



# Revenue Budget Monitoring Report 2019/20 Month 9

## Note for Resources O&S Committee

### 1. Purpose

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

### 2. Summary

- 2.1 At Month 9, the forecast outturn is estimated to be an underspend of £1.5m (£3.335m at Month 8).
- 2.2 There has been a worsening in the position of some Directorates:

Directorate	Month 9 Base Budget Over/(Under)	Month 9 Savings Non- Delivery	Month 8 Base Budget Over/(Under)	Month 8 Savings Non- Delivery
	£m	£m	£m	£m
Adult Social Care	(12.206)	0.000	(9.522)	0.000
Digital & Customer Services	0.000	0.000	0.000	0.000
Education & Skills	0.584	0.000	0.380	0.000
Finance & Governance	0.386	0.687	0.407	0.687
Human Resources	(0.450)	0.000	(0.450)	0.000
Inclusive Growth	(1.082)	1.455	(0.889)	1.174
Neighbourhoods	10.507	4.130	6.859	5.428



Partnerships, Insight & Prevention	(0.100)	0.000	(0.028)	0.000
Corporate	(5.386)	0.000	(7.380)	0.000

- 2.3 There is a net underspend in Corporate Budgets (Policy Contingency, Corporately Managed Budgets and Corporate Grants) of £5.386m (£7.380 at Month 8). Corporately Managed Budgets forecast overspend of £1.706m (an underspend of £2.780m at Month 8) partially mitigated by a review of Policy Contingency requirements that has released £2.5m if this contingency. An under-recovery of pension costs is forecast of £3.6m. The Council may have to set aside a provision of £4.3m arising from its support to subsidiary companies including pension guarantees to the WM Pension Fund. There are £2.2m additional commitments arising from insurance claims. This additional expenditure is offset by a Treasury Management forecast underspend of £3.6m, a forecast achievement of £0.9m income from balance sheet management and a forecast net benefit of £1.0m in the 2018/19 accounts for Acivico less expected underspend in 2019/20.
- 2.4 Birmingham Children's Trust have highlighted a risk of a potential overspend of £8.6m at Month 7 but this is not included in the above forecast position as BCT is a separate entity.
- 2.5 Of the total approved savings plan in 2019/20 of £58.276m, £8.040m is at risk (£9.101m at Month 8) and £10.906m is on a red/purple non-delivery status (£11.773m at Month 8).

Directorate	Amber – At Risk	Red Non-Delivery	Purple Non-Deliverable	One-off Mitigation in place
	£m	£m	£m	£m
Adult Social Care	0.000	(0.918)	0.000	0.000
Digital & Customer Services	0.000	0.000	(0.290)	(0.290)
Education & Skills	(6.022)	(1.010)	(1.718)	(2.728)
Finance & Governance	(0.468)	(0.717)	0.000	(0.030)
Human Resources	0.000	0.000	0.000	0.000
Inclusive Growth	0.000	(0.794)	(0.795)	0.000
Neighbourhoods	(1.550)	(1.277)	(3.387)	(0.534)
Partnerships, Insight & Prevention	0.000	0.000	0.000	0.000
Corporate Savings	0.000	0.000	0.000	0.000



- 2.6 The largest movement is primarily related to £1.2m of savings for Bereavement Services Fees and Charges (Neighbourhoods) moving from on-track to undeliverable due to reductions in demand for cremations and burials, and £0.4m movement from on-track to undeliverable due to the delay in the introduction of the Controlled Parking Zone (Inclusive Growth). There was an increase in savings classed as fully deliverable largely related to £0.9m over-achievement of packages of care savings in Adult Social Care.
- 2.7 In Digital & Customer Services, the one-off mitigations come from underspends within the directorate. In Education & Skills, Travel Assist savings non-delivery of £1.718m is being covered by a one-off Policy Contingency allocation and Efficiency, WOC and Management review savings of £1.010m will be covered on a one-off basis from a one-off contingency no longer required. In Neighbourhoods, the £0.534m non-delivery of savings in Health & Wellbeing will be covered by the £3.9m funding from Policy Contingency.
- 2.8 In place are £3.582m of one-off mitigations (£3.432m at Month 8), £0.134m (Inclusive Growth) of new savings and £0.918m (Adult Social Care) of over-achievement of savings through demand management within packages of care that offset the savings not being delivered against Specialist Care Services.

### 3. Key Issues at Month 9

#### Adult Social Care Directorate

- 3.1 As at Month 8, the forecast underspend arises from an improvement in Special Care Services – additional blue badge income and reduction in supplies and services expenditure, forecast underspend in Assessment & Support Planning – arising from voluntary redundancies in the current financial year, a reduction in the number/costs in Packages of Care, underspend on cost of procuring an IT system, a credit relating to the previous financial year, anticipated capitalisation and offsetting of project costs.

#### Education and Skills Directorate

- 3.2 There is a forecast overspend of £1.5m in Children with Complex Need Transport (£1.291m at Month 8).

#### Finance and Governance Directorate

- 3.3 Civic Cleaning is forecasting a pressure of £0.3m. A review of the specification for the Markets has reduced expenditure and the introduction of a home clean service for the Adults Social Care Directorate is generating a new income stream.
- 3.4 CityServe schools catering is forecasting a pressure of £0.3m.



## **Inclusive Growth Directorate**

- 3.5 Property Services are forecasting an overspend of £2.732m (£2.364m at Month 8) due to decreased forecast rental income, Business Rates overspend, revised timetables for asset disposals and non-delivery of Security and Curatorial Services net surplus budget.
- 3.6 The introduction of the Controlled Parking Zone has been delayed due to issues relating to implementation of new Traffic Regulation Orders that will result in a forecast shortfall in income in 2019/20 of £0.4m, but mitigated through increased car parking income and increased activity in civil parking enforcement and recovery of fines.

## **Neighbourhoods Directorate**

- 3.7 Street Scene Service (Waste Management, Parks & Nature) forecast an overspend of £8.312m entirely within Waste Management (£7.860m at Month 8) driven by increased reliance on agency costs and a delay in the implementation of the Street Cleansing service redesign. In addition, there is a continued loss of business to competitors resulting in a further projected loss of income on Trade Waste, together with pressure arising from the income received for mixed paper recycling. These overspends are partly offset by a reduction in utility and agency spend within the overall Street Scene division.
- 3.8 Neighbourhoods Service (Community Sport, Neighbourhood and Culture Development) forecasts an underspend of £0.366m (£0.481m at Month 8).
- 3.9 Housing Service (Private Sector Housing, Housing Options, Shelforce) forecast an overspend of £4.283m (£2.500m at Month 8). £0.420m is within Private Sector Housing (a balanced budget at Month 8) due to the income target on the Selective Licensing Scheme not being realised. £3.863m is within Housing Options (£2.500m at Month 8), due to a growth in temporary accommodation to meet the growth in the numbers presenting as homeless and an increase in bad debt provision.
- 3.10 Regulation & Enforcement Service (Bereavement Services, Markets, Regulatory Services and City Centre) forecast an overspend of £0.984m as at Month 8. The Bereavement Service has experienced lower volumes of cremations and funerals than projected and is projecting a shortfall in income of £1.3m and, after mitigations, an overspend of £0.965m as at Month 8. There is a forecast overspend of £0.445m in the Markets Service as at Month 8 and an underspend on Regulatory Services of £0.396m as at Month 8.
- 3.11 Business Support forecast an overspend of £1.424m as at Month 8.

## **Partnerships, Insight & Prevention Directorate**

- 3.12 There is a forecast net underspend of £0.100m (£0.028m at Month 8) within which there is a £0.180m budget pressure relating to CCTV cameras that can be averted from 2020/21 onwards by decommissioning. Public Health is forecasting a balanced position with a £1.3m use of reserves (£2.1m use of reserves at Month 8).



## 4. Key Future Years Issues

- 4.1 Forecasts have been identified on non-achievement of savings in future years in relation to those savings classified as red or purple:

Directorate	2019/20	2020/21	2021/22	2022/23
	£m	£m	£m	£m
Adult Social Care	0.000	1.615	0.605	0.605
Digital & Customer Services	0.000	0.290	0.290	0.290
Education & Skills	0.000	4.750	5.569	5.569
Finance & Governance	0.687	1.410	1.490	1.490
Human Resources	0.000	0.000	0.000	0.000
Inclusive Growth	1.455	1.843	2.319	2.604
Neighbourhoods	4.130	3.730	3.652	3.652
Partnerships, Insight & Prevention	0.000	0.000	0.000	0.000
Corporate Savings	0.000	1.174	1.174	0.774

### Adult Social Care Directorate

- 4.2 The Directorate is reporting a base budget pressure of £8.5m in 2020/21, rising to £9.0m from 2021/22.
- £5.6m related to the continuation of need funded by the Winter Pressures Grant.
  - A shortfall in resources formerly funded from the Public Health Grant of £2.8m in 2020/21, rising to £3.3m from 2021/22.
  - Resources of £0.1m needed to fund posts previously funded by Public Health.
- 4.3 There is also a savings non-delivery of £1.615m reducing to £0.605m from 2021/22 arising from a reduction in the planned use of Public Health Grant.

### Digital and Customer Services Directorate

- 4.4 The Directorate is reporting a base budget pressure of £0.9m in 2020/21, reducing to £0.6m in 2021/22.



- There is a pressure of £0.3m in 2020/21 only relating to an increase in demand for legal and procurement services following the insourcing of the Capita contract.
- There is a pressure of £0.6m following a decision that Acivico will purchase its own IT and no longer contribute to BCC costs.

4.5 The Directorate is also reporting savings non-delivery of £0.3m in future years relating to non-essential spending savings and cross-cutting consolidation savings.

### **Education and Skills Directorate**

4.6 The Directorate is reporting a base budget pressure of £7.6m in 2020/21, rising to £9.3m by 2022/23 relating to:

- There is a £1.5m base budget pressure in Travel Assist relating to the additional costs of the National Express contract and there are anticipated additional costs with tenders to cover £0.4m of living wage increase and £0.5m of costs related to the Clean Air Zone. These are offset by a net £0.2m assumed savings.
- A base budget pressure in Early Years of £0.4m is expected related to the ongoing VAT costs of the staff formerly employed in Children's Centres who are due to transfer to Birmingham Community Healthcare Trust – funded in 2019/20 from Public Health as a one-off measure.
- There is a base budget pressure in the Children's Trust of £6.1m relating to the growth in looked after children.
- There is a pressure of £0.5m in Children's Social Care demography rising to £1.0m in 2022/23.
- These pressures are partially offset by a reduction in the Children's Trust Contract price due to a reduction in their future Pension Contribution rates of £1.2m in 2020/21, falling to £0.5m by 2022/23.

4.7 The Directorate is also reporting savings non-delivery of £4.8m in 2020/21, rising to £5.6m in 2022/23 mainly relating to:

- Risk remains with the £2.4m savings non-delivery on Travel Assist.
- A potential savings pressure in Birmingham Adult Education Services of £0.4m has arisen relating to an increase in the corporate support services recharge to Adult Education.
- A potential savings pressure of £1.5m has arisen relating to Children's Trust step-up savings.
- Potential savings pressures of £0.8m + £0.3m has arisen relating to Early Years step-up savings.

### **Inclusive Growth Directorate**

4.8 The Directorate has identified base budget pressures totalling £5.9m but also mitigations for a number of these pressures.

4.9 Some non-delivery of savings have also been identified:



- £1.5m, rising to £2.4m in 2022/23, savings not delivered relating to InReach loan income.
- £0.1m CAB shortfall in revenue in 2021/22 only.
- A forecast savings non-delivery of £0.6m, rising to £0.7m in 2022/23, relating to advertising income, £0.4m relating to CityServe and £0.4m relating to Contract Management savings.

## **Neighbourhoods Directorate**

- 4.10 The Budget Consultation 2020+ document includes a number of proposals that will potentially impact on the Directorate's budget. These matters are illustrated in the identified budget pressure of £13.597m and savings non-delivery of £3.730m.

## **Partnerships, Insight and Prevention Directorate**

- 4.11 There are base budget pressures of £1.0m, falling to £0.8m in 2022/23:
- £0.7m to meet service demand and ensure compliance with the Equality Act.
  - £0.1m in 2020/21 only to fund a software upgrade within the central control centre.
  - £0.2m to support communications and strategic marketing campaigns.

### **Contact Officers:**

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