting from delays experienced in progressing agreements and uncertainties and risk around schemes.
- Highways & Infrastructure - £0.110m Surplus:
 - Highways energy cost balanced. This is subject to Cabinet approval of an allocation of ongoing Corporate Policy Contingency to address the forecast £0.600m overspend resulting from unit price increases;
 - £0.200m highways permits and licences income over-recovery;
 - £0.100m city centre car parking and enforcement surplus. This includes one-off mitigation of £0.052m for in year delays in delivery of 'Saving' SN35 16+ 'Expansion of on-street parking';
 - £0.190m local car parking deficit.

Savings that cannot be achieved in line with the original proposals and the ongoing mitigations:

- SN1 Sharing of Highways Maintenance Database £0.050m – £0.050m delivered through a reduction in Traffic Regulation Order expenditure;
- CC103 19+ Review of Non-Essential Expenditure £0.084m - To be delivered via an increase in planning pre-applications income.

- 1.4 Current budgetary pressures and the mitigations that are being considered, (including financial implications where known):

Table 1a: Period 3 Forecast Outturn Position for Assistant Director Property Services						
Directorate	Forecast Base Budget Over/ (Under)	Forecast Savings Non-delivery	Forecast Over/ (Under)	Summary Action Plan	Target Date for completed actions	Direction of Travel (green/red/amber arrows)
	£m	£m	£m			
Commercial Income under-recovery	0.900	0.000	0.900	<ul style="list-style-type: none"> Targeting High Value Lease Renewals/Rent Reviews; Targeting Supplemental Rents; Investment Strategy - Accelerating acquisition of new stock to generating increased rental income; External support engaged: <ul style="list-style-type: none"> Strategic review of the existing investment portfolio; Identification of target markets. 	<p>External support engaged May 2019/ongoing</p> <p>Ongoing wef May as part of work programme for 2019/20+;</p> <p>Cabinet approval of 'Investment Strategy' 30/07/2019 - External investment manager to be appointed autumn 2019/ongoing</p> <p>Commenced April 2019/ongoing</p> <p>External investment manager to be appointed autumn 2019/ongoing.</p>	
CAB Income under-recovery	0.240	0.000	0.240	<ul style="list-style-type: none"> Review of CAB revenue budgets initiated to establish statutory minimum requirements and cost impact. CMT paper to seek direction on funding budgetary requirements. 	31/07/2019	
Total	1.140	0.000	1.140			

Detail of anticipated implications upon levels of service provision:

- There are no anticipated negative implications on levels of service provision as a direct result of the key issues identified.

Use of base budget underspend:

- Base budget mitigations will be identified where possible to balance the position either at a Division of Service or Directorate level. Please refer to section 1.3 for the current forecast base budget surpluses by Division of Service.

Table 1b: Period 3 Forecast Outturn Position for Assistant Director Housing Development						
Directorate	Forecast Base Budget Over/ (Under)	Forecast Savings Non-delivery	Forecast Over/ (Under)	Summary Action Plan	Target Date for completed actions	Direction of Travel (green/red/amber arrows)
	£m	£m	£m			
Housing Development	0.000	0.000	0.000			
InReach Commercial loan income under-recovery	0.000	0.694	0.694	<ul style="list-style-type: none"> • Loan agreement drafted and circulated for re-commencement of negotiations; • Council and InReach to engage professional advice to consider risk and review of existing planned schemes for deliverability; • Other potential asset disposals to be identified for consideration. 	21/06/2019	
Total	0.000	0.694	0.694			

Detail of anticipated implications upon levels of service provision:

- There are no anticipated negative implications on levels of service provision as a direct result of the key issues identified.

Use of base budget underspend:

- Base budget mitigations will be identified where possible to balance the position either at a Division of Service or Directorate level. Please refer to section 1.3 for the current forecast base budget surpluses by Division of Service.

Risks identified but not yet included in the Forecast

- 1.5 The Inclusive Growth Directorate is not reporting any base budget or saving programme risks/associated mitigations in addition to those detailed.

- The Inclusive Growth Directorate is not reporting any savings identified as “at risk” (i.e. amber).

Future Years

- 1.6 Describe any issues that may impact on future years’ budgets. See overleaf:

Future Years Issues			
	2020/21 £m	2021/22 £m	2022/23 £m
Base Budget Pressures			
Property Services:			
Central Administration Building (CAB) Income	0.240	0.240	0.240
Commercial Income (linked to Commercial Income saving below)	TBC	TBC	TBC
Highways & Infrastructure:			
Highways Energy Costs – Annual increases.	TBC	TBC	TBC
Savings			
Identification of potential values subject to progress made as a result of mitigation actions detailed above and/or general progress on saving delivery:			
Property Services:			
Commercial Income	TBC	TBC	TBC
Operational Hub Programme	TBC	TBC	TBC
Housing Development:			
InReach (Birmingham) Ltd Loan Income	TBC	TBC	TBC
Mitigations			
Identification of potential values subject to progress made as a result of mitigation actions detailed above.	TBC	TBC	TBC
Total	TBC	TBC	TBC

Revenue Budget Management Report

Neighbourhoods Directorate

1. Executive Summary

- 1.1 The Council set the Neighbourhoods Directorate a net budget of £99.843m for 2019/20 at its meeting on 26 February 2019. This net budget is after approving a savings programme of £14.982m. Following budget adjustments, including transfers of services to other Directorates as part of the Council's new structure, the net original budget for the Directorate was revised to £99.565m and the budget at Period 3 to £99.545m. There is also a savings target of £3.582m to deliver that was delivered as a one-off in 2018/19.
- 1.2 At Period 3, the Directorate is forecasting an overspend of £13.993m (14%), unless a number of issues can be resolved before year end as discussed within this report. The Department is working on a recovery plan with the support of the Member led Star Chamber to present to Cabinet at the earliest opportunity.
- 1.3 For the Housing Revenue Account a balanced overall revenue position is forecast, with any net overspends or underspends to be managed by corresponding adjustments to the level of HRA borrowing repaid, Reserves or an additional contribution to the capital investment programme.

Directorate	Original Budget	Current Budget	Forecast Outturn	Forecast Base Budget Over / (Under)	Forecast Savings Non-delivery	Forecast Over / (Under)	Period 1 Forecast Over / (Under)	Change since Period 1 (Improvement) / Deterioration	
	£m	£m	£m	£m	£m	£m	£m	£m	%
Street Scene	66.363	66.363	72.693	5.300	1.030	6.330	0.000	6.330	0%
Housing Services	3.760	3.760	5.360	1.550	0.050	1.600	0.000	1.600	0%
Neighbourhoods Management	15.310	15.290	19.636	3.046	1.300	4.346	0.000	4.346	0%
Regulation & Enforcement	0.788	0.788	1.081	0.084	0.209	0.293	0.000	0.293	0%
Business Support	13.344	13.344	14.768	(1.074)	2.498	1.424	0.000	1.424	0%
Total	99.565	99.545	113.538	8.906	5.087	13.993	0.000	13.993	0%

1.4 Key Issues Identified up to Period 3

The key issues that are included within the Neighbourhoods Directorate's forecast overspend are discussed below. Recovery plans are being developed so that the Directorate operates within budget range and will be reported to Cabinet at the earliest opportunity. Service redesigns are being undertaken in Waste, Parks, Housing Services and Community Sports and Leisure. The use and replacement of assets such as the waste fleet is being evaluated to

improve cost efficiency and service uptime. Contracts for services with partners and commercial entities are being assessed to see whether different models can be procured to deliver greater value to customers. Each division of service is analysed in the following section.

Street Scene Service – Overspend £6.330m (10%)

Service	Annual		
	Budget £m	Forecast £m	Variance £m
Waste Management	54.910	60.460	5.550
Parks and Nature	11.452	12.232	0.780
Net Expenditure for Service Committee	66.363	72.693	6.330

- £3.000m relates to repair and maintenance and hire costs of waste management vehicles. This is based on an assumption that the capital investment in replacement vehicles will take a lead time of 6 to 9 months.
- Due to centralisation of IT services there remains a £0.500m pressure to cover specific IT licences for waste collection services.
- Loss of recharge income of £0.750m from fleet repairs service, where internal customers have either opted for leasing or long term hire from external providers.
- Loss of business to competitors associated with street cleansing at major events at City Centre £0.500m.
- The service is undertaking a redesign of its street scene service in order to deliver on a number of savings initiatives. As the redesign is expected to become operational in October 2019 there is a pressure of £0.800m.
- In relation to parks service a past savings initiative of £0.600m regarding the disposal of parks land has not delivered due to resistance from the community of selected sites. Parks service has identified additional sites for disposal as mitigation. However lead time will mean this remains a pressure.
- An increase in income across the service through sports hire and car parking income of £0.180m is subject to market demand and the implementation of three new sites has not been realised due to delays associated with consultation process.

Neighbourhoods Service – Overspend, £4.346m, (28%)

Service	Annual		
	Budget £m	Forecast £m	Variance £m
Community Sport	4.196	8.186	3.990
Neighbourhood	2.520	2.279	(0.242)
Cultural Development	8.574	9.171	0.597
Net Expenditure for Service Committee	15.290	19.636	4.346

- Health and Wellbeing Centres (HW2) step up saving relied upon externalising the remaining 8 sites at reduced cost. Various permutations have led to the net budget for this service being significantly below what was envisaged. A fundamental reassessment is required. It is forecast that the £0.600m budget saving cannot be delivered
- Mitigations to partially offset reductions in budget and reduced public health funding have been delivered, but a £0.6m pressure remains.
- A pressure has been created due the grant provided to The Active Wellbeing Society (TAWs) above the level that was affordable. The budget did not allow for the fact that the management of the service and the technical team would remain with the council as this is a requirement to effectively deliver the retained sites
- There are pressures relating to the retention of Moseley Road baths and the delayed outsourcing of Great Barr Leisure Centre and below budget performance of Linden Road pool
- Major Events, £0.597m relates to potential commitments on the major events programme, £0.653m, that is offset by underspend on the arts budget (£0.056m). Historically, major events were able to manage increases and decreases in commitments over financial years; however this is no longer in place.
- Additional TUPE costs of £0.058m related to operation of Harborne Pool.

Housing Service – Overspend, £1.600m, (43%)

Service	Annual		
	Budget £m	Forecast £m	Variance £m
Private Sector Housing	(0.253)	(0.253)	0.000
Housing Options	4.256	5.856	1.600
Shelforce	(0.243)	(0.243)	0.000
Net Expenditure for Service Committee	3.760	5.360	1.600

- Higher demand in temporary accommodation £0.600m based on a projected utilisation of B&B (high unit cost) accommodation at a maximum of 375, and an assumption that any increase in overall homelessness numbers is accommodated within existing and increased (lower unit cost) facilities such as Hostels and dispersed properties.
- Bad debt provision £1.000m is projected in line with past trends

Regulation & Enforcement Service - £0.293m, (37%)

Service	Annual		
	Budget £m	Forecast £m	Variance £m
Bereavement Services	(4.935)	(4.905)	0.030
Markets	(1.281)	(0.785)	0.496
Regulatory Services	7.004	6.771	(0.233)
City Centre	0.001	0.001	0.000
Net Expenditure for Service Committee	0.788	1.081	0.293

- lower income from markets, £0.496m principally rent/service charge pressure related to Indoor Market voids and Indoor Market debt and regulatory services
- A combination of underspends in salaries, premises and transport of £0.203m offset the lower market income.

Business Support - £1.424m, Overspend (11%)

Service	Annual		
	Budget £m	Forecast £m	Variance £m
Neighbourhoods Business Support	1.072	1.272	0.200
Neighbourhoods Central Support Cost	12.273	13.497	1.224
Net Expenditure for Service Committee	13.344	14.768	1.424

- Business support services include central service costs as well as directorate wide savings initiatives. Asset and Property Disposal savings (£1.224m is anticipated) will not deliver due to resistance evident from the community consultations. The Directorate is finding additional assets and properties for disposal to offset this pressure.
- The remaining overspend relates to staffing costs over establishment.

1.5 Risks identified but not yet included in the Forecast

The Directorate has identified a number of risks which are being actively managed, these include:

- Housing Options is currently showing an overspend £1.600m, however if homelessness cases presenting increase beyond the capacity of housing services, costs may increase by an estimated £4.000m.
- Coroners staffing risk of £0.436m is expected to be met within divisional budgets through improved income projections for Environmental Health and Bereavement services. However, there remains an unquantified risk regarding ongoing building and maintenance costs for the Coroners court and Mortuary services.
- Shelforce are working on alternative income streams to cover the £0.235m risk, for example, processing orders from Housing Revenue Account repairs and maintenance capital schemes and Mod Pod installations within our BMHT housing development programme.
- Neighbourhoods is actively working to mitigate the known pressures and overspends reported with a view to quantify and provide implementation plans over the coming weeks.
- Street Scene: whilst awaiting the permanent replacement of Waste Vehicles, the waste service will look to partially mitigate costs by switching from spot hires to a longer term contractual commitment.
- Street Scene: with the loss of recharge income in fleet repairs, partnerships are being explored with other local authorities to share

resources and improve productivity in line with service requirements, however, savings are unlikely to be achieved this year.

- Street Scene: a partial mitigation for costs within street cleansing at major events the service proposes to introduce a bond scheme at safety advisory groups to ensure that costs of mopping-up operations are recovered from Event organisers.
- Parks service has identified and is progressing land sales over and above those planned for as part of existing saving initiatives (ref: SN45). Work is underway to quantify the value of the mitigation.
- Neighbourhoods: The Long Term Financial Plan and Transformational programme for leisure always anticipated a review of Health & Wellbeing Centres. The review will be concluded promptly once the future budget envelope, brought about by the duplicated budget savings, is resolved. In the meantime cost control measures are being implemented across the division to partially limit the inherent overspend in Sport & Wellbeing.
- Housing : Whilst the housing service aim to utilise B&B accommodation as the least favourable option (financially and for residents) we still face a pressure as current projections for temporary accommodation suggest a net increase of 15 households per week. To address this medium to longer term risk, the service are to launch two pilots to test new ways of working as part of the whole housing redesign model, a prevention hub model and Homeless on the Day approach.

1.6 Future Years – issues that may impact on future years budgets

- Street Scene: future requirements for Vehicle Replacement beyond the current capital investment to address the aging fleet will be provided in a future report with a view to inform the future year's capital programme.
- Street Scene: there is a continual growth in waste to be collected and this will put pressure on street scene services in future years beyond our current resources in the Long Term Financial Plan (LTFP).
- Directorate wide: continued responsive repair bills across all Directorate property and assets without a financial sustainable solution for example, repairs to aging community leisure centres, parks buildings, parks infrastructure, Mortuary services.
- Homelessness: capacity on temporary accommodation to anticipate and address increasing demand in Birmingham will require a joint approach with adult social care and other system partners.

Partnerships, Insight and Prevention

1. Executive Summary

- 1.1 The Council set the PIP Directorate a net budget of £4.050m for 2019/20 at its meeting on 26 February 2019. This net budget is after approving a savings programme of £0.548m. Following budget adjustments, including transfers of services from other Directorates as part of the Council's new structure, the net budget for the Directorate is now £6.174m.
- 1.2 At Period 3 the Directorate is forecasting an overspend of £0.180m against the budget of £6.174m. This overspend is in respect of the commitment to decommission obsolete CCTV cameras as per a review of the Council's CCTV estate. As this is yet to be implemented, there is a legacy maintenance pressure arising in the PIP Directorate. A request for Policy Contingency funding of £0.281m is being requested in order that a programme of decommissioning the CCTV cameras is undertaken. Please see 1.3 for more details.

Table 1: Period 3 Forecast Outturn Position

Directorate	Original Budget	Current Budget	Forecast Outturn	Forecast Base Budget Over/(Under)	Forecast Savings Non - delivery	Forecast Over/(Under)	Period 1 Forecast Over/(Under)	Change Since Period 1 (Improvement)/Deterioration	
	£m	£m	£m	£m	£m	£m	£m	£m	%
Asst Chief Exec	5.101	4.834	5.014	0.180	-	0.180	-	0.180	-
Communications	1.340	1.340	1.340	-	-	-	-	-	-
Public Health	0.000	0.000	0.000	-	-	-	-	-	-
Directorate Total	6.441	6.174	6.354	0.180	-	-	-	-	-

Key Issues identified up to Period 3

- 1.3 It is anticipated that there will be an overspend of £0.180m on the running costs of the Community Safety CCTV equipment in 19/20. This is in respect of the commitment to decommission obsolete CCTV cameras as per a review of the Council's CCTV estate which is yet to be implemented. Due to this, there is a legacy maintenance pressure now manifesting in the PIP directorate.

A request for Policy Contingency funding of £0.281m is being requested in order that a programme of decommissioning the CCTV cameras is undertaken. These cameras are either obsolete, dysfunctional or no longer achieve operational requirements. This programme will avert budget overspends from 2020/21 onwards.

A report is to be presented to Cabinet on 30 July on the Birmingham City Council Assurance Framework for the establishment of a Strategic Programme Board (SPB) as a response to the findings of the Birmingham Improvement Panel. The report proposes that a budget of £0.150m be allocated to support the effective operation of the SPB over a 12 month period (July 2019 – July 2020). Therefore £0.112m is requested from Policy

Contingency for 2019/20 and the balance of £0.038m will be included in the budget pressures submission for 2020/21.

Risks identified but not yet included in the Forecast

- 1.4 There is £0.073m showing as amber for two of the savings lines. These are in respect of services that have transferred into the Directorate and relate to efficiency and workforce savings. Plans are currently being worked on in order that these will be met and it is anticipated that there are no risks to delivery.

Future Years

- 1.5 None identified

Future Years Issues N/A			
	2020/21 £m	2021/22 £m	2022/23 £m
Base Budget Pressures	0	0	0
Savings	0	0	0
Mitigations	0	0	0
Total	0	0	0

Public Health Report

Public Health is currently funding operations this year from reserves as shown in the table below. This is due to the reduction in grant and changes to plan due to issues arising in consultations and particularly the priorities with recognition that the service needed more time to adjust to the new grant level. In the new budget financial planning process it will also be necessary to review the Public Health Grant support to other directorates programmes to ensure that the overall balance of priorities is maintained going forward and maximum impact and outcomes to grant funded activity.

Appendix - 2019/20 Public Health Budget

Subjective	Budget £m
Direct Employees	2.781
Indirect Employees	0.007
Transport	0.063
Supplies and Services	17.693
Third Party Payments	71.276
Gross Budget	91.820
Income - Public Health Grant	(88.432)
Deficit	3.388
<u>Funded by:</u>	
Contribution from Reserve (already budgeted)	(1.593)
* Additional reserve to be appropriated	(1.795)
Total	0

Education & Skills Directorate

DSG Forecast

1. Executive Summary

- 1.1 The Dedicated Schools Grant (DSG) is a highly prescribed and ring-fenced grant which is currently budgeted at £645.975m. It is the primary source of funding that is delegated /allocated to schools and other educational providers for their revenue costs as well as funding certain prescribed centrally managed provision. The funding is shown in Table 1 below. The total funding for Birmingham is £1,188.833m, of which £542.858m is currently recouped by the Education Funding Authority (EFA) to directly passport funds to academies and free schools, leaving £645.975m to be funded by the City Council.
- 1.2 At Period 3 the DSG the DSG budget is analysed across the 4 Funding Blocks as follows:

Table1

	Funding	Less	BCC	Forecast	Over/	Over/
		Recoupment	Funding	Period 3	(Under)	(Under)
					Period 3	Period 1
	£m	£m	£m	£m	£m	£m
Schools Block	918.160	515.358	402.802	402.802	0.000	0.000
High Needs Block	161.971	26.600	135.371	135.371	0.000	0.000
Early Years Block	90.662	0.900	89.762	89.762	0.000	0.000
Central Services Block	18.040		18.040	18.040	0.000	0.000
Total	1,188.833	542.858	645.975	645.975	0.000	0.000

- 1.3 The Directorate have not reported any variations on the DSG at Period 3, but have identified potential risks and mitigations in the High Needs Block detailed below.

Risks and Mitigations identified but not yet included in the Forecast

- 1.4 Budget risks that have not yet crystallised and mitigations that are being considered to address these, including financial implications, are:
- **High Needs.**
The level of spend on High Needs is an area of concern, which is a concern nationally. At the end of 2018/19 the cumulative deficit on High Needs was £16.037m. The Directorate is developing and will be implementing a 5 year deficit recovery plan in 2019/20; this includes £1.400m funding to be applied to innovate to save initiatives in 2019/20 academic year. In 2019/20 there is an intention to mitigate an immediate

overspend risk of £1.794m in the high needs block via the management of costs and demand. This is being reviewed monthly and a substantial update will be provided at period 6 when the new academic year placement of pupils will be known and costed.

The Alternative Provision, Attendance and Independent School's service area have identified £0.200m of savings, due to minimal number of pupils being placed in alternative provision in 2019/20 to date.

- **School Deficits.** The Directorate is supporting schools with deficits to either come out of deficit and/or stop them increasing. As at 31/3/2019 the net balance on schools was £47.400m, which comprised £59.000m surplus balances and £12.600m deficit balances. The growing level of deficit is an increasing concern since where those deficits are not addressed and schools are directed to become academies due to poor educational performance. BCC are required to fund these deficits and the 1st July saw the conversion of John Wilmott secondary school that had deficit of £1.589m at the end of the 18/19 financial year. The extent of the final deficit to be funded by BCC will be calculated by the end of period 6.
- **Admissions and Appeals.** The service could receive less income approx. £0.100m due to unclear DfE guidance on charging of academies for admission appeals. The budget holder is seeking further legal clarification, though at this stage no adverse impact has been assumed.

1.5 Table 2 sets out the Period 3 forecast out-turn position for 2019/20.

Table 2: Period 3 Forecast Outturn Position							
Directorate	Original Budget	Current Budget	Period 3 Forecast Outturn	Period 3 Forecast Over/(Under)	Period 1 Forecast Over/(Under)	Change Since Period 1 (Improvement)/Deterioration	
	£m	£m	£m	£m	£m	£m	%
Service							
School Settings/Improvements	1.273	1.273	1.273	0.000	0.000	0.000	-
Admissions & Placements	2.972	2.772	2.772	0.000	0.000	0.000	-
Education Skills & Infrastructure	0.047	0.047	0.047	0.000	0.000	0.000	-
Early Years	63.350	63.254	63.254	0.000	0.000	0.000	-
Schools Delegated Budgets	493.668	468.288	468.288	0.000	0.000	0.000	-
DHSchools Funding Central	(653.064)	(635.647)	(635.647)	0.000	0.000	0.000	-
LACES	1.613	1.613	1.613	0.000	0.000	0.000	-
Higher Needs	80.446	88.815	88.815	0.000	0.000	0.000	-
Access to Education	5.663	5.663	5.663	0.000	0.000	0.000	-
Complex Needs Care	0.110	0.000	0.000	0.000	0.000	0.000	-
Early Support Service	1.673	1.673	1.673	0.000	0.000	0.000	-
Early Help & Childrens	0.069	0.069	0.069	0.000	0.000	0.000	-
Business Support	2.180	2.180	2.180	0.000	0.000	0.000	-
Directorate Total	0.000	0.000	0.000	0.000	0.000	0.000	-

2 Future Years

2.1 Key future year's issues include:

High Needs Block

Nationally the gap between allocated high needs funding and local spending to meet demand is forecast to continue to increase. Increases in demand are due to many factors, and include:

- Additional unfunded statutory obligations arising from the 2014 SEND reforms
- Increasing numbers of pupils with high needs and increasing complexity of need.

The level of spend on High Needs is an area of concern, which is a concern nationally. At the end of 2018/19 the cumulative deficit on High Needs was £16.037m. Latest modelling of pupil pipeline data shows that growth in demand is outstripping available local resources. Currently, if no action is taken and there is no national increase in funding, there is a forecast cumulative deficit for the High Needs Funding Block shown in the table below:

Table 3

Year	Cumulative Deficit
	£m
2019/20	17.300
2020/21	29.200
2021/22	40.100
2022/23	50.000
2023/24	59.900

The Directorate is developing and will be implementing a 5 year deficit recovery plan in 2019/20, including £1.400m funding to be applied to innovate to save initiatives in 2019/20 academic year.

School Deficit Balances

The Directorate is supporting schools with deficits to either come out of deficit and/or stop them increasing. As at 31/3/2019 the net balance on schools was £47.400m, which comprised £59.000m surplus balances and £12.600m deficit balances. The growing level of deficit is an increasing concern since where those deficits are not addressed and schools are directed to become academies due to poor educational performance BCC is required to fund the deficits.

The Directorate have produced and presented a School Financial Deficit Action Plan to CMT (13th May 2019) of the level of financial deficits in schools at the 2018/19 out-turn and outlined the action plan which has been developed to seek to minimise future levels of deficits, to avoid additional financial risk to the Council.

The Deficit Recovery Action plan was also reported to Schools Forum in June and actions agreed which will mean greater engagement of the Schools Forum, including a Schools Forum representative on the Schools Finance Governance Board and quarterly reporting of the schools deficit position to Schools Forum.

Housing Revenue Account

- 1.1 A balanced overall revenue position is forecast, with any net overspends or underspends to be managed by corresponding adjustments to the level of HRA borrowing repaid or Reserves.

Annual			
£'000	Budget	Forecast	Variance
Expenditure	205,019	205,716	697
Income	(274,089)	(274,786)	(697)
Below the Line Analysis	69,070	69,070	0
Net Expenditure	0	0	0

- 1.2 Pressures on the HRA include:
- Repairs contract pension provision for 2020/21 and 2021/22 based on extending the current contracts for 2 years, estimate £1.000m.
 - In addition, 'seed funding' for the Ladywood Development project, estimate as £0.600m in the current year and £0.700m in future years.
 - HRA Restructure Phase 2 costs are estimated £0.400m
 - Other pressures arising, including impact of Hackett report, tenancy conditions review and stock condition survey are yet to be quantified over the coming weeks.
- 1.3 Overall there are sufficient forecast savings on HRA expenditure to cover current specific pressures where costs have been identified.
- Savings on Repairs Contract - Voids £1.100m if void levels similar to 2018/19, repair costs and gas servicing costs £0.500m due to numbers of properties.
 - Savings on employee costs - a combination of savings identified from the Phase 1 restructure and other vacancies

Appendix A

Annex 12 Uses of Reserves

Detailed Breakdown of Proposed Use of / (Contribution to) Reserves							
Directorate making request	Reserve	Reason for request	Original Base Budget £m	Budget Assumed Month 1 £m	Changes Proposed By Month 3 £m	Forecast Proposed Use £m	Variance To original £m
Corporate	Financial Resilience Reserve		(5.910)	(5.910)	0.000	(5.910)	0.000
	Subtotal Use of General Reserves		(5.910)	(5.910)	0.000	(5.910)	0.000
PIP	Policy Contingency - Future Council Programme	To fund Birmingham Independent Improvement Panel (BIIP) costs	0.000	0.000	(0.018)	(0.018)	(0.018)
PIP	Policy Contingency - Graduate Development Programme	Fund National Graduate Development Programme	0.000	0.000	(0.050)	(0.050)	(0.050)
Digital & Customer Services	Revenues and Benefits-Service Transformation	To fund transformation for Revenues and Benefits	0.000	0.000	(1.000)	(1.000)	(1.000)
Digital & Customer Services	Policy Contingency - Information Assurance (GDPR)	2018/19 under-spend to be used in 2019/20 on Information Assurance (GDPR)	0.000	0.000	(0.190)	(0.190)	(0.190)
Finance & Governance	World Indoor Athletics Championship	The P2 monitoring submission seeks approval for the appropriation to the WIA reserve not be made and form a mitigation towards the forecast digital advertising overspend.	0.682	0.682	(0.682)	0.000	(0.682)
Human Resources	Policy Contingency - HR records and payments	Review of HR records to ensure that these are up-to-date and that all payments are made correctly	0.000	0.000	(0.170)	(0.170)	(0.170)
Corporate	Business Rates Section 31 Grant Income	2019/20 Business Rates Section 31 Grant Income Surplus to be Carried Forwards to offset 2019/20 Business Rates Collection Fund Deficit Forecast	0.000	0.000	5.612	5.612	5.612
Corporate	Other Uses of Corporate Reserves		11.179	11.179	0.000	11.179	0.000
	Subtotal Use of Corporate Reserves		11.861	11.861	3.503	15.363	3.503
PIP	Brexit funding	Brexit Grant funding required in 2019/20	0.000	0.000	(0.052)	(0.052)	(0.052)
PIP	INLOGOV	2018/19 under-spend to be used in 2019/20. The £21,000 is already budgeted for	(0.021)	(0.021)	(0.005)	(0.026)	(0.005)
PIP	Public Health	Transition funding required in 2019/20	(1.593)	(1.593)	(1.795)	(3.388)	(1.795)
Digital & Customer Services	DCLG Local Digital Fund Grant	2018/19 under-spend to be used in 2019/20	0.000	0.000	(0.042)	(0.042)	(0.042)
Finance & Governance	Elections Individual Electoral Registration Grant	Reduce budgeted use of reserve in line with the available reserve balance.	(0.200)	(0.200)	0.044	(0.156)	0.044
Inclusive Growth	CIL - City Wide Projects	Known amounts to be received during year	0.000	0.000	0.203	0.203	0.203
Inclusive Growth	Section 106's-Inclusive Growth	Section 106 Grant Income Received up to Period 3	0.000	0.000	0.253	0.253	0.253
Inclusive Growth	Underpayments & Disputed Sum Reserve	PFI payment deductions to date	(15.000)	(15.000)	5.478	(9.522)	5.478
Inclusive Growth	Clean Air Zone Grant Allocation	Conditional Grant received in advance of profile expenditure	0.000	0.000	5.788	5.788	5.788
Neighbourhoods	Controlling Migration Gund	To fund MCHLG projects controlling migration from Grant received in 2018/19 to be spent in 2019/20	0.000	0.000	(0.112)	(0.112)	(0.112)
Various	Other Uses of Grant Reserves		(12.392)	(12.392)	0.000	(12.392)	0.000
	Subtotal Use of Grant Reserves		(29.206)	(29.206)	9.758	(19.448)	9.758
Digital & Customer Services	Landing Team	2018/19 under-spend to be used in 2019/20	(2.665)	(2.665)	(0.387)	(3.052)	(0.387)
Education & Skills	DFE Grant - System Improvement	Fixed term Children's Service Improvement Programme	0.000	0.000	(0.070)	(0.070)	(0.070)
Education & Skills	SEND preparation for Employment	Job Coach Training funded by DfE	0.000	0.000	(0.198)	(0.198)	(0.198)
Education & Skills	SSI-SEND	Special Educational Needs (SEN) grant required	0.000	0.000	(0.270)	(0.270)	(0.270)
Education & Skills	Arts Connect/Other Local Authorities	2 year grant funding received in 2018/19 to be utilised in 2019/20	0.000	0.000	(0.190)	(0.190)	(0.190)
Finance & Governance	Insurance	To fund potential claims in 2019/20. This is subject to review.	0.000	0.000	(1.950)	(1.950)	(1.950)
Finance & Governance	Unidentified Income	Unidentified Income carried forward to be allocated to Directorates	0.000	0.000	(1.112)	(1.112)	(1.112)
Various	Other Uses of Earmarked Reserves		(1.054)	(1.054)	0.000	(1.054)	0.000
	Subtotal Use of Earmarked Reserves		(3.719)	(3.719)	(4.176)	(7.895)	(4.176)
Education & Skills	Non-Schools Dedicated Schools Grant (DSG)	School Forum at the meeting on the 10th January 2019, agreed to fund the shortfall of £699,000 in the 2019/20 growth Fund from the DSG carry forward.	0.000	0.000	(0.699)	(0.699)	(0.699)
Education & Skills	Non-Schools Dedicated Schools Grant (DSG)	Schools Forum at the meeting on the 14th March 2019 agreed to fund the High Needs Innovate to Save initiative	0.000	0.000	(0.500)	(0.500)	(0.500)
	Subtotal Non Schools DSG		0.000	0.000	(1.199)	(1.199)	(1.199)
	Total Use of Reserves		(26.975)	(26.975)	7.885	(19.090)	7.885

Table 2a: Overview of the Forecast Delivery of the 2019/20 Savings Programme- Original Approved Savings								
Directorate	2019/20 Agreed Savings	On Track/ Fully Delivered against Programme	Blue - Fully Delivered	Green-On Track	Amber-At Risk	Red-Non Delivery	Purple- Undeliverable	One off Mitigations to adress Savings Non-Delivery
	£m	%	£m	£m	£m	£m	£m	£m
Adult Social Care	(14.620)	93.7	(3.366)	(10.336)	0.000	(0.918)	0.000	0.000
Digital & Cust Services	(2.773)	31.5	0.711	(1.584)	(1.760)	(0.140)	0.000	0.000
Education & Skills	(8.837)	56.5	0.148	(5.137)	(1.520)	(1.010)	(1.318)	(1.010)
Finance & Governance	(2.261)	71.4	(0.399)	(1.216)	(0.646)	0.000	0.000	0.000
Human Resources	(0.514)	100.0	(0.068)	(0.446)	0.000	0.000	0.000	0.000
Inclusive Growth	(2.836)	91.7	(1.196)	(1.406)	0.000	(0.100)	(0.134)	0.000
Neighbourhoods	(14.982)	70.2	(6.188)	(4.329)	(2.175)	(1.290)	(1.000)	0.000
Partnerships, Insight and Prevention	(0.548)	86.7	(0.475)	0.000	(0.073)	0.000	0.000	0.000
Directorate Subtotal	(47.371)	74.5	(10.833)	(24.454)	(6.174)	(3.458)	(2.452)	(1.010)
Corporate Savings	1.180	100.0	1.180	0.000	0.000	0.000	0.000	0.000
Total Programme	(46.191)	73.8	(9.653)	(24.454)	(6.174)	(3.458)	(2.452)	(1.010)

Table 2b: Overview of the Forecast Delivery of the 2019/20 Savings Programme- One Off Savings								
Directorate	2019/20 Agreed Savings	On Track/ Fully Delivered against Programme	Blue - Fully Delivered	Green-On Track	Amber-At Risk	Red-Non Delivery	Purple- Undeliverable	One off Mitigations to adress Savings Non-Delivery
	£m	%	£m	£m	£m	£m	£m	£m
Adult Social Care	(1.690)	100.0	(1.690)	0.000	0.000	0.000	0.000	0.000
Digital & Cust Services	(4.145)	0.0	0.000	0.000	(4.145)	0.000	0.000	0.000
Education & Skills	0.000	0.0	0.000	0.000	0.000	0.000	0.000	0.000
Finance & Governance	(0.530)	0.0	0.000	0.000	0.000	(0.500)	(0.030)	(0.030)
Human Resources	(0.204)	100.0	(0.164)	(0.040)	0.000	0.000	0.000	0.000
Inclusive Growth	(1.934)	61.4	(0.211)	(0.977)	0.000	(0.694)	(0.052)	0.000
Neighbourhoods	(3.582)	1.7	0.000	(0.060)	(0.725)	(2.097)	(0.700)	0.000
Partnerships, Insight and Prevention	0.000	0.0	0.000	0.000	0.000	0.000	0.000	0.000
Directorate Subtotal	(12.085)	26.0	(2.065)	(1.077)	(4.870)	(3.291)	(0.782)	(0.030)
Corporate Savings	0.000	0.0	0.000	0.000	0.000	0.000	0.000	0.000
Total Programme	(12.085)	26.0	(2.065)	(1.077)	(4.870)	(3.291)	(0.782)	(0.030)

1. Resource Allocations

1.1 General Policy Contingency

Assurance Framework

In order that the council continues to make progress whilst continuing to benefit from sector-leading advice and support it is proposed in a separate Cabinet report the adoption of an innovative new mode of 'progressive assurance' and the formation of a quarterly Strategic Programme Board (SPB) and the invitation of specialist Non- Executive Advisors. It is recommended that £0.112m be allocated from General Policy Contingency to support the effective operation of the SPB for this financial year.

If this is approved the unallocated balance on the General Policy Contingency for the year is £2.434m.

1.2 Specific Policy Contingency

The Council Financial Plan and Budget 2019-2023 approved by Council on 26th February 2019 reflected £39.698m for Specific Policy contingency in 2019/20. A breakdown by each specific contingency is reflected in Annex 15. It should be noted that the Directorate forecasts have already assumed the allocation of Specific Policy Contingency in year.

The Gateway and Related Financial Approvals Framework requires approval from the Section 151 Officer, in conjunction with the Leader and the Chief Executive, to release funds from Specific Policy Contingency.

As part of the Council's simplification of processes, it is proposed that Cabinet approve that the Section 151 Officer be given delegated authority for the verification and allocation of Specific Policy contingency to fund expenditure which is in line with the approval given as part of the Council Financial Plan and Budget 2019-2023. Progress on this would be reported to Cabinet as part of the regular Revenue Monitoring reports.

Any requests for funding from Specific Policy contingency that are not in line with the original application in the Council Financial Plan and Budget 2019-2023 will require approval by Cabinet.

Invest to Save Fund

Within the allocation for Specific Policy Contingency, there is an allocation of £3.172m for Invest to Save projects. Following a number of reviews across the Council, in particular in support services, it has been identified that there is a need to significantly improve some of the Council services. It is therefore recommended that this budget is made available to services so that they can improve their ability to support the Council.

It is proposed that Cabinet approve the following allocations of £2.174m:

Finance & Governance Directorate: Finance re CIPFA Review £1.192m: Following both an internal review, issues raised by the BIIP and our External Auditor together

with an independent review (by CIPFA) to assess financial management arrangements across the City Council and within the finance team, it is necessary to invest in a series of improvements to ensure the future direction of financial management and delivery of savings following the implementation of the new Finance system (ERP) are secured. The gross cost of the investment required is £2.550m but £1.358m has been identified within the revenue budget. It is therefore necessary to allocate £1.192m from Policy Contingency (Invest to improve) set aside for services to invest in sustainable change programmes.

Finance & Governance Directorate: Procurement £0.105m: A procurement maturity assessment with PwC is planned with a view to helping shape the future of the Council's Procurement department. £0.105m from Policy Contingency (Invest to improve) has been set aside for the assessment.

HR Directorate: Demand Management £0.215m – to continue to support delivery of cultural change activity throughout the organisation that recognises the skills, attitudes and behaviours required of a modern council.

HR Directorate: *Career Transition £0.069m* – to support organisational development in the delivery of career transition activity for those areas undergoing restructuring. This investment is not about reinstating resources but ensuring there is the necessary change support across the City Council for those undergoing restructuring

HR Directorate: £0.312m Pay Review – funding allocated to mitigate potential additional spend in terms of ongoing cases and actions

PIP Directorate: CCTV Decommissioning £0.281m – allocation of one-off resource to enable the decommissioning of CCTV cameras, in line with previous Council decisions, and to ensure that the savings assumed materialise.

Inclusive Growth: Energy Inflation

The Council Financial Plan 2019+ approved a Specific Policy Contingency allocation up to £4.951m for inflation. Included as part of this was inflation for energy cost.

There has been a 16% increase in electricity prices in 2019/20, which is the final position following supplier negotiations, (the original increase was equated to 24%)

It is requested that £0.600m is allocated ongoing out of the inflation budget to address the increase in inflation cost.

1.3 Transfer of Service Areas

The Council continues to periodically review the Directorate Service responsibilities with the aim of securing the most appropriate service delivery arrangements to ensure that these are delivered effectively in a co-ordinated manner. The latest approved hierarchy is reflected in Table 1.

Appendix A

Annex 15 Policy Contingency

	Original Budget 2019/20	Approvals / Adjustments in Voyager	Revised Budget 2019/20	Approvals / Allocations not yet in Voyager as at 30th June	Proposals awaiting approval at 30th June	Remaining Contingency if proposals approved
	£'000	£'000	£'000	£'000	£'000	£'000
Car Park Closure Resources	252		252			252
National Living Wage	365		365			365
Autoenrolment in Pension Fund	300		300			300
Inflation Contingency	4,951		4,951		(600)	4,351
Highways Maintenance	250		250			250
Apprenticeship Levy	1,108		1,108			1,108
Commonwealth Games Project Team Costs	1,000		1,000			1,000
Budget Delivery Contingency	12,000		12,000			12,000
Adult Social Care & Health Demography	8,500		8,500			8,500
Short-term Council House Improvement	200		200			200
Adults Social Care Winter Pressure	5,600		5,600			5,600
Invest to Save Fund	3,172		3,172		(2,174)	998
Art Endowments	2,000		2,000			2,000
Subtotal Specific Contingency	39,698	0	39,698	0	(2,774)	36,924
General Contingency	2,526		2,526		(112)	2,414
Revenue Services Transformation Programme	20		20			20
Total Contingency excluding savings	42,244	0	42,244	0	(2,886)	39,358

5.1 Collection Fund

The monitoring arrangements for the Collection Fund include reporting on the in-year position for Council Tax and Business Rates. However, for the most part, the impact on the budget is as set out in the Financial Plan 2019 - 2023, with any surplus or deficit being required to be carried forward and taken into account as part of the 2020/21 budget setting process.

Council Tax

The overall net budget for Council Tax income including Parish and Town Council Precepts is £349.276m in 2019/20. In addition, the Council collects the precepts on behalf of the Fire and Police Authorities.

There is a surplus forecast for the year of which the Council's share is £6.085m. This is made up of a cumulative surplus brought forwards from 2018/19 of £4.280m, which was reported previously in the 2018/19 Outturn Report, plus an additional in year surplus relating to 2019/20 of £1.805m. This additional surplus is primarily due to further forecast growth in the number of new properties compared with the volumes anticipated when setting the budget.

Business Rates

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 2019/20 is £441.484m (excluding the Enterprise Zone), of which the Council's retained share is £437.069m.

Excluding the impact of appeals there is a deficit anticipated, in year, of which the Council's share is £7.334m. This is mainly due to additional reliefs for small businesses and retail premises, the majority of which will be compensated for via additional grants from Central Government, plus to a lesser extent, additional charitable and empty property reliefs.

The total additional grants anticipated to offset this deficit is £5.612m. However, this will be received into the General Fund in 2019/20 and so will be required to be set aside as a contribution to reserves in the current year to be used to offset the £7.334m forecast deficit in the Collection Fund.

In addition, there is an appeals related deficit anticipated of which the Council's share is £1.396m. This is due to an increase in the number of Business Rates appeals that have been submitted. This increase is expected and is anticipated to increase further over the next couple of years. However, in anticipation of this, the Council has set aside, from previously reported Business Rates surpluses, a reserve to cover eventual Business Rates appeals losses. It is anticipated that £1.396m will be released from this reserve in 2020/21 to cover this element of the deficit.

As a result of the above a total in year deficit of £1.722m is assumed to be carried forward and taken into account in setting the budget for 2020/21 made up of £8.730m deficit (£7.334m non appeals related plus £1.396m for appeals) relating to the Council's

Appendix A

Annex 16 Collection Fund

share offset by £7.008m of use of reserves (£5.612m relating to compensatory grants plus £1.396m of appeals reserves).

In addition to the in-year position and as previously reported in the 2018/19 Outturn report, a cumulative deficit was brought forward from 2018/19 of £5.241m due to the final surplus position for 2018/19 being £7.439m compared with a £12.680m surplus anticipated when setting the budget for 2019/20. Therefore, an overall forecast Deficit of £6.963m relating to the Council's share of Business Rates (£1.722m in year Deficit plus £5.241m Deficit brought forward) is anticipated.

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

	£m	£m
Business Rates (BR) Deficit Excluding Appeals		7.334
BR Deficit relating to Appeals		1.396
Forecast 2019/20 Deficit		8.730
BR Deficit B/F 2018/19		5.241
BR Deficit C/F		13.971
Use of BR Appeals Reserve	(1.396)	
Compensatory Section 31 Grants	(5.612)	
		(7.008)
BR Related Overall Forecast Deficit		6.963

Overall

Taken together, the anticipated position for the Collection Fund and related income streams is a deficit of £0.878m to be carried forward and taken into account in setting the budget for 2020/21 (£6.085m surplus for Council Tax offset by a £6.963m deficit for Business Rates).

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

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.

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. There is no direct effect on the revenue account.

In 2019/20, from 1st April up to 30th June 2019, 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 of £0.548m, which members are asked to note.

Age analysis	Up To 2013/14	2014/15- 2016/17	2017/18- 2019/20	Total
	£m	£m	£m	£m
Benefit Overpayments	0.063	0.235	0.250	0.548
Total	0.063	0.235	0.250	0.548

Section (c) of this Appendix gives a more detailed age analysis of overpayments and income written off.

b. Irrecoverable Council Tax & Business Rates

All Council Tax and Business Rates are due and payable. However, there are certain instances where the amount of the bill needs to be either written off or reduced (e.g. where people have absconded, have died, have become insolvent or it is uneconomical to recover the debt).

If an account case is subject to this, then consideration is given to write the debt off subject to the requirement to consider all options to recover the debt, prior to submitting for write off. However, once an account has been written off, if the debtor becomes known to the Revenues Service at a later date, then the previously written off amount will be reinstated and pursued.

In respect of Business Rates, where a liquidator is appointed, a significant period of time is taken to allow for the company's affairs to be finalised and to subsequently determine if any monies are available to be paid to creditors. Once it is established this is not to happen, a final search of Companies House is undertaken to confirm the company has been dissolved.

Appendix A**Annex 17 Write-offs**

In 2019/20, from 1st April 2019 to 30th June 2019, further items falling under this description have been written off under delegated authority. The table below details the total approved gross value of these amounts written off of £2.555m for Council Tax and £3.136m for Business Rates, which Members are asked to note.

Age analysis	Up To 2013/14	2014/15- 2016/17	2017/18- 2019/20	Total
	£m	£m	£m	£m
Council Tax	1.405	0.653	0.497	2.555
Business Rates	3.136	-	-	3.136
TOTAL	4.541	0.653	0.497	5.691

Section (d) of this Appendix gives a more detailed age analysis of overpayments and income written off.

Appendix A

Annex 17 Write-offs

c. Age analysis of Overpayments and Debts written off under delegated authority by Revenues and Benefits Division

Detail	Pre 2009	2009/10	2010/11	2011/12	20012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	Total	No of Debtors
Housing Benefit debts written off under delegated authority	£7,124	£1,356	£15,838	£20,992	£8,631	£9,264	£26,113	£86,843	£122,140	£81,950	£148,837	£18,744	£547,832	766
TOTAL	£7,124	£1,356	£15,838	£20,992	£8,631	£9,264	£26,113	£86,843	£122,140	£81,950	£148,837	£18,744	£547,832	766

Debt Size							
Small		Medium		Large		Total	
Cases	>£1,000	Cases	£1,001- £5,000	Cases	£5,000- £25,000	Cases	
644	£132,660	100	£234,256	22	£180,916	766	£547,832

Appendix A

Annex 17 Write-offs

d. Age analysis of overpayments and debts written off under delegated authority by Revenues and Benefits Division

Detail	Pre 2009/10	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	Total
Council tax written off under delegated authority	£433,087	£112,242	£161,954	£190,399	£346,306	£161,055	£181,150	£209,564	£262,454	£322,495	£173,926	£2,554,632
Business rates written off under delegated authority	£775,236	£592,693	£532,311	£613,735	£622,139	-	-	-	-	-	-	£3,136,114
TOTAL	£1,208,323	£704,935	£694,265	£804,134	£968,445	£161,055	£181,150	£209,564	£262,454	£322,495	£173,926	£5,690,746

Debt size analysis of overpayments and debts written off under delegated authority by Revenues and Benefits Division

Grouped by value	Small (<£1,000)		Medium (£1,000 - £5,000)		Large (>£5,000)		TOTAL	
	Value	Cases	Value	Cases	Value	Cases	Value	Cases
Council Tax written off under delegated authority	£2,111,221	6,391	£443,411	361	-	-	£2,554,632	6,752
Business Rates written off under delegated authority	£310,185	699	£1,491,042	656	£1,334,887	135	£3,136,114	1,490
TOTAL	£2,421,405	7,090	£1,934,637	1,017	£1,334,887	135	£5,690,746	8,242

Overview

Appendix No	Description
B1	Overview
B2	Capital Budget Summary
B3	Capital Budget Movements
B4	Capital Budget Movements Commentary
B5	Capital Forecast Variations
B6	Major Risks/Issues
B7	Prudential Borrowing - Additions or Reductions Quarter 1
B8	Capital Expenditure 10-year+ Plan

This report takes each Directorate in turn, in the format;
a) capital budget changes
b) forecast variations from budget
c) commentary on major risks/issues

The capital budget is a resource and expenditure planning to proceed. Individual approvals are sought through Business Case reports under the Gateway process.

Capital Monitoring Summary

Appendix B2

Expenditure

	2019/20 £m	2020/21 £m	2021/22 £m	Later Years £m	Total Plan £m
Original Approved Budget	631.505	554.215	2,302.769	0.000	3,488.489
New Resources / (Reductions) Quarter 1	43.288	22.543	(32.968)	(69.672)	(36.808)
Year-end Slippage brought forward from 2018/19	95.350	0.000	0.000	0.000	95.350
Re-phasing of capital programme	(129.125)	57.916	(1,825.251)	1,896.461	(0.000)
Revised Budget Month 3	641.018	634.674	444.550	1,826.789	3,547.031
Forecast Overspend (Underspend)	0.433	0.000	0.000	0.000	0.433
Forecast Outturn at Month 3	641.451	634.674	444.550	1,826.789	3,547.464

Resources

Use of Specific Resources:

Grants & Contributions	315.941	158.657	153.986	66.644	695.228
Earmarked Capital Receipts - RTB & Revenue Reform	54.568	65.395	35.416	128.221	283.600
Revenue Contributions - Departmental	18.392	6.199	0.618	19.735	44.944
Revenue Contributions - HRA	53.045	61.451	63.301	587.565	765.362

Use of Corporate or General Resources:

Corporate Resources	13.707	5.518	0.000	0.392	19.617
Unsupported Prudential Borrowing - General	0.000	0.000	0.000	0.000	0.000
Unsupported Prudential Borrowing - Corporate	29.847	49.462	17.189	2.317	98.815
Unsupported Prudential Borrowing - Directorate	155.951	287.992	174.040	1,021.915	1,639.898

Forecast Use of Resources

641.451	634.674	444.550	1,826.789	3,547.464
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Budget Movements						
Ref.	Current Year			All Years		
	Original Budget £m	Current Budget £m	Change £m	Original Budget £m	Current Budget £m	Change £m
ADULT SOCIAL CARE DIRECTORATE						
Adult Care & Health						
	0.570	0.731	0.161	1.113	1.208	0.095
Property Schemes	0.309	1.020	0.711	0.755	1.266	0.511
Adults IT	3.184	0.000	(3.184)	10.851	0.000	(10.851)
Improvements To Social Care Delivery	0.000	10.278	10.278	0.000	21.685	21.685
Independent Living						
Total Adult Social Care Directorate	4.063	12.029	7.966	12.719	24.159	11.440
EDUCATION AND SKILLS DIRECTORATE						
Education & Early Years						
Devolved Capital Allocation to Schools	1.776	3.379	1.603	1.776	7.496	5.720
School Condition Allocations	11.295	16.103	4.808	12.895	17.703	4.808
Basic Need - Additional School Places	16.865	50.301	33.436	123.188	120.249	(2.939)
Other Minor Schemes - Schools	0.000	0.013	0.013	0.000	0.013	0.013
EarlyYrs&Childcare	1.130	1.057	(0.073)	1.130	1.057	(0.073)
IT Investment	2.005	1.818	(0.187)	2.292	2.927	0.635
S106 Woodlinton Road	0.000	0.252	0.252	0.000	0.252	0.252
Total Education & Early Years	33.070	72.923	39.853	141.281	149.697	8.416
Skills & Employability						
Adult Ed & Youth	1.722	1.141	(0.581)	1.722	1.141	(0.581)
Birmingham Libraries	2.143	0.907	(1.236)	4.143	4.467	0.324
Total Skills & Employability	3.865	2.048	(1.817)	5.865	5.608	(0.257)
Total Education and Skills Directorate	36.935	74.971	38.036	147.146	155.305	8.159
NEIGHBOURHOODS DIRECTORATE						
Street Scene						
Waste Management Services	22.054	11.876	(10.178)	58.854	58.967	0.113
Parks & Nature Conservation	15.214	16.445	1.231	18.683	19.979	1.296
Total Street Scene	37.269	28.321	(8.948)	77.537	78.946	1.409
Housing Services						
Housing Options Service	0.000	0.284	0.284	0.000	2.604	2.604
Private Sector Housing	0.747	0.685	(0.062)	1.279	1.986	0.707
Housing Revenue Account						
Housing Improvement Programme	69.311	71.016	1.705	651.928	653.633	1.705
Redevelopment	59.431	38.243	(21.188)	400.574	401.659	1.085
Other Programmes	5.297	5.462	0.165	56.964	57.129	0.165
Total Housing Services	134.786	115.690	(19.096)	1,110.745	1,117.011	6.266
Neighbourhoods						
Community, Sport & Events	2.544	2.487	(0.057)	2.544	2.487	(0.057)
Neighbourhoods	0.000	0.002	0.002	0.392	0.002	(0.390)
Cultural Development	0.000	3.006	3.006	0.000	3.006	3.006
Total Neighbourhoods	2.544	5.495	2.951	2.935	5.495	2.560
Regulation & Enforcement						
Bereavement	0.000	0.095	0.095	0.000	0.095	0.095
Markets Services	0.000	0.244	0.244	0.000	1.003	1.003
Environmental Health	0.000	0.009	0.009	0.000	0.009	0.009
Mortuary/Coroners	0.271	0.278	0.007	0.271	0.278	0.007
Total Regulation & Enforcement	0.271	0.626	0.355	0.271	1.385	1.114
Total Neighbourhoods Directorate	174.870	150.132	(24.738)	1,191.488	1,202.837	11.349
INCLUSIVE GROWTH DIRECTORATE						
Planning & Development						
Major Projects						
Enterprise Zone - Paradise Circus	21.997	32.978	10.981	50.479	63.219	12.740
Enterprise Zone - Site Development & Access	2.500	2.500	0.000	8.045	2.500	(5.545)
Enterprise Zone - Connecting Economic Opportunities	0.485	1.115	0.630	141.698	139.707	(1.991)
Enterprise Zone - Southern Gateway Site	0.000	0.450	0.450	34.530	150.450	115.920
Enterprise Zone - Southside Public Realm	0.000	0.000	0.000	6.378	9.060	2.682
Enterprise Zone - LEP Investment Fund	0.000	0.000	0.000	20.000	20.000	0.000
Enterprise Zone - HS2-Interchange Site	0.000	0.000	0.000	20.000	20.000	0.000
EZ Phase II - HS2 Station Environment	1.500	2.438	0.938	57.904	59.410	1.506
EZ Phase II - HS2 Site Enabling	1.750	1.500	(0.250)	101.000	101.500	0.500
EZ Phase II - Local Transport Improvements	0.000	0.000	0.000	104.800	104.800	0.000
EZ Phase II - Metro Extension to E Bham/Solihull	0.000	0.000	0.000	183.300	183.300	0.000
EZ Phase II - Social Infrastructure	0.000	0.000	0.000	109.900	0.000	(109.900)
EZ Capitalised Interest	4.380	3.960	(0.420)	87.852	31.790	(56.062)
Jewellery Quarter Cemetary	1.779	1.295	(0.484)	1.779	1.798	0.019
Unlocking Housing Sites	5.550	5.554	0.004	5.550	5.554	0.004
Life Sciences	0.000	0.000	0.000	0.973	0.973	(0.000)
Other (Major Projects)	0.278	0.263	(0.015)	0.625	0.263	(0.362)
Total Major Projects	40.220	52.053	11.833	934.813	894.324	(40.489)
Employment & Skills	6.705	2.171	(4.534)	6.705	6.723	0.018

		Budget Movements					
		Current Year			All Years		
Ref.		Original Budget £m	Current Budget £m	Change £m	Original Budget £m	Current Budget £m	Change £m
Public Realm	I9	2.301	4.339	2.038	2.301	4.339	2.038
Infrastructure/Site Enabling Programme		0.035	0.319	0.284	0.035	0.319	0.284
Grants/Loans Programme		0.000	0.000	0.000	1.000	1.000	0.000
Total Planning & Development		49.260	58.882	9.622	944.854	906.705	(38.149)
<u>Housing Development</u>							
In Reach	I10	33.182	5.650	(27.532)	134.702	124.265	(10.437)
CWG-Sale To In Reach	I20	10.000	0.000	(10.000)	100.000	100.000	0.000
Total Housing Development		43.182	5.650	(37.532)	234.702	224.265	(10.437)
<u>Transport Connectivity</u>							
<u>Major Schemes</u>							
Ashted Circus		0.898	0.730	(0.168)	0.898	0.730	(0.168)
Metro Extension		0.000	0.150	0.150	4.474	4.724	0.250
Iron Lane		4.258	4.207	(0.051)	10.267	10.216	(0.051)
Minworth Unlocking		0.100	0.001	(0.099)	0.100	0.001	(0.099)
Battery Way Extension		1.511	2.015	0.504	1.612	2.158	0.546
Longbridge Connectivity		0.254	0.292	0.038	0.254	0.292	0.038
A457 Dudley Road		1.330	0.955	(0.375)	28.941	28.898	(0.043)
Journey Reliability		0.610	0.768	0.158	0.610	0.768	0.158
Tame Valley Phase 2 & 3	I11	0.200	1.254	1.054	85.253	87.855	2.602
Selly Oak New Road Phase 1B		5.995	6.000	0.005	7.307	7.312	0.005
Wharfdale Bridge		2.530	2.542	0.012	2.683	2.695	0.012
Snow Hill Station		4.054	4.268	0.214	7.846	7.308	(0.538)
Other (Major Schemes)	I12	1.394	2.770	1.376	1.844	4.720	2.876
Total Major Schemes		23.133	25.953	2.819	152.088	157.678	5.589
Inclusive & Sustainable Growth	I13	19.523	61.631	42.108	25.172	68.280	43.108
Walking & Cycling	I14	9.305	8.983	(0.323)	15.283	12.981	(2.303)
Local Measure		0.000	0.000	0.000	0.000	0.000	0.000
Infrastructure Dev	I15	0.678	0.785	0.106	4.420	1.354	(3.067)
Transportation & highways Funding Strategy	I16	0.000	0.012	0.012	4.025	13.013	8.988
Section 278/S106		0.000	0.000	0.000	0.000	0.012	0.012
Total Transport Connectivity		52.640	97.363	44.723	200.989	253.317	52.328
<u>Highways Infrastructure</u>							
Safer Routes to Schools		0.666	0.669	0.002	1.866	1.869	0.002
Network Integrity and Efficiency		1.887	1.572	(0.315)	3.887	3.572	(0.315)
S106 & S278 Schemes		0.075	0.069	(0.007)	0.075	0.069	(0.007)
Road Safety	I17	0.829	0.887	0.059	2.929	4.312	1.384
District Schemes		0.692	0.569	(0.124)	0.692	0.569	(0.124)
Total Highways Infrastructure		4.149	3.765	(0.384)	9.449	10.390	0.941
<u>Property Services</u>							
Attwood Green Parks		0.059	0.059	0.000	0.059	0.059	0.000
AttwoodGreen-Holloway Head Playing Field		0.038	0.038	0.000	0.038	0.038	0.000
Attwood Green-Woodview Community Centre		0.090	0.090	0.000	0.090	0.090	0.000
Council House Major Works		0.000	0.000	0.000	0.000	0.000	0.000
Bham Crisis Centre-Nursery Extension		0.000	0.005	0.005	0.000	0.005	0.005
Lee Bank Business Centre		0.000	0.000	0.000	0.000	0.000	0.000
Highbury Hall Essential Works		0.450	0.463	0.013	0.450	0.463	0.013
Property Strategy	I18	26.000	9.500	(16.500)	54.500	55.000	0.500
Total Property Services		26.636	10.153	(16.483)	55.136	55.653	0.517
Total Inclusive Growth Directorate		175.868	175.814	(0.054)	1,445.130	1,450.331	5.200
<u>DIGITAL & CUSTOMER SERVICES DIRECTORATE</u>							
ICT & Digital	D1	7.960	7.876	(0.084)	47.887	12.269	(35.618)
Total Digital & Customer Services Directorate		7.960	7.876	(0.084)	47.887	12.269	(35.618)
<u>FINANCE & GOVERNANCE DIRECTORATE</u>							
<u>Development & Commercial</u>							
Gateway/Grand Central Residual Costs	F1	0.000	12.800	12.800	0.000	18.564	18.564
Capital Loans & Equity		1.950	1.000	(0.950)	3.242	3.242	0.000
Total Development & Commercial		1.950	13.800	11.850	3.242	21.806	18.564
<u>Corporately Held Funds</u>							
Revenue Reform Projects	F2	19.828	20.310	0.482	32.467	39.557	7.090
Corporate Capital Contingency		5.000	5.000	0.000	25.000	25.392	0.392
Total Corporately Held Funds		24.828	25.310	0.482	57.467	64.949	7.482
SAP Investments	F4	1.970	0.414	(1.556)	3.862	3.989	0.127
Total Finance & Governance Directorate		28.749	39.524	10.775	64.571	90.744	26.173

Budget Movements						
Ref.	Current Year			All Years		
	Original Budget £m	Current Budget £m	Change £m	Original Budget £m	Current Budget £m	Change £m
ASSISTANT CHIEF EXECUTIVE DIRECTORATE						
Public Health	0.000	0.750	0.750	0.000	0.750	0.750
Total Assistant Chief Executive Directorate	0.000	0.750	0.750	0.000	0.750	0.750
COMMONWEALTH GAMES 2022						
CWG Village	174.600	164.926	(9.674)	437.000	466.587	29.587
CWG Alexander Stadium	26.200	2.187	(24.013)	69.818	70.806	0.988
CWG Organising Cttee	2.261	12.809	10.548	72.730	73.244	0.514
Total Commonwealth Games 2022	203.061	179.922	(23.139)	579.548	610.637	31.089
Total Capital Programme	631.505	641.018	9.513	3,488.489	3,547.031	58.542

**Capital Monitoring Month 3 2019/20 - Budget Movements
Commentary**

Appendix B4

ADULT SOCIAL CARE DIRECTORATE				
Ref.	Project/Programme	Comments	2019/20 Increase (Decrease) £m	All Years Increase /(Decrease) £m
A1	Improvements To Social Care Delivery	The £2.940m decrease in budget for 2019/20 relates to acceleration into 2018/19 as per the outturn report. £0.244m decrease in 19/20 is moving the budget to IT as this is where the cost will be incurred. The budget for future years was incorrectly coded and has been moved to Independent Living (please refer to A2)	(3.184)	(10.851)
A2	Independent Living	£10.278 in 19/20 has been moved from Improvements to Social Care as this is where the costs will be incurred (please refer to A1) £11.407 DFG allocation for 19/20, announced in May 2019, has been added to the budget and profiled into future years.	10.278	21.685

EDUCATION AND SKILLS DIRECTORATE				
Ref.	Project/Programme	Comments	2019/20 Increase (Decrease) £m	All Years Increase /(Decrease) £m
E1	Devolved Capital Allocation to Schools	£0.603m increase in 19/20 relates to slippage as per the outturn report. £1m of the additional £3.385m devolved capital funding, announced in the Budget 2018, has been rephased into 19/20 and the remainder in future years. The increase in all years is due to the additional funding in 18/19 and £1.733 the 19/20 allocation from the EFA announced in April 2019.	1.603	5.720
E2	School Condition Allocations	The increase of £4.808m relates to a combination of acceleration of the budget from 19/20 into 18/19 (£.866m) and a higher allocation of £5.674 from the EFA for 19/20 than was previously budgeted.	4.808	4.808
E3	Basic Need - Additional School Places	Budget for 19/20 has been rephased according to the Schools Capital Programme Report approved by Cabinet on 26.3.2019. The £2.939m decrease in budget overall relates to the combination of the £9.423 acceleration into 2018/19 as per the outturn report plus a higher allocation of £6.484m from the EFA for 19/20 than was previously budgeted.	33.436	(2.939)
E4	Birmingham Libraries	Slippage of £1.236m. The delivery programme to decide how the works at each library is to be phased will be subject to a Cabinet report. It is estimated that the report will be ready to present to Cabinet in October requesting approval to place orders and deliver the first phase of works.	(1.236)	0.324

NEIGHBOURHOODS DIRECTORATE				
Ref.	Project/Programme	Comments	2019/20 Increase (Decrease) £m	All Years Increase (Decrease) £m
N1	Waste Management Services	Re-phasing of the Waste Depots budget as per the latest profile of spend received from the City's consultant engineers. A report is currently being drafted which may result in further updates.	(10.178)	0.113
N2	Parks & Nature Conservation	The £1.231m increase in budget for 2019/20 relates to slippage from 2018/19 as per the outturn report. £0.065m other new schemes	1.231	1.296
N3	Housing Options Service	Narrative to follow.	0.284	2.604
N4	Housing Improvement Programme	The £1.705 increase in budget for 2019/20 relates to slippage from 2018/19 as per the outturn report.	1.705	1.705
N5	Redevelopment	£1.085m increase in budget for 2019/20 relates to slippage from 2018/19 as per the outturn report. Further Slippage of £22.273m has been identified at Quarter 1 due mainly to BMHT £17.745m and Clearance £4.528. BMHT slippage is mainly at Primrose Phase 2 due to postponement, as a Solus agreement isn't possible, delays with design and planning of Pods and acquisition / re-housing delays. The Clearance slippage is due to delays in the outcome of grant funding application & planning approvals at Yardley Brook and re housing delays at Kings Norton. Property Acquisition delays at Alfred / Beach Road and Meadow schemes.	(21.188)	1.085
N6	Cultural Development	The £3.000m increase in budget for 2019/20 relates to slippage from 2018/19 as per the outturn report.	3.006	3.006
N7	Markets Services	£0.759m increase in budget relates to slippage from 2018/19. £0.244 increase in forecast relates to the overspend on the demolition of the old Wholesale Market as per the outturn report. A briefing note has gone to the capital board and funding for the overspend is being sought.	0.244	1.003

INCLUSIVE GROWTH DIRECTORATE				
Ref.	Project/Programme	Comments	2019/20 Increase (Decrease) £m	All Years Increase (Decrease) £m
I1	Enterprise Zone - Paradise Circus	The £12.74m increase in budget for 2019/20 relates to slippage from 2018/19 as per the outturn report.	10.981	12.740
I2	Enterprise Zone - Site Development & Access	Re-casting of the EZ Programme in accordance with the revised EZ Investment Plan as approved by GBSLEP & report due to Cabinet 30/7/19.	0.000	(5.545)
I3	Enterprise Zone - Connecting Economic Opportunities	Re-casting of the EZ Programme in accordance with the revised EZ Investment Plan as approved by GBSLEP & report due to Cabinet 30/7/19.	0.630	(1.991)
I4	Enterprise Zone - Southern Gateway Site	Re-casting of the EZ Programme in accordance with the revised EZ Investment Plan as approved by GBSLEP & report due to Cabinet 30/7/19.	0.450	115.920
I5	Enterprise Zone - Southside Public Realm	Re-casting of the EZ Programme in accordance with the revised EZ Investment Plan as approved by GBSLEP & report due to Cabinet 30/7/19.	0.000	2.682
I6	EZ Phase II - HS2 Station Environment	Re-casting of the EZ Programme in accordance with the revised EZ Investment Plan as approved by GBSLEP & report due to Cabinet 30/7/19.	0.938	1.506
I7	EZ Phase II - Social Infrastructure	Re-casting of the EZ Programme in accordance with the revised EZ Investment Plan as approved by GBSLEP & report due to Cabinet 30/7/19.	0.000	(109.900)

I8	EZ Capitalised Interest	Re-casting of the EZ Programme in accordance with the revised EZ Investment Plan as approved by GBSLEP & report due to Cabinet 30/7/19.	(0.420)	(56.062)
I9	Public Realm	Re-casting of the EZ Programme in accordance with the revised EZ Investment Plan as approved by GBSLEP & report due to Cabinet 30/7/19.	2.038	2.038
I10	In Reach	The Council's funding for InReach's asset purchases has been slipped to reflect uncertainties about the timing and volume of the transactions.	(27.532)	(10.437)
I11	Tame Valley Phase 2 & 3	The budget adjustment relates to: 1) Rephasing as per the Transportation and Highways Capital Programme 2019-20 Cabinet report approved in March 2019. 2) Slippage from 2018/19 as per the outturn report.	1.054	2.602
I12	Other (Major Schemes)	The budget adjustment relates to: 1) Rephasing as per the Transportation and Highways Capital Programme 2019-20 Cabinet report approved in March 2019. 2) Slippage from 2018/19 as per the outturn report.	1.376	2.876
I13	Inclusive & Sustainable Growth	The increase of £41.935m relates to the capital element of the Clean Air Zone Grant accepted jointly by the Inclusive Growth Cabinet Member and Chief Officer in April 2019. The other minor adjustment relates to a mixture of rephasing, as per the approved Capital Programme Cabinet report, and slippage from 2018-19 as per the outturn report.	42.108	43.108
I14	Walking & Cycling	The budget adjustment relates to: 1) Rephasing as per the Transportation and Highways Capital Programme 2019-20 Cabinet report approved in March 2019. 2) Slippage from 2018/19 as per the outturn report.	(0.323)	(2.303)
I15	Infrastructure Dev	The budget adjustment relates to: 1) Rephasing as per the Transportation and Highways Capital Programme 2019-20 Cabinet report approved in March 2019. 2) Slippage from 2018/19 as per the outturn report.	0.106	(3.067)
I16	Transportation & highways Funding Strategy	The budget adjustment relates to rephasing as per the Transportation and Highways Capital Programme 2019-20 Cabinet report approved in March 2019.	0.012	8.988
I17	Road Safety	The budget adjustment relates to: 1) Rephasing as per the Transportation and Highways Capital Programme 2019-20 Cabinet report approved in March 2019. 2) Slippage from 2018/19 as per the outturn report.	0.059	1.384
I18	Property Strategy	£0.500m has been slipped from 2018/19 as per the outturn report. A further £17.000m has been re-phased from 2019/20 into future years. The Service have advised that at this stage the only significant item of spend during 2019/20 will be for the acquisition of Mackadown Lane. Further opportunities may be progressed beyond this initial acquisition but as yet dates and values are unknown.	(16.500)	0.500
I19	Employment & Skills	The £4.534m budget deduction in 2019/20 is due to the re-phasing of the budget as per the Business Growth Programme 2 full business case dated November 2018. Full budget entered in 2019/20 in error.	(4.534)	0.018
I20	CWG-Sale To In Reach	The Council's funding for In Reach's asset purchases has been revised to reflect delays experienced in progressing agreements and uncertainties around the timing and volume of the transactions. Further work is progressing to confirm the ongoing capital requirements and this will be reported once the position is known.	(10.000)	0.000

DIGITAL & CUSTOMER SERVICES DIRECTORATE

Ref.	Project/Programme	Comments	2019/20 Increase (Decrease) £m	All Years Increase /(Decrease) £m
D1	ICT & Digital	The reduction reflects the removal of capital budgets funded from prudential borrowing, in accordance with the revised ICT Strategy reported to Cabinet May 2019. The revised strategy needs more revenue and less capital expenditure, so the revenue budgets supporting borrowing costs have been redirected and the associated capital budgets have now been removed.	(0.084)	(35.618)

FINANCE & GOVERNANCE DIRECTORATE

Ref.	Project/Programme	Comments	2019/20 Increase (Decrease) £m	All Years Increase /(Decrease) £m
F1	Gateway/Grand Central Residual Costs	£6.690m increase in budget relates to slippage from 2018/19. The remaining increase reflects the inclusion in the budget of capital resources which had been reserved by the Council to cover remaining risks including potential compensation payments. This will be funded by Departmental Prudential Borrowing as highlighted within the Grand Central Shopping Centre & Associated Car Park report - September 2018.	12.800	18.564
F2	Revenue Reform Projects	The increase in budget relates to slippage from 2018/19 as per the outturn report.	0.482	7.090
F3	CWG Village	£57.143m increase in budget for 2019/20 relates to slippage from 2018/19 as per the outturn report. Revised overall budget to reflect FBC as approved under delegated authority in June 2019. Net overall reduction of £27.556m relates to removal of elements of the programme relating to transportation schemes that have now been identified as the direct responsibility of Transport for West Midlands (TFWM) for delivery.	(9.674)	29.587
F4	SAP Investments	£0.127m increase in budget for 2019/20 relates to slippage from 2018/19 as per the outturn report. Slippage of £1.682m has been identified due to the development of the business case for the replacement the existing Enterprise Resource Planning solution for Finance and HR following a procurement exercise. As a consequence, any further non-essential SAP investment and development work is being kept to a minimum until a replacement system has been confirmed, at which point the basis of this capital investment plan will be reviewed	(1.556)	0.127
F5	CWG Alexander Stadium	£0.983m increase in budget for 2019/20 relates to slippage from 2018/19 as per the outturn report. Slippage of £24.996m reflects the revised phasing of expenditure reported in the FBC approved by Cabinet on 26 June 2019. Total anticipated expenditure remains in line with previous estimates.	(24.013)	0.988

F6	CWG Organising Cttee	<p>Accelerated capital contributions to the Organising Committee (OC) costs to reflect revised approach to overall funding agreed as a part of Government Major Projects Review Group (MPRG) process in May 2019. Cashflow impacts offset by compensating deferral of revenue contributions to 2022. The overall Council contribution to Games costs remains in line with the previously reported and approved budget.</p> <p>Central Government on 25th June confirmed the overall Organising Committee budget at £778m (revenue and capital) net of ticketing income and sponsorship. This confirmed the local contributions at £184m, including £75m partner contributions, in line with the financial plan approved by City Council on 26th February. Discussions are continuing with partners to secure capital or revenue contributions. There are risks to the delivery of these contributions and in the event that there is a shortfall the Council will be required to make this good.</p>	10.548	0.514
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	Forecast Variations						
	Current Year				All Years		
	Current Budget £m	Current Actuals £m	Forecast £m	Variation £m	Current Budget £m	Forecast £m	Variation £m
ADULT SOCIAL CARE DIRECTORATE							
Adult Care & Health							
Property Schemes	0.731	0.442	0.731	0.000	1.208	1.208	0.000
Adults IT	1.020	0.010	1.020	0.000	1.266	1.266	0.000
Improvements To Social Care Delivery	0.000	0.033	0.000	0.000	0.000	0.000	0.000
Independent Living	10.278	2.992	10.278	0.000	21.685	21.685	0.000
Total Adult Social Care Directorate	12.029	3.477	12.029	0.000	24.159	24.159	0.000
EDUCATION AND SKILLS DIRECTORATE							
Education & Early Years							
Devolved Capital Allocation to Schools	3.379	0.729	3.379	0.000	7.496	7.496	0.000
School Condition Allocations	16.103	1.310	16.103	0.000	17.703	17.703	0.000
Basic Need - Additional School Places	50.301	7.556	50.301	0.000	120.249	120.249	0.000
Other Minor Schemes - Schools	0.013	0.013	0.013	0.000	0.013	0.013	0.000
EarlyYrs&Childcare	1.057	0.342	1.057	0.000	1.057	1.057	0.000
IT Investment	1.818	0.278	1.818	0.000	2.927	2.927	0.000
S106 Woodlington Road	0.252	0.000	0.252	0.000	0.252	0.252	0.000
Total Education & Early Years	72.923	10.228	72.923	0.000	149.697	149.697	0.000
Skills & Employability							
Adult Ed & Youth	1.141	0.064	1.141	0.000	1.141	1.141	0.000
Birmingham Libraries	0.907	0.000	0.907	0.000	4.467	4.467	0.000
Total Skills & Employability	2.048	0.064	2.048	0.000	5.608	5.608	0.000
Total Education and Skills Directorate	74.971	10.292	74.971	0.000	155.305	155.305	0.000
NEIGHBOURHOODS DIRECTORATE							
Street Scene							
Waste Management Services	11.876	(0.137)	11.876	0.000	58.967	58.967	0.000
Parks & Nature Conservation	16.445	0.588	16.445	0.000	19.979	19.979	0.000
Total Street Scene	28.321	0.451	28.321	0.000	78.946	78.946	0.000
Housing Services							
Housing Options Service	0.284	0.167	0.284	0.000	2.604	2.604	0.000
Private Sector Housing	0.685	0.125	0.685	0.000	1.986	1.986	0.000
Housing Revenue Account							
Housing Improvement Programme	71.016	4.042	71.016	0.000	653.633	653.633	0.000
Redevelopment	38.243	4.392	38.243	0.000	401.659	401.659	0.000
Other Programmes	5.462	(0.598)	5.462	0.000	57.129	57.129	0.000
Total Housing Services	115.690	8.128	115.690	0.000	1,117.011	1,117.011	0.000
Neighbourhoods							
Community, Sport & Events	2.487	1.221	2.665	0.178	2.487	2.665	0.178
Neighbourhoods	0.002	0.000	0.002	0.000	0.002	0.002	0.000
Cultural Development	3.006	0.008	3.006	0.000	3.006	3.006	0.000
Total Neighbourhoods	5.495	1.229	5.673	0.178	5.495	5.673	0.178
Regulation & Enforcement							
Bereavement	0.095	(0.161)	0.095	0.000	0.095	0.095	0.000
Markets Services	0.244	0.424	0.499	0.255	1.003	1.258	0.255
Environmental Health	0.009	0.000	0.009	0.000	0.009	0.009	0.000
Mortuary/Coroners	0.278	0.004	0.278	0.000	0.278	0.278	0.000
Total Regulation & Enforcement	0.626	0.267	0.881	0.255	1.385	1.640	0.255
Total Neighbourhoods Directorate	150.132	10.075	150.565	0.433	1,202.837	1,203.270	0.433
INCLUSIVE GROWTH DIRECTORATE							
Planning & Development							
Major Projects							
Enterprise Zone - Paradise Circus	32.978	0.257	32.978	0.000	63.219	63.219	0.000
Enterprise Zone - Site Development & Access	2.500		2.500	0.000	2.500	2.500	0.000
Enterprise Zone - Connecting Economic Opportunities	1.115		1.115	0.000	139.707	139.707	0.000
Enterprise Zone - Southern Gateway Site	0.450		0.450	0.000	150.450	150.450	0.000
Enterprise Zone - Southside Public Realm	0.000		0.000	0.000	9.060	9.060	0.000
Enterprise Zone - LEP Investment Fund	0.000		0.000	0.000	20.000	20.000	0.000
Enterprise Zone - HS2-Interchange Site	0.000		0.000	0.000	20.000	20.000	0.000
EZ Phase II - HS2 Station Environment	2.438		2.438	0.000	59.410	59.410	0.000
EZ Phase II - HS2 Site Enabling	1.500		1.500	0.000	101.500	101.500	0.000
EZ Phase II - Local Transport Improvements	0.000		0.000	0.000	104.800	104.800	0.000
EZ Phase II - Metro Extension to E Bham/Solihull	0.000		0.000	0.000	183.300	183.300	0.000
EZ Phase II - Social Infrastructure	0.000		0.000	0.000	0.000	0.000	0.000
EZ Capitalised Interest	3.960		3.960	0.000	31.790	31.790	0.000
Jewellery Quarter Cemetary	1.295	0.033	1.295	0.000	1.798	1.798	0.000
Unlocking Housing Sites	5.554	0.086	5.554	0.000	5.554	5.554	0.000
Life Sciences	0.000		0.000	0.000	0.973	0.973	0.000
Other (Major Projects)	0.263	0.396	0.263	0.000	0.263	0.263	0.000
Total Major Projects	52.053	0.772	52.053	0.000	894.324	894.324	0.000
Employment & Skills	2.171	0.209	2.171	0.000	6.723	6.723	0.000
Public Realm	4.339	2.981	4.339	0.000	4.339	4.339	0.000
Infrastructure/Site Enabling Programme	0.319	0.157	0.319	0.000	0.319	0.319	0.000
Grants/Loans Programme	0.000	0.000	0.000	0.000	1.000	1.000	0.000
Total Planning & Development	58.882	4.119	58.882	0.000	906.705	906.705	0.000
Housing Development							

	Forecast Variations						
	Current Year				All Years		
	Current Budget £m	Current Actuals £m	Forecast £m	Variation £m	Current Budget £m	Forecast £m	Variation £m
In Reach	5.650	0.000	5.650	0.000	124.265	124.265	0.000
CMW-Sale To In Reach	0.000	0.000	0.000	0.000	100.000	100.000	0.000
Total Housing Development	5.650	0.000	5.650	0.000	224.265	224.265	0.000
Transport Connectivity							
Major Schemes							
Ashted Circus	0.730	0.044	0.730	0.000	0.730	0.730	0.000
Metro Extension	0.150	0.073	0.150	0.000	4.724	4.724	0.000
Iron Lane	4.207	0.926	4.207	0.000	10.216	10.216	0.000
Minworth Unlocking	0.001	0.000	0.001	0.000	0.001	0.001	0.000
Battery Way Extension	2.015	1.299	2.015	0.000	2.158	2.158	0.000
Longbridge Connectivity	0.292	(0.031)	0.292	0.000	0.292	0.292	0.000
A457 Dudley Road	0.955	0.148	0.955	0.000	28.898	28.898	0.000
Journey Reliability	0.768	0.008	0.768	0.000	0.768	0.768	0.000
Tame Valley Phase 2 & 3	1.254	0.000	1.254	0.000	87.855	87.855	0.000
Selly Oak New Road Phase 1B	6.000	0.607	6.000	0.000	7.312	7.312	0.000
Wharfdale Bridge	2.542	0.008	2.542	0.000	2.695	2.695	0.000
Snow Hill Station	4.268	0.039	4.268	0.000	7.308	7.308	0.000
Other (Major Schemes)	2.770	0.430	2.770	0.000	4.720	4.720	0.000
Total Major Schemes	25.953	3.550	25.953	0.000	157.678	157.678	0.000
Inclusive & Sustainable Growth	61.631	0.725	61.631	0.000	68.280	68.280	0.000
Walking & Cycling	8.983	1.389	8.983	0.000	12.981	12.981	0.000
Local Measure	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Infrastructure Dev	0.785	0.434	0.785	0.000	1.354	1.354	0.000
Transportation & highways Funding Strat	0.012	0.000	0.012	0.000	13.013	13.013	0.000
Section 278/S106	0.000	0.065	0.000	0.000	0.012	0.012	0.000
Total Transport Connectivity	97.363	6.162	97.363	0.000	253.317	253.317	0.000
Highways Infrastructure							
Safer Routes to Schools	0.669	0.038	0.669	0.000	1.869	1.869	0.000
Network Integrity and Efficiency	1.572	0.136	1.572	0.000	3.572	3.572	0.000
S106 & S278 Schemes	0.069	0.046	0.069	0.000	0.069	0.069	0.000
Road Safety	0.887	0.146	0.887	0.000	4.312	4.312	0.000
District Schemes	0.569	0.028	0.569	0.000	0.569	0.569	0.000
Total Highways Infrastructure	3.765	0.394	3.765	0.000	10.390	10.390	0.000
Property Services							
Attwood Green Parks	0.059	0.000	0.059	0.000	0.059	0.059	0.000
AttwoodGreen-Holloway Head Playing Field	0.038	0.000	0.038	0.000	0.038	0.038	0.000
Attwood Green-Woodview Community Centre	0.090	0.000	0.090	0.000	0.090	0.090	0.000
Council House Major Works	0.000	0.001	0.000	0.000	0.000	0.000	0.000
Bham Crisis Centre-Nursery Extension	0.005	0.000	0.005	0.000	0.005	0.005	0.000
Lee Bank Business Centre	0.000	0.028	0.000	0.000	0.000	0.000	0.000
Highbury Hall Essential Works	0.463	0.010	0.463	0.000	0.463	0.463	0.000
Property Strategy	9.500	0.000	9.500	0.000	55.000	55.000	0.000
Total Property Services	10.153	0.040	10.153	0.000	55.653	55.653	0.000
Total Inclusive Growth Directorate	175.814	10.715	175.814	0.000	1,450.331	1,450.331	0.000
DIGITAL & CUSTOMER SERVICES DIRECTORATE							
ICT & Digital	7.876	0.767	7.876	0.000	12.269	12.269	0.000
Total Digital & Customer Services Directorate	7.876	0.767	7.876	0.000	12.269	12.269	0.000
FINANCE & GOVERNANCE DIRECTORATE							
Development & Commercial							
Gateway/Grand Central Residual Costs	12.800	(1.203)	12.800	0.000	18.564	18.564	0.000
Capital Loans & Equity	1.000	0.000	1.000	0.000	3.242	3.242	0.000
Total Development & Commercial	13.800	(1.203)	13.800	0.000	21.806	21.806	0.000
Corporately Held Funds							
Revenue Reform Projects	20.310	0.493	20.310	0.000	39.557	39.557	0.000
Corporate Capital Contingency	5.000	0.000	5.000	0.000	25.392	25.392	0.000
Total Corporately Held Funds	25.310	0.493	25.310	0.000	64.949	64.949	0.000
SAP Investments	0.414	0.001	0.414	0.000	3.989	3.989	0.000
Total Finance & Governance Directorate	39.524	(0.709)	39.524	0.000	90.744	90.744	0.000
ASSISTANT CHIEF EXECUTIVE DIRECTORATE							
Public Health	0.750		0.750	0.000	0.750	0.750	0.000
Total Assistant Chief Executive Directorate	0.750	0.000	0.750	0.000	0.750	0.750	0.000
COMMONWEALTH GAMES 2022							
CWG Village	164.926	5.470	164.926	0.000	466.587	466.587	0.000
CWG Alexander Stadium	2.187	1.105	2.187	0.000	70.806	70.806	0.000
CWG Organising Cttee	12.809	0.000	12.809	0.000	73.244	73.244	0.000
Total Commonwealth Games 2022	179.922	6.575	179.922	0.000	610.637	610.637	0.000
Total Capital Programme	641.018	41.192	641.451	0.433	3,547.031	3,547.464	0.433

ADULT SOCIAL CARE DIRECTORATE	
Project/Programme	Comments
None	None

EDUCATION AND SKILLS DIRECTORATE	
Project/Programme	Comments
Schools Academisation	Some schools have/are in the process of converting to Academies, but have significant deficits that have to be funded by the LA. A funding switch utilising capital resources has been identified to fund known costs, but any further increases would in the first instance be a revenue pressure

NEIGHBOURHOODS DIRECTORATE	
Project/Programme	Comments
Stechford Cascades New build	Further asbestos has been discovered creating a likely overspend of £178k which can be funded from capital receipts allocated to the Directorate, subject to approval.
HRA - Fire Protection Programme	A financial risk of approximately £28m has been identified to address measures recommended from the Hackett Review as Fire Precautions for High Rise Blocks. The proposed programme anticipates that £14m is required for the current year with the balance to be spent in future years. This will need to be contained within HRA financial resources.
HRA - Adaptations	There is financial risk due to a significant backlog of adult referral cases. Both Neighbourhoods and Adults Social Care are working together to address the operation and financial issues through a comprehensive implementation plan alongside a financial mitigation plan.

INCLUSIVE GROWTH DIRECTORATE	
Project/Programme	Comments
Clean Air Zone	The Project team are working with ICT systems specialists/suppliers to develop specifications and development costs of delivering the additional back office functionality as a result of change requested by DEFRA. Once costs and implications are fully established a Project Initiation Document (PID) will be developed to seek agreement and additional funding from DEFRA.

DIGITAL & CUSTOMER SERVICES DIRECTORATE	
Project/Programme	Comments
None	None

FINANCE & GOVERNANCE DIRECTORATE	
Project/Programme	Comments
None	None

Prudential Borrowing - Additions or Reductions Quarter 1 (April to June) 2019

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	#	2019/20 £'000	2020/21 £'000	Later Years £'000	Total £'000
Borrowing Needing Budget Support					
Neighbourhoods:					
Waste Management Services	A	(10,290)	13,045	(2,755)	0
TOTAL BORROWING NEEDING BUDGET SUPPORT		(10,290)	13,045	(2,755)	0
SELF SUPPORTED					
Education & Skills:					
Capital Maintenance Grant	A	0	0	0	0
Strategic Libraries	A	0	0	0	0
Community Libraries	A	(1,500)	500	1,000	0
Neighbourhoods:					
Sport	A&N	(975)	0	0	(975)
Strategic Parks	A	(256)	256	0	0
Housing Options	A	0	0	0	0
Cultural Development	N	0	0	0	0
Regulation & Enforcement	A	(260)	0	759	499
Inclusive Growth:					
Enterprise Zone Investment Plan Phases 1 & 2	A	(3,233)	(3,543)	(49,283)	(56,059)
Transportation	A	(16,897)	17,756	1,877	2,736
Housing Development	A	(39,045)	(17,035)	39,130	(16,950)
Digital & Customer Services:					
ICT Infrastructure	A	(764)	0	(35,534)	(36,298)
Finance & Governance					
Capital Loans & Equity	A	(750)	(641)	1,742	350
SAP Investments	A	(1,683)	(742)	2,425	0
Major Projects	A	6,110	5,764	0	11,874
Commonwealth Games	A	(58,634)	26,561	54,216	22,143
TOTAL SELF SUPPORTED BORROWING		(117,886)	28,876	16,332	(72,679)
TOTAL ADDITIONS / (REDUCTION) IN PRUDENTIAL BORROWING		(128,177)	41,921	13,577	(72,679)

Note: This includes some re-phasing between years and excludes slippage brought forward from 2018/19

A - Amendment to existing project spend or resources.

N - New projects or programmes added in the quarter.

CAPITAL - CAPITAL EXPENDITURE PLAN - FORECAST 2019/20 Quarter 1

APPENDIX B8

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.

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29 & Later Years	Total
	Quarter 1 Forecast	Quarter 1 Forecast	Quarter 1 Forecast	Quarter 1 Forecast	Quarter 1 Forecast	Quarter 1 Forecast	Quarter 1 Forecast	Quarter 1 Forecast	Quarter 1 Forecast	Quarter 1 Forecast	Quarter 1 Forecast
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
ADULT SOCIAL CARE DIRECTORATE	12,029	12,130	0	0	0	0	0	0	0	0	24,158
EDUCATION & SKILLS DIRECTORATE	74,971	57,020	23,315	0	0	0	0	0	0	0	155,306
NEIGHBOURHOODS DIRECTORATE											
Other - General Fund	35,844	24,204	12,448	13,385	4,969	0	0	0	0	0	90,849
HRA	114,721	126,973	116,634	129,728	98,189	97,920	101,353	103,009	110,731	113,164	1,112,422
TOTAL CAPITAL - NEIGHBOURHOODS DIRECTORATE	150,565	151,177	129,082	143,113	103,158	97,920	101,353	103,009	110,731	113,164	1,203,271
INCLUSIVE GROWTH DIRECTORATE											
Planning and Development											
Paradise Circus Redevelopment	32,978	15,729	10,233	3,942	337	0	0	0	0	0	63,219
Southern Gateway Site (Smithfield)	450	3,751	10,052	19,906	821	0	0	0	0	115,470	150,450
Southside Public Realm	173	7,028	0	0	0	0	0	0	0	2,032	9,233
LEP Investment Fund	0	0	0	0	0	5,000	5,000	5,000	5,000	0	20,000
HS2 - Interchange Site	0	0	0	0	0	0	0	0	0	20,000	20,000
HS2 Station Environment	2,438	522	1,780	4,276	15,638	20,802	13,954	0	0	0	59,410
Site Enabling Works	1,500	500	0	0	0	0	0	0	0	99,500	101,500
Local Transport Improvements	0	0	0	0	0	0	0	0	0	104,800	104,800
Digbeth Public Realm	1,115	3,885	6,500	17,400	13,400	13,400	13,400	13,400		3,900	86,400
Curzon Connecting Economic Opportunities	0	0	0	0	0	0	0	0	0	52,900	52,900
Metro Extension to East Birmingham/Solihull	0	0	0	48,100	46,200	44,500	44,500	0	0	0	183,300
Other Planning Schemes	18,057	4,097	2,720	3,990	5,680	3,895	5,593	4,156	31	549	48,770
Total Planning & Development	56,711	35,512	31,285	97,614	82,076	87,597	82,447	22,556	5,031	399,151	899,981

	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29 & Later Years	Total
	Quarter 2 Forecast £'000's	Quarter 2 Forecast £'000's	Quarter 2 Forecast £'000's	Quarter 2 Forecast £'000's	Quarter 2 Forecast £'000's	Quarter 2 Forecast £'000's	Quarter 2 Forecast £'000's	Quarter 2 Forecast £'000's	Quarter 2 Forecast £'000's	Quarter 2 Forecast £'000's	Quarter 2 Forecast £'000's
Total Employment & Skills	2,171	2,595	1,957	0	0	0	0	0	0	0	6,723
Housing Development	5,650	22,600	22,600	173,415	0	0	0	0	0	0	224,265
Total Transportation	97,363	49,263	52,178	31,927	14,257	8,328	0	0	0	0	253,317
Total Highways	3,765	1,325	1,325	1,325	1,325	1,325	0	0	0	0	10,390
Total Property Services	10,153	44,000	1,500	0	0	0	0	0	0	0	55,653
TOTAL CAPITAL - INCLUSIVE GROWTH DIRECTORATE	175,814	155,295	110,845	304,281	97,658	97,250	82,447	22,556	5,031	399,151	1,450,329
COMMONWEALTH GAMES 2022	179,922	223,599	165,808	40,008	1,300	0	0	0	0	0	610,637
FINANCE & GOVERNANCE DIRECTORATE	39,525	31,061	15,500	4,658	0	0	0	0	0	0	90,744
DIGITAL & CUSTOMER SERVICES DIRECTORATE	7,876	4,393	0	0	0	0	0	0	0	0	12,269
ASSISTANT CHIEF EXECUTIVE DIRECTORATE	750	0	0	0	0	0	0	0	0	0	750
TOTAL CAPITAL PROGRAMME	641,451	634,674	444,550	492,060	202,116	195,170	183,800	125,565	115,762	512,315	3,547,464

Resources

Use of Specific Resources

Grants & Contributions	315,941	158,657	153,986	35,326	12,213	11,712	5,143	750	750	750	695,228
Use of earmarked Capital Receipts	54,568	65,395	35,416	38,760	10,545	12,034	13,930	21,867	17,847	13,238	283,599
Revenue Contributions - Departmental	7,897	5,699	118	2,320							16,034
- HRA	63,540	61,951	63,801	90,573	81,091	79,334	82,280	80,392	92,134	99,176	794,272
	0	0	0	0	0	0	0	0	0	0	0
Total Specific Resources	441,946	291,701	253,321	166,979	103,849	103,080	101,353	103,009	110,731	113,164	1,789,133

Use of Corporate or General Resources

Corporate Resources	13,706	5,518	0	392							19,616
Unsupported Prudential Borrowing - General											0
Unsupported Prudential Borrowing - Corporate	29,847	49,462	17,189	2,317							98,815
Unsupported Prudential Borrowing - Directorate	155,952	287,993	174,040	322,372	98,267	92,090	82,447	22,556	5,031	399,151	1,639,900
Total Corporate Resources	199,505	342,973	191,229	325,081	98,267	92,090	82,447	22,556	5,031	399,151	1,758,331
Forecast Use of Resources	641,451	634,674	444,550	492,060	202,116	195,170	183,800	125,565	115,762	512,315	3,547,464

TREASURY MANAGEMENT MONITORING DASHBOARD: JUNE 2019

	value	comparator	difference
1 gross loan debt	£m	£m	£m
at month end	3,164		
year end Forecast (vs Plan)	3,497	3,573	-76
year end Forecast (vs Pru Limit for loan debt*)	3,497	3,867	-370
<i>*monitoring of the full set of prudential indicators is reported quarterly to Cabinet</i>			
2 short term borrowing			
at month end (vs Guideline)	286	500	-214
interest rate year to date on outstanding deals (vs assumption)	0.87%	0.85%	0.02%
3 Treasury investments			
at month end (vs Guideline)	39	40	-1
interest rate year to date on outstanding deals (vs assumption)	0.70%	0.55%	0.15%
4 Long term loans taken			
year to date (vs plan for year)	60	225	-165
ave. interest rate obtained (vs assumption)	2.23%	2.85%	-0.62%
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		