



# Revenue Budget Monitoring Report

## 2019/20 Month 5

### 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 As part of the 2020+ Budget process, it is proposed that the budget is rebased in future years to take into account structural base budget shortfall identified.
- 2.2 The financial position at Month 5 is summarised below.
- 2.3 The forecast outturn is estimated to be an overspend of £2.638m (*£7.481m at Month 4*).
- 2.4 The Birmingham Children's Trust (BCT) highlighted a risk of potential overspend based on Month 4 of £10.355m, after mitigations of £1.570m including £0.800m of DfE grant reserves. This is not included in the forecast balanced outturn position. The potential overspend relates in the main to increases in children in care placement costs due to the continued increase in numbers and the cost of children in care and additional remand costs.
- 2.5 There are no further requests for changes in use of/contribution to reserves since those agreed at Month 3.
- 2.6 Some Directorates have forecast base budget over/underspend and/or forecast savings non-delivery:



Directorate	Period 5 Base Budget Over(Under)	Period 5 Savings Non Delivery	Period 5 Forecast Over(Under)	Period 4 Forecast Over(Under)
	£m	£m	£m	£m
Adult Social Care	(0.918)	0.918	0.000	0.000
Finance & Governance	0.880	0.687	1.567	1.610
Inclusive Growth	(0.165)	0.746	0.581	1.234
Neighbourhoods	7.739	5.071	12.810	12.956

- 2.7 The allocation to Education & Skills of up to £2.897m from the Budget Delivery Contingency has been reflected in the Education & Skills balanced forecast but the Current Budget has not yet been changed. The allocation will be actioned at Month 6.
- 2.8 Also, Corporately Managed Budgets forecast an additional underspend of £4.000m that relates to a one-off VAT settlement.
- 2.9 Of the total approved savings plan of £58.276m, £10.454m are at 'red'/'purple' savings non-delivery status:

Directorate	Red Non-Delivery	Purple Undeliverable	One-off Mitigations to address Savings Non-Delivery
	£m	£m	£m
Adult Social Care	(0.918)	0.000	0.000
Digital & Customer Services	(0.140)	0.000	(0.140)
Education & Skills	(1.010)	(1.718)	(2.728)
Finance & Governance	(0.687)	(0.030)	(0.030)
Inclusive Growth	(0.694)	(0.186)	0.000
Neighbourhoods	(2.884)	(2.187)	0.000



- 2.10 Directorates will have to identify recovery plans and bring proposals to Cabinet where there is a policy implication. These could be alternative savings or one-off mitigations.
- 2.11 In Digital & Customer Services, the unachievable savings target will be absorbed through underspends within the directorate.
- 2.12 In Education & Skills, Travel Assist savings non-delivery of £1.718m is being covered by the one-off policy contingency allocation. Elsewhere, savings of £1.010m have been made on a one-off basis from a one-off contingency no longer required. Sustainable solutions for these savings will need to be identified from 2020/21 onwards.
- 2.13 In Finance & Governance, mitigations will be identified in year for the non-delivery of £0.030m.
- 2.14 Inclusive Growth has identified £0.134m of new savings that will not have an effect on service delivery.
- 2.15 One significant movement in savings are £4.027m savings related to BCT that have moved from 'Green' to 'Amber'.

### 3. Key Issues at Month 5

#### Education and Skills Directorate

##### 3.1 Travel Assist:

A £0.727m overspend is forecast (*£0.370m at Month 4*) due to additional costs of £0.474m arising from the period of administration of ATG, expected additional costs from the new DPS transport framework of £0.148m and increased demand, price and other cost increases of £0.336m. These additional costs are offset by a further drawdown from Policy Contingency of £0.601m, which means that the full amount agreed by Cabinet of £2.897m has been factored into the forecast.

A residual risk remains, not yet included in the forecast, relating to increased SEND pupils requiring transport provision, though the position should be known by the end of September.

Future years risks remain from a £2.488m savings non-delivery. There are £1.500m additional costs of the National Express contract and further additional costs are anticipated with tenders to cover £0.390m of Living Wage increase and £0.500m of costs related to the CAZ.

##### 3.2 SENAR Staffing:

The previous grant funding of £1.100m has come to an end and whilst an increase to the budget was made, of £0.625m, there is a potential gap of £0.475m (*no change from Month 4*). Assuming no staff vacancies are filled during the year, a balanced budget is possible. However, this remains an area of concern given the pressures and challenges facing the Special Needs sector and is a risk not yet included in the forecast.



### 3.3 Early Years:

An overspend of £0.158m is likely (*no change from Month 4*), comprising a base budget pressure of £0.228m offset by the planned TUPE transfer of staff to Birmingham Community Health Trust (BCHC) which will give a £0.070m cost saving.

There is a budget set aside of £0.250m to support the whole of the Early Years estate but this may be insufficient to cover all the expected costs as the transfer of day nurseries to Private, Voluntary and Independent organisations may not realise the assumed lease income. The impact cannot be confirmed until the lease negotiations are fully complete.

A future years budget pressure of £0.408m is expected related to the ongoing VAT costs of the staff formerly employed in Children's Centres who are due to TUPE transfer to BCHC as BCHC will not take responsibility for these costs.

### 3.4 Birmingham Adult Education Services:

There is a potential overspend of £0.600m (*no change from Month 4*) relating to an expected shortfall on the income from fees and charges, which also arose in 2018/19, related to the commercialisation savings agreed by the service before transferring to Education & Skills.

### 3.5 Education PFI:

An additional £3.383m (*no change from Month 4*) will be needed in PFI reserve to cover expected PFI liabilities to the end of 2019/20, with a peak of £8.764m in 2026/27.

### 3.6 Libraries:

There is a potential £0.100m under-achievement of income (*no change from Month 4*).

## Neighbourhoods

### 3.7 Street Scene Service – Waste Management

A £4.660m overspend is forecast (*no change from Month 4*) within a budget of £54.591m.

There is continual growth in waste to be collected and this will put pressure on street scene services in future years and a requirement for vehicle replacement beyond the current approved capital investment.

There is a continual growth in residual waste and fly-tipping that will require financial resources beyond the LTFP.

### 3.8 Street Scene Management – Parks and Nature

A £0.780m overspend is forecast (*no change from Month 4*) within a budget of £11.452m.

### 3.9 Neighbourhoods Service – Community Sport

A £3.990m overspend is forecast (*no change from Month 4*) within a budget of £4.034m.



### 3.10 Housing Service – Housing Options

A £1.600m overspend is forecast (*no change from Month 4*) within the budget of £4.133m. However, if homelessness cases presenting increase beyond the capacity of the housing services, costs may increase by an estimated £4.00m. Pilot activity to focus on prevention initiatives are in the process of assessment, these being a prevention hub model and a Homeless on the Day approach.

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