

Month 10 - Budget Management Exception Report

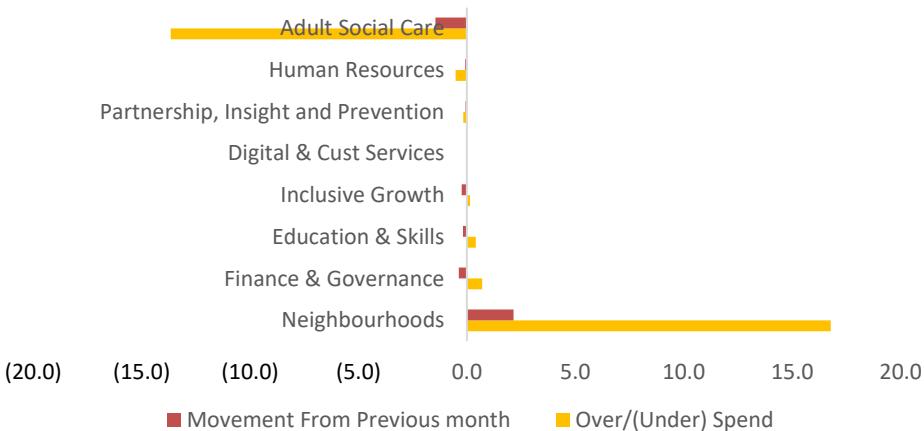
1. Executive Summary

1.1. At the end of month 10 the level forecast for the Council, after taking account of management actions, is an underspend of £1.7m which represents 0.2% of the £851.9m net budget. This is an improvement of £0.2m from month 9 (Quarter 3).

1.2. The Neighbourhoods overspend has risen by a further £2.2m to £16.8m while the Adult Social Care underspend has increased by £1.4m to £13.7m. Other services have either stayed the same or marginally improved their positions since month 9. A forecast corporate underspend of £5.4m helps achieve the overall £1.7m forecast underspend. However, there is a significant risk of Birmingham Children's Trust overspending by up to £8.1m which could require the Council to pick up the cost and this is not reflected in the forecast underspend.

	Budget	P10 Forecast Outturn	Over/(Under) Spend	Movement from Previous month
	£m	£m	£m	£m
Neighbourhoods	106.3	123.1	16.8	2.2
Finance & Governance	24.3	25.0	0.7	(0.4)
Education & Skills	267.4	267.8	0.4	(0.2)
Inclusive Growth	98.4	98.6	0.1	(0.2)
Digital & Cust Services	31.2	31.2	(0.0)	(0.0)
Partnership, Insight and Prevention	6.7	6.6	(0.2)	(0.1)
Human Resources	7.3	6.8	(0.5)	(0.1)
Adult Social Care	331.2	317.6	(13.7)	(1.4)
Directorate Sub Total	873.0	876.7	3.7	(0.2)
Corporate Sub Total	(21.4)	(26.8)	(5.4)	0.0
City Council General Fund	851.6	849.9	(1.7)	(0.2)

Directorate Position and Movement from Previous Period



2. Key Highlights

2.1 Neighbourhoods (£16.8m forecast overspend)

The Neighbourhoods overspend has increased by £2.2m since Period 9.

- Street Scene has an overspend of £9.5m, an increase of £1.2m since period 9. The key element of the overspend are on £4.6m increased staff and agency costs from the delay in implementing the service redesign, £2.9m higher repair and maintenance costs for waste management due to a delay in acquiring replacement vehicles and £1.9m income shortfall in trade waste, street cleansing and fleet repair services as a result of a loss of customers.
- Housing Services has an overspend of £5.2m, an increase of £1m since period 9. The numbers presenting as homelessness continue to increase resulting in additional spending on bed and breakfast accommodation. The savings in Housing Strategic service redesign, previously identified as at risk will not now be delivered this financial year.
- Business Support continues to overspend at £1.4m due to lower income from land and property disposals. Regulation & Enforcement's overspend of £1m on due to lower income from bereavement services and markets, and Neighbourhoods Management continues to underspend by £0.4m.

Extra content expected:

- *What activity is driving any of these numbers e.g. Homeless – what did the budget assume by way of homeless numbers and what is current activity forecast*
- *The management action is proposed by the directorate on specific items and/or generally:*

2.2 Adult Social Care (£13.7m underspend)

The underspend has increased by £1.4m since period 9.

- Adult Packages of Care has an underspend of £11.7m, an improvement of £1.8m on period 9 and reflects the Directorates achievement of its challenging savings targets and delivery of the transformation programme.
- The remaining net underspend of £2m reflects vacancies being held to ensure savings related to the customer journey are achieved in future years.

Extra content expected:

- *Better explanation of what activity is driving the Adult Packages underspend and what this means for future years.*

2.3 Education and Skills (£0.4m overspend)

- Education and Skills forecast an overspend of £0.4m in period 9. This has improved by £0.2m since period 9. Not reflected in this position is a financial risk resulting from Birmingham Children's Trust reporting a potential gross overspend of £8.1m less mitigations of between £1.7m and £3.4m. The Council is working with BCT to understand the financial position. While the Council does not provide a guarantee to the Trust to fund an overspend and expects the Trust to manage its position, there is a potential risk to the Council.

Extra content expected:

- *If available a fuller explanation of what is driving the risk and what mitigations are being taken and timescales*

2.4 Finance & Governance (£0.7m overspend)

- The overspend reflects savings non-delivery of £0.7m. The Finance and Governance Directorate is actively pursuing solutions to resolve this position.

Extra content expected:

- What savings are not being delivered and the reasons*
- Explanation of what solutions are being pursued and likelihood of being achieved (especially given this is month 10)*

2.5 Human Resources (£0.5m underspend)

- HR Services accounts for £0.3m of the underspend and £0.2m relates to Schools HR. The overspends relate largely to vacancies and additional income.

2.6 Digital & Customer Services (breakeven)

While the position is breakeven there are two key positions to report:

- Revenue and Benefits forecasts an underspend of £1.0m due to a surplus on Housing Benefit Subsidy. It is proposed that with the uncertainty of grant income from DWP and the further delay in the implementation of full Universal Credits, allocate this to the specific benefits reserve, put in place to help manage the downsizing of the benefits operation over time.
- IT&D - The forecast assumes that all slippage from the Invest to Save Investment will be carried forward into 2020/21 to be utilised towards IT&D service delivery.

2.7 Corporate Budgets (£5.4m underspend)

The £5.4m net underspend in Corporate Budgets is largely a forecast underspend on the policy contingency budget and is unchanged from period 9.

3. Savings Programme

The total approved savings programme is £58.3m in 2019/20. This comprises the approved savings plan of £46.2m plus £12.1m of savings that were only delivered on a one-off basis in 2018/19.

- £41.3m are on track, an improvement of £0.9m from month 9
- £5.0m at risk and, a reduction of £3m from month 9
- £13.0m are classed as undeliverable (purple) or non-delivered (red),
- Directorates are identifying recovery plans to address this and will bring any proposals with policy implications to Cabinet.
- £5.1m of one-off mitigations and £0.1m of new savings have been identified at period 10
- There is £0.9m overachievement of savings at period 10.1

Extra content expected:

- Clearer focus only on Amber, Red and Purple savings – present in a table*
- Explanation of key material items in these categories*

4. Key Risks not reflected in the forecast

Adult Social Care:

- Any fluctuations in demand over the Winter period may affect commitments against Packages of Care. As the gross budget is £303.8m, minor variations can have a considerable financial impact. This area of expenditure will be closely monitored.
- £2.6m of the base budget savings relate to a one-off benefit as the costs associated with the roll out of the Framework Pricing Policy are anticipated to be lower than anticipated.

As providers are reviewed, and service users moved to Direct Payment arrangements, this forecast underspend may be at risk and is therefore being closely monitored.

- Health and Hospital Discharge Teams within the Assessment & Support Planning Service have reported an increase in hospital activity that has the potential to impact on both hospital discharges and the need for social care packages. This activity is being closely monitored by the service.

Neighbourhoods

- A hazardous incident was addressed by Environmental Services. The final cost of this will be reported once known.
- Housing Options is currently showing an overspend of £4.8m on a budget of £3.5m, however if homelessness cases presenting increase further beyond the capacity of housing services, costs may increase further.
- There are potential risks related to unplanned property repairs within the Mortuary and the main Coroner's building.

Extra content expected:

- *Clearer position on likelihood of risk*
- *What mitigations if any are planned and any timescales*

SAMPLE