

**Members are reminded that they must declare all relevant pecuniary and non-pecuniary interests relating to any items of business to be discussed at this meeting. If a pecuniary interest is declared a Member must not speak or take part in that agenda item. Any declarations will be recorded in the minutes of the meeting.**

## **BIRMINGHAM CITY COUNCIL**

### **CABINET**

**Tuesday, 14 November 2017 at 1000  
hours in Committee Rooms 3 and 4,  
Council House, Birmingham**

### **PUBLIC AGENDA**

**1. NOTICE OF RECORDING**

The Chairman to advise/meeting to note that this meeting will be webcast for live or subsequent broadcast via the Council's Internet site ([www.birminghamnewsroom.com](http://www.birminghamnewsroom.com)) and that members of the press/public may record and take photographs except where there are confidential or exempt items.

**2. APOLOGIES**

**Attached 3. GOVERNANCE OF WEST MIDLANDS FIRE AUTHORITY**

Report of the Chief Executive.

**Attached 4. CORPORATE REVENUE MONITORING 2017/18 MONTH 6 (UP TO 30<sup>TH</sup> SEPT 2017)**

Report of the Chief Executive and the Interim Chief Finance Officer.

**Attached 5. CAPITAL AND TREASURY MONITORING QUARTER 2 (JULY TO SEPTEMBER 2017)**

Report of the Interim Chief Finance Officer.

**Attached 6. DELIVERY TEAM FOR THE ENTERPRISE ZONE HIGH SPEED TWO CURZON AND EAST BIRMINGHAM INVESTMENT PROGRAMMES**

Report of the Corporate Director – Economy.

**Attached 7. CITY SERVE CLEANING SERVICE OPTIONS APPRAISAL**

Report of the Interim Corporate Director – Children and Young People.

- Attached**     8.     **PUTTING PREVENTION FIRST: SUPPORTING THE IMPLEMENTATION OF THE VISION FOR ADULT SOCIAL CARE AND HEALTH**
- Report of the Interim Corporate Director – Adult Social Care and Health.
- Attached**     9.     **BUDGET SAVINGS PROPOSALS, ENDING THE JOINT VENTURE (JV) WITH CAPITA FOR SERVICE BIRMINGHAM AND PROPOSING NEW CONTRACTURAL ARRANGEMENTS UP TO 2020/2021**
- Report of the Chief Operating Officer.
- Attached**     10.     **VARIATION OF OUTDOOR ADVERTISING CONTRACT (S19)**
- Report of the Director of Commissioning and Procurement.
- Attached**     11.     **PLANNED PROCUREMENT ACTIVITIES (JANUARY 2018 - MARCH 2018)**
- Report of the Director of Commissioning and Procurement.
- Attached**     12.     **APPOINTMENTS TO OUTSIDE BODIES**
- Report of the City Solicitor.
13.     **OTHER URGENT BUSINESS**
- To consider any items of business by reason of special circumstances (to be specified) that, in the opinion of the Chairman, are matters of urgency.
14.     **EXCLUSION OF THE PUBLIC**
- That in view of the nature of the business to be transacted, which includes exempt information of the category indicated, the public be now excluded from the meeting:-
- (Exempt Paragraph 3)

### **PRIVATE AGENDA**

- Attached**     15.     **CITY SERVE CLEANING SERVICE OPTIONS APPRAISAL**
- Report of the Interim Corporate Director – Children and Young People.
- (Exempt Paragraph 3)
- Attached**     16.     **PUTTING PREVENTION FIRST: SUPPORTING THE IMPLEMENTATION OF THE VISION FOR ADULT SOCIAL CARE AND HEALTH**
- Report of the Interim Corporate Director – Adult Social Care and Health.
- (Exempt Paragraph 3)

**Attached**     17.     **BUDGET SAVINGS PROPOSALS, ENDING THE JOINT VENTURE (JV) WITH CAPITA FOR SERVICE BIRMINGHAM AND PROPOSING NEW CONTRACTURAL ARRANGEMENTS UP TO 2020/2021**

Report of the Chief Operating Officer.

(Exempt Paragraph 3)

**Attached**     18.     **VARIATION OF OUTDOOR ADVERTISING CONTRACT (S19)**

Report of the Director of Commissioning and Procurement.

(Exempt Paragraph 3)

**Attached**     19.     **PLANNED PROCUREMENT ACTIVITIES (JANUARY 2018 - MARCH 2018)**

Report of the Director of Commissioning and Procurement.

(Exempt Paragraph 3)

**20.     OTHER URGENT BUSINESS (EXEMPT INFORMATION)**

To consider any items of business by reason of special circumstances (to be specified) that, in the opinion of the Chairman, are matters of urgency.

**BIRMINGHAM CITY COUNCIL****PUBLIC**

**Report to:** CABINET  
**Report of:** Chief Executive  
**Date of Decision:** 14<sup>th</sup> November 2017  
**SUBJECT:** GOVERNANCE OF WEST MIDLANDS FIRE SERVICE

**Key Decision:** Yes  
**If not in the Forward Plan:** Relevant Forward Plan Ref: ☒  
 (please "X" box) Chief Executive approved ☒  
**Relevant Cabinet Member(s) or** O&S Chair approved ☒  
**Relevant Executive Member:** Leader  
**Relevant O&S Chair:** Councillor Mohammed Aikhlaq - Corporate Resources  
 and Governance  
**Wards affected:** All

**Purpose of report:**

1. The purpose of this report is to consult constituent authorities on the now prepared Governance review (Annex A) and Scheme (Annex B) for the proposed governance model of the West Midlands Fire Service (under the Mayoral West Midlands Combined Authority) prior to going out for formal public consultation.
2. This matter was not included in the Forward Plan because we were made aware of the time sensitivity of the proposal too late to include this report in the Forward Plan.
3. The Chief Executive and Chair of Corporate Resources and Governance Overview and Scrutiny Committee have agreed this report going to Cabinet.

**Decision(s) recommended:**

That the Cabinet:

1. Approve the prepared governance review and scheme for the proposed governance model of the West Midlands Fire Service.
2. Agree that West Midlands Fire Service move forward to public consultation for the scheme and proposed governance model, with the addition that WMCA Fire Service budget be ring fenced for Fire Service functions.
3. Approve to delegate authority as required to the Chief Executive in consultation with the Leader, to make minor amendments to the Governance review and Scheme on completion of the Local Authority approval process and prior to public consultation.
4. Assist with the public consultation in Birmingham
5. Note the timeline of this governance route to the Mayoral Combined Authority

**Lead Contact Officer(s):** Kevin Hubery – Head of Strategic Policy and Leadership Support  
**Telephone No:** 0121 303 4821

**E-mail address:** [kevin.d.hubery@birmingham.gov.uk](mailto:kevin.d.hubery@birmingham.gov.uk)

## **Consultation**

### Internal

None

### External

This proposal will be subject to extensive public consultation by the West Midlands Fire & Rescue Authority as soon as they have received all preliminary comments from District Councils and approved the scheme for consultation.

## **Compliance Issues:**

Are the recommended decisions consistent with the Council's policies, plans and strategies?

Yes

### Financial Implications

(How will decisions be carried out within existing finances and Resources?)

1. There are no costs to Birmingham City Council as these will be funded by the WM Fire and Rescue Authority and the West Midlands Combined Authority

### Legal Implications

1. The legal implications and process for devolving powers to the WMCA are set out in the appendices to this report.
2. The proposals in this report will meet the government's expectations that all Fire and Rescue Services consider one of the alternative routes leading to reform.
3. WMFRA have been consulting with the legal heads of service from all seven constituent local authorities for advice and guidance.
4. All relevant legislation pertaining to this governance route has been detailed in the Governance Review and Scheme.

Public Sector Equality Duty (see separate guidance note)

1. There are no direct equalities implication at this stage, however participants from all the equality strands will be invited to comment during the consultation process. Once consultation has been completed an equality impact assessment will be undertaken in line with the City's equalities procedures.
2. It is a requirement of the Secretary of State's consultation process that the consultation responses 'reflect the identities and interests of local communities' in the West Midlands (Local Democracy, Economic Development and Construction Act 2009 section 111 3a).

## **Relevant background/chronology of key events:**

1. In response to the Policing and Crime Bill (2016) consultation, the West Midlands Fire and Rescue Authority (WMFRA) set out a direction seeking the future sustainability of services under a Mayoral WMCA model of governance.
2. In recognising the need for an independent review of the possible future governance options, WMFRA commissioned an appraisal panel in April 2016. The Groups outcomes and conclusions are detailed in the attached Governance Review (Annex A).
3. The outcomes of the group were then built upon through a public consultation undertaken during December 2016 to January 2017, seeking public and partner opinion regarding the future strategy to deliver risk-based services across the West Midlands. A Reformed Fire Authority (RFA) and Mayoral Combined Authority were identified as the 'desirable' options for the future governance of West Midlands Fire Service (WMFS).
4. Accepting the findings of both the Group and the public consultation, considering these against the Strategy of WMFS, the priorities of the WMCA and the expectations of government, the route to future Mayoral WMCA governance was agreed by WMFRA on the 20 February 2017.
5. The WMCA supported the WMFRA's broad proposal for the transfer of its functions to the Mayoral Combined Authority on 3rd March 2017.
6. Alongside this, work is underway to implement a RFA as an interim measure until WMFRA functions are transferred to and assumed by the Mayoral Combined Authority.
7. On the 8 September 2017 the WMCA board noted the timeline for the mayoral governance route and approved the development of a governance review and scheme, for Mayoral Combined Authority governance of WMFS pursuant to Sections 111 and 112 (1d) of Local Democracy, Economic Development and Construction Act 2009. The Scheme is detailed in Appendix B. The timeline referred to here is provided in this report in paragraph 13.
8. The benefits of the Mayoral WMCA governance model provides huge opportunities for the joint transformation of public services to West Midlands communities, providing value for money in the delivery of public safety. These opportunities have been detailed in the Governance Review.
9. The Governance Review in Annex A provides a review of existing governance arrangements and functions, this includes the proposed new model under the Mayoral combined authority.
10. The Scheme detailed in Annex B details the roles, accountabilities, and powers required by each individual /body in the proposed governance model and includes provision for an Mayoral Fire Advisory Committee, the details of which are set out in paragraphs 1.8-1.10 of the Scheme (Annex B).
11. Following constituent authority consultation on the Governance Review and Scheme, the Scheme must enter a formal public consultation in adherence to section 113 (3) Local Democracy, Economic Development and Construction Act 2009.
12. The Government will use these documents and the results of the consultation to approve the model and create an order to amend existing legislation, in order to confer the necessary powers on the Mayoral WMCA to carry out the functions currently exercised by the WMFRA.

## 13. Timeline (indicative) for this journey:

<b>Details</b>	<b>Date</b>
WMCA approve the Governance Review and for a Scheme to be developed.	8 September 2017
development of governance review and scheme, which will consider the business case for the change in governance.	September 2017
Constituent Authority approval of content of governance review and scheme.	October - November 2017
WMCA approval of content of Governance Review and Scheme.	8 December 2017
Consultation of proposals set out in the scheme on behalf of the Secretary of State (6 weeks minimum)	January – February 2018
Analyse consultation responses locally	March 2018
Governance Review, Scheme and analysis of consultation reviewed by Secretary of State (4-12 weeks)	April 2018
Government development of Order detailing changes required in legislation to abolish WMFRA and amend legislation to enable future Mayoral WMCA governance	May – June 2018
Constituent Authority/ CA approval of detail of Order	July - September 2018
Order amended where needed locally enters Parliamentary Process	September - October July 2018
Secretary of State approves Order	November 2018
WMFRA functions transfer to the WMCA	November/ December 2018

**Evaluation of alternative option(s):**

None proposed

**Reasons for Decision(s):**

To approve the Governance review (Annex A) and Scheme (Annex B) for the proposed governance model of the West Midlands Fire Service (under the Mayoral West Midlands Combined Authority) prior to going out for formal public consultation.

**Signatures**

	<b><u>Date</u></b>
Interim Leader of the Council .....	.....
Chief Executive .....	.....



**List of Background Documents used to compile this Report:**

*WMFRA report: 'Route Map to Mayoral Governance' (20 February 2017)*  
*WMFRA Report - Future Governance Working Group (20 February 2017)*  
*Future Governance Working Group Report (February 2017)*  
*West Midlands Combined Authority (WMCA) report (3 March 2017)*  
*WMFRA report – 'Route map to Mayoral West Midlands, Combined Authority Governance - a Reformed Fire Authority (RFA) and decision (10 April 2017)*

*WMCA Board Report - 8 September - Mayoral WMCA Governance of WMFS*  
<https://governance.wmca.org.uk/documents/s617/Report.pdf>

**List of Appendices accompanying this Report (if any):**

Annex A – Governance Review  
Annex B - Scheme

**Report Version**

**Dated**

## Equality Act 2010

The Executive must have due regard to the public sector equality duty when considering Council reports for decision.

The public sector equality duty is as follows:

- 1 The Council must, in the exercise of its functions, have due regard to the need to:
  - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by the Equality Act;
  - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
  - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 2 Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
  - (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
  - (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
  - (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- 3 The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
- 4 Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
  - (a) tackle prejudice, and
  - (b) promote understanding.
- 5 The relevant protected characteristics are:
  - (a) marriage & civil partnership
  - (b) Age
  - (c) Disability
  - (d) gender reassignment
  - (e) pregnancy and maternity
  - (f) Race
  - (g) religion or belief
  - (h) Sex
  - (i) sexual orientation

## **Review of Governance and Functions of the WMCA (Annex A)**

This review is a subsequent review to the WMCA governance review and scheme. The review deals with:

- The transfer of functions and governance arrangements in relation to the exercise of fire and rescue functions in the West Midlands, and
- Overview of the governance arrangements

### **1. EXISTING ARRANGEMENTS:**

#### **Existing Fire and Rescue Arrangements:**

1.1 West Midlands Fire and Rescue Service (the Service) provides prevention, protection and response services to the 7 metropolitan councils in the West Midlands. These core services are prescribed under legislation, assurance for which is provided through the West Midlands Fire and Rescue Authority (the Authority). The Authority is accountable to the public for the services provided to local communities. The most pertinent service delivery legislative provisions are as follows:

- The Fire and Rescue Services Act 2004
- The Fire and Rescue Services (Emergencies) (England) Order 2007
- The Regulatory Reform (Fire Safety Order) 2005
- The Civil Contingencies Act 2004

Further detail of these legislative provisions is provided in Appendix 1.

The Fire and Rescue Service is a unique public body that plans for risk not demand. Appendix 2 delivers the understanding behind this and how it meets that risk through its prevention, protection and response services. This review will demonstrate the reliance and value these services add beyond local level delivery, with consideration given to regional, national and specialist international capabilities and interventions.

1.2 In addition to providing services to the West Midlands, given that the Service shares approximately 53 km of border with Hereford & Worcester FRS, 90km with Staffordshire FRS and 113km with Warwickshire FRS, it provides services to the region

in the form of over-the-border mobilisations into neighbouring FRS's and vice versa where required. This is catered for under s13 of the Fire and Rescue Services Act 2004 and is termed Section 13 Mutual Assistance Agreements.

1.3 Further, the Service provides significant support to the national resilience arrangements. This is supplemented by supporting the United Kingdom in its International Search and Rescue (ISAR) capability, having supported numerous interventions to some of the world's largest and most devastating disasters, including earthquakes in Haiti, Japan and Nepal.

1.4 The Authority as it stands was legally established as a joint authority by the Local Government Act 1985. This Act stipulated the requirement to appoint 27 members to the Authority and the number of Members appointed from each of the 7 West Midlands Metropolitan councils.

1.5 Currently, members are drawn made up according to the following political ratio:

- 17 Labour
- 8 Conservative
- 1 Liberal Democrat
- 1 UKIP

1.6 The Authority undertakes the following strategic and statutory duties

- It is accountable to the community for the services provided through the Integrated Risk Management Plan (IRMP) and the service's rolling 3-year corporate strategy, 'The Plan'.
- It approves the budget for the delivery of these services and the setting of the precept for council tax.
- It employs all WMFS staff and owns all properties, rights and liabilities.
- It has ultimate accountability for decision making, however, the Authority delegates many decisions to its sub-committees such as Scrutiny and Audit and day to day operational control to the Chief Fire Officer (CFO) on matters "*concerned with maintaining operational effectiveness and the deployment of resources both physical and employees*".

1.7 The CFO is the designated Head of Paid Service as required by the Local Government and Housing Act 1989 and is responsible for the management and development of all staff, land and resources to enable and ensure the delivery of services, including the exercise of all the powers of the Authority as an enforcement authority under relevant legislation. Accordingly, the

CFO is accountable to the Authority. The operational independence of the CFO is secured by virtue of the skills, knowledge and experience required to deliver on the legislative prescriptions with clear lines of demarcation between Authority and the CFO detailed in the Authority's [Constitution](#), agreed to by the Authority.

1.8 Whilst there is plenty of legislation that all public bodies are required to be compliant with, those detailed below are deemed to be most pertinent to informing the governance arrangements and the responsibilities placed upon the Authority:

- Local Government Act 1985
- Local Government and Housing Act 1989
- The Local Government Act 1972

Further detail with respect to the legislative responsibilities and a more detailed breakdown of current roles and responsibilities of the Authority is provided in Appendices 3 and 4.

1.9 The Authority has a number of sub-committees. These can be broadly divided into those that convene regularly and those that are convened upon requirement:

- Appeals Committee (convenes upon requirement)  
The Appeals Committee operates as a quasi-judicial body in determining appeals relating to pensions and superannuation matters. This Committee convenes upon requirement and hears and decides upon: -
  - Appeals under the Firefighters Pensions Scheme, New Firefighters Pensions Scheme and the Firefighters Compensation Scheme.
  - Appeals under the Local Government Superannuation Regulations.
- Appointments Committee (convenes upon requirement)  
The Appointments Committee convenes upon requirement to make appointments of the Chief Fire Officer, Deputy Chief Fire Officer and Assistant Chief Fire Officer.
- Audit Committee  
The Audit Committee is a key component of the Authority's corporate governance and includes an independent Member to provide independent assurance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards. Its purpose is to provide

independent assurance to the Members of the adequacy of the risk management framework and the internal control environment. It provides independent review of the governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

- Executive Committee

The Executive Committee deals with all matters of an urgent nature which in the opinion of the Clerk/Monitoring Officer, cannot reasonably be delayed until the next ordinary meeting of the Authority or appropriate committee. It considers recommendations from the Scrutiny Committee in respect of completed reviews and to respond to the Scrutiny Committee on what action it proposes to take. It also approves transactions that exceed delegated authority.

- Policy Planning Forum - proportionality not applied

The Policy Planning Forum comprises all elected members and independent members of the Authority. The Forum is not a decision making body, but provides a forum for discussion of important issues affecting the Service prior to formal submission and discussion with members via the Committee framework as appropriate. It is a successful feature of the Authority's governance arrangements used as a particularly effective way of engaging Members and officers on key issues faced by the Authority. The Forum also acts as a vehicle to provide training to members.

- Scrutiny Committee

The Scrutiny Committee supports the Authority in achieving its strategic objectives and ensuring that its policy and budgetary framework is followed and developed to reflect the changing needs and demands in meeting its statutory obligations.

The main purpose of the scrutiny function is to:-

- i) Inform policy development
- ii) Hold officers and the Service to account
- ii) Hold the Authority to account
- iv) Conduct reviews into specific issues.

In carrying out its role the Committee may look at both operational and strategic issues.

- Joint Consultative Panel - proportionality not applied

The Panel comprises elected members of the Authority and recognised elected officials of the Trade Unions/Representative Bodies. The Panel establishes regular methods of consultation between the Authority, management and its employees as part of the employee relationship framework to consider and make recommendations to the Authority or the Chief Fire Officer as appropriate on:

- any problems which may arise
- any relevant matter referred to it by the Service or by the relevant employee organisation
- the application of the terms and conditions of service for employees
- matters referred to it by the Joint Consultative Committee, including failure to consult and failure to agree as defined in the constitution of the Joint Consultative Committee.

The Panel also discharges such other functions that are specifically assigned to it.

- Standards Committee (convenes upon requirement)  
The Standards Committee convenes upon requirement and investigates allegations of breach of the member Code of Conduct and will make decisions on allegations made.

1.10 In addition to providing the accountability detailed above the Authority also represents the Service through strategic relationships and engagements in order to support the delivery of The Plan:

- s41 principles of local accountability – The lead s41 members represent the Authority at each of the 7 constituent councils providing the opportunity for two-way engagement.
- The Local Government Association (LGA) – the Chair is a member of the Fire Services Management Committee (FSMC) and the Fire Commission. The Chair is also supported by the Vice Chair at the latter. The Chair is also a member of the National Joint Council Employers panel and supports the engagement between the employers and the workforce at a national level through dialogue with the Employees panel, which consists of representative bodies.
- The Authority is an observer of the WMCA and through representation by the Chair the Authority is able to contribute to the regions key strategic priorities.
- Regional Chief Fire Officers and Chairs Fire Service Engagement – the Chair represents the Authority in discussions with regional Fire and Rescue Authorities and Warwickshire County Council to support the Service around key initiatives such as collaboration. This discussion incorporates Staffordshire FRA, Hereford and Worcester FRA, Shropshire FRA and Warwickshire County Council.

- The Staffordshire & West Midlands Joint Fire Control Governance Board – The Chair represents the Authority at the board as a Co-Chair. The Board oversees governance arrangements of the joint fire control.
- Local engagement with representative bodies and staff – The Chair undertakes regular engagement with the local Fire Brigade Union (FBU) and Unison representatives as part of promoting industrial relations. The Chair also represents the Authority as part of its engagement with staff by undertaking communication visits to every Community Fire Station and WMFS Headquarters. This engagement is informal and is not part of established processes.
- Local Councils – the Chair represents the Authority through focused engagement with Council Leaders as part of supporting the Service in efforts to build and develop collaborative and strategic relationships.
- Emergency Services – the Chair represents the Authority through engagement with the West Midlands Police and Crime Commissioner (PCC) and delegates at the Office of the West Midlands PCC, to support the Service in efforts to build and develop collaborative relationships.
- The Association of Metropolitan Fire and Rescue Authorities (AMFRA) – The Chair represents the Authority at AMFRA, which consists of the metropolitan fire and rescue authorities that provide services to the main conurbations in England. AMFRA discusses and progresses issues affecting the metropolitan fire authorities and engage at all political levels and work cross-party to support improved outcomes. Engaging through this group has supported a greater recognition and understanding of the challenges affecting the metropolitan Authorities, which in turn has impacted upon expectations for future efficiencies. The Chair of the Authority chairs AMFRA.

### **Existing WMCA Arrangements:**

1.11 The WMCA governance arrangements consists of the WMCA Board and a number of other Boards / Committees:

- WMCA Board
  - Overall responsibility for developing and delivering the Strategic Economic Plan (SEP)
  - Overall responsibility for developing the strategy and delivering Public Service Reform (PSR)
  - Deliver the current devolution deal
  - To negotiate and deliver further devolution deals
  - Approval of future devolution deal development, to determine strategy on investment decisions
  - Allocating resources through the Combined Authority budget & income streams such as devolution deals
  - Determination of Transport strategy and spending priorities



- To operate a Cabinet model with Constituent Member Leaders ‘sponsoring’ a portfolio
  - To consider and determine applications for Constituent, Non-Constituent and observer status
  - To work with partners to develop the Midlands Engine
  - To work with Government to develop and influence national policy
  - To set up the fees for membership
- Audit, Risk & Assurance Committee

The Audit, Risk and Assurance Committee is a key component of the West Midlands Combined Authority’s corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards. The purpose of the Audit, Risk and Assurance Committee is to provide independent assurance to the Authority of the adequacy of the risk management framework and the internal control environment. It provides independent review of the governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

- Overview & Scrutiny Committee

To ensure that decisions made by the Combined Authority, help make the West Midlands region a better place to live, work, study and do business. To undertake call-in arrangements for the Combined Authority. To make recommendations for appointment to the Combined Authority Board.

- Transport Delivery Committee

The Transport Delivery Committee will be a sub-committee of the Combined Authority Board.  
 The Transport Delivery Committee will be part of the Transport for West Midlands (TFWM) activities.  
 To provide oversight of operational delivery of transport across the West Midlands. As requested by the Combined Authority Board or Leader with Transport responsibilities, advise on transport policy matters.  
 Be responsible for the discharge of specified transport functions delegated by the Combined Authority Board.

The Board membership consists of each of the 7 constituent councils, which cover the West Midlands conurbation – Birmingham, Coventry, Walsall, Dudley, Wolverhampton, Solihull and Sandwell.

Ten non-constituent members also form part of the Board and have limited voting rights – Cannock Chase District, North Warwickshire Borough, Warwickshire County, Nuneaton and Bedworth Borough, Redditch Borough, Rugby Borough, Shropshire, Stratford on Avon District, Tamworth Borough and Telford and Wrekin Councils.

The PCC and the Authority also sit on the Board as Observers. Whilst they do not possess voting rights, they are able to contribute to the strategic discussion and add value.

1.12 The WMCA has a number of priorities which are vested in the Mayor and WMCA portfolio lead members:

- HS2 growth and Health and wellbeing – devolution deals and communications & engagement, mental health, mental health commission and health devolution
- Economic growth – delivery of Strategic Economic Plan (SEP), access to finance for business, Collective Investment Fund (CIF), WMCA growth company, international trade and exports, digital strategy and the arts and cultural activity
- Housing and land – land commission, Land Remediation Fund (LRF) housing delivery, one public estate
- Skills and productivity – skills and productivity commission (including employability), learning for the future and Further Education (FE) area reviews
- Cohesion & Integration and Public service reform – public service reform agenda, troubled families, criminal justice, welfare reform, shared services and social inclusion.
- Transport – delivery of Strategic Transport Plan, Midlands Connect, West Midlands Rail, HS2 delivery transport and Transport Delivery Committee
- Finance and investment – delivery of the WMCA investment agenda
- Environment

## **2 THE NEED TO REVIEW THE CURRENT FIRE ARRANGEMENTS**

- 2.1 Public Services locally across the West Midlands are changing significantly and will continue to do so with the inception and progression of the WMCA. Central governments expectations around increased efficiencies and reform place an additional expectation on this continued change and transformation.
- 2.2 The fire and rescue services in England are not exempt from these expectations and will have made efficiencies in the region of £450m by 2019/20 since the introduction of comprehensive spending review (CSR) in 2010/11. Reductions have been experienced both in front line and support service staff. In many areas across England reductions have been seen in the number of fire stations and appliances available to attend emergency calls. As budgets and physical firefighting resources continue to be cut, it is becoming increasingly difficult to meet local needs and address risk in the communities.
- 2.3 In the West Midlands the Service has sought to implement a programme of transformation to ensure the risk based needs of local communities, targeting the vulnerable, continues to be met in order to deliver stringent service delivery performance standards. A review of the discharge of the Authority's responsibilities provides an opportunity to review the external influences on the Service's ability to sustain its service delivery arrangements. These influences range from changes in Government policy, expectations around reform and financial pressures to the wider benefit that can be leveraged from the services that WMFS are legislatively prescribed to deliver across the public sector in the West Midlands. They include the contribution the Service can make to the achievement of the Mayoral WMCA's strategic ambitions and priorities by supporting growth and reducing the total cost of delivering public services through a coordinated, integrated and collaborative delivery of services.

### **Background:**

#### **The Comprehensive Spending Review and the Service's Approach to Service Transformation**

- 2.4 The Authority has fully supported service wide transformation and has embraced plans to meet the circa 50% (£38m) reduction in central government grant (core) over the course of the CSR, covering the period 2011/12 to 2019/20.
- 2.5 As cited earlier ongoing transformation over the past 6 years has impacted on both service support and service delivery functions. The Service has met the required reductions in funding through exploring and implementing more challenging and innovative approaches to the delivery of internal and external community facing services. Whilst the Service has had to make decisions that have increased risk in some areas of response, prevention and protection, these have been assessed through an evidence based approach, using integrated risk management analysis to minimise the impact on services to the community and importantly, to ensure service delivery standards and expectations continue to be met.

- 2.6 Service transformation in this way has reinforced the Services' priorities and outcomes as set out in The Plan. The Service Delivery Model (SDM) sits at the heart of The Plan and is underpinned by planning and analysis that determines the level of resources needed to be able to respond to high risk (life and property) incidents, within a risk based 5-minute attendance standard. This attendance standard evidentially enables the Service to act assertively, safely and effectively thus reducing the risk to firefighting and increasing the survivability of the victim, as well as reducing the impact of the fire on the local community and economy.
- 2.7 The SDM is pivotal to supporting an integrated approach to the delivery of the Service's prevention, protection and response services to the communities of the West Midlands. Amidst the challenges that the CSR presents to the Service, the SDM cannot be compromised particularly given the positive impact the SDM has at a time when the region has prioritised economic growth.

### **The Government's Fire Reform Programme**

- 2.8 In addition to the significant financial challenges for the fire and rescue services there has also been significant policy challenges through reviews such as those conducted by Sir Ken Knight, (Facing the Future 2013), and Adrian Thomas (Independent review of conditions of service for fire and rescue staff in England February 2015). These reviews continue to set the backdrop for the reform of the fire and rescue sector and is reflected in the Home Office's policy development. However, they have been less challenging because the Service has and remains an agile public service committed to efficient and effective service delivery.
- 2.9 On the 11th September 2015 the Government released a consultation entitled 'Enabling Closer Working between the Emergency Services' which progressed the fire reform programme. This was soon followed by a move of government department for the fire and rescue service on the 5th January 2016, from the Department for Communities and Local Government to the Home Office. The fire reform programme has also encapsulated the reform of the professional voice of the England and Wales fire and rescue services, the Chief Fire Officers' Association (CFOA), with the Home Office contributing to its priorities. CFOA has undergone structural change mirroring the National Police Chiefs Council (NPCC), in addition to a name change resulting in the National Fire Chiefs Council (NFCC).
- 2.10 On the 24<sup>th</sup> May 2016 the then Home Secretary, the Rt Hon. Theresa May, issued a statement which outlined a clear desire from central Government to affect change and generate impetus for further reform wider than the delivery of services - reform

of Fire and Rescue Authorities. The Government and the Home Office remain committed to implementing governance structures which provide increased scrutiny, transparency and accountability of decision making, building on the reform of Police Authorities.

- 2.11 The outcomes to the above consultation introduced the Policing and Crime Bill, which received Royal Assent in January 2017 (Policing and Crime Act 2017, PACA 2017). It introduced a new duty of collaboration on each of the emergency services. This Act also introduced new powers for elected Mayors to take on the governance of Fire and Rescue Services. It also delivered the same powers to the PCCs, where local agreement can be achieved.

### **Changing Governance and Future Opportunities**

- 2.12 Government policy developments has also incorporated local councils with legislation enabling the inception of the West Midlands Combined Authority (WMCA) in June 2016 and a Mayor elected in May 2017. This change has provided a further opportunity to review the contribution that public services in the West Midlands can collectively make to the achievement of regional strategic priorities in a more efficient, effective and economical way.

- 2.13 The WMCA priorities are detailed in paragraph 1.12.

- 2.14 In view of the changing landscape and government expectations driven through policy and legislative reform, the Authority recognised that staying the same was not an option. The Authority identified four possible routes for the potential future governance structures for the Service:

- A Reformed Fire Authority (RFA),
- A Police and Crime Commissioner (PCC),
- A Mayor as part of the WMCA and
- A Combination of regional Fire and Rescue Services.

These possible governance structures were subsequently subject to an appraisal by an independently chaired Future Governance Working Group (the Group) in 2017. The work of the Group is discussed in paragraph 2.21. A more detailed description of each of these governance models is provided in Appendix 5.

- 2.15 These governance structures are enabled through a number of pieces of legislation. Governance through a PCC or a Mayor as part of a Combined Authority represents the newest structures and the policy of the current Government, enabled through the PACA 2017.
- 2.16 With the introduction of the WMCA came the first devolution agreement for the West Midlands in 2015, providing the region with additional £36.5 million a year of funding allocation over 30 years in addition to devolved responsibilities.
- 2.17 Amongst these priorities the 2015 devolution agreement for the WMCA encouraged the exploration of further opportunities for devolution on the basis of an appropriate relationship between the functions of a Mayor, the PCC's and the fire and rescue services. This intent is further outlined with respect to exploring such relationships in the mayoral manifesto.
- 2.18 These local and national changes have set the environment, pace and expectation of change to ensure the best outcomes for local communities.

### **WMFRA commitment to future governance**

- 2.19 In view of Home Office expectations around the reform of the fire and rescue service developing apace, the Authority has embraced the developments and considered how it works with, responds to, and influences the changes to ensure the maintenance of risk-based services to local communities, delivered in a value for money way. The Authority acknowledged that a failure to address this could cause the Service to lose relevance, credibility and impact public confidence (an emerging corporate risk) from the uncertainty around the future governance of the Service, with the potential to impact on the priorities in The Plan.

### **The Evidence Base**

- 2.20 The Authority committed itself to exploring an evidence based approach to understand how each of the future governance options, in light of the changing external influences highlighted in this review, may support the delivery of services to local communities, enable collaboration, whilst incorporating increased scrutiny, transparency and accountability of decisions; in a value for money way.

### Future Governance Working Group

2.21 The Authority commissioned a Future Governance Working Group (the Group) to provide an options appraisal for the Authority to be able to make an evidence based decision on the best option for governance of the Service in the future and the best approach to achieving this. The group was independently chaired by professional services firm Price Waterhouse Coopers and consisted of a number of key stakeholders from across both the public and private sector:

- WMCA
- Office of the West Midlands Police and Crime Commissioner
- NHS England
- Home Office
- West Midlands Ambulance Service – Board of Governors
- West Midlands Fire and Rescue Authority
- Greater Birmingham Chamber of Commerce
- Coventry and Rugby Clinical Commissioning Group

The approach to assessment:

2.22 Initially and importantly the Group considered how collaboration currently existed as well as the potential for the provision of future collaborative services across blue light emergency services, local councils, WMCA and the NHS. A critical part to this was the impact the governance model would have on the community and the ability to deliver improved public service to the local community, with increased scrutiny, transparency and accountability of decisions in a value for money way.

2.23 Each of the governance models were assessed against the achievability of this through a set of high level community outcomes, recognising both strengths and opportunities for each of the governance options as well as the possible barriers and risks to progression. The analysis undertaken by the group suggested that:

*‘a two-stage process (two changes in governance, i.e. from Authority to PCC, then to Mayor) increases costs, risk and reduces benefits and as such should be avoided.’*

*‘The Mayor will happen and this will create opportunity in improving public services. WMFRA need to ensure they remain engaged in this to ensure the best opportunity for the delivery of outcomes for the future’.*

It also added that:

- The benefits of the WMCA model included the ability to work directly with all 7 of the metropolitan councils, the potential for working with the Police, and the non-constituents in enhancing public safety and management the demand services. It referenced the Telecare Service provided by the Service to 3 of the 7 constituent councils as good examples of this. It also discussed the potential for a regional emergency planning function and the WMCA as an appropriate footprint to integrate wider services in order to spread cost and outcomes as widely as possible.
- It referenced health as a central issue for the WMCA through its Mental Health Commission: *“As public sector reform is pursued, effective working across the local authority/health boundary will be required, as is hoped for in the STP process. The Mayor will also have convening powers which will at least require health to be at the table. There is certainly further collaboration opportunity for the Service with Health, with several good examples from elsewhere.”*

The Group conclusions can be found in Appendix 6.

- 2.24 The Group’s conclusions provided an evidence base to inform the Authority’s considerations and an avenue to provoke discussion about the merits of each of the options.

#### The Integrated Risk Management Plan (IRMP) Public Consultation:

- 2.25 The Service also undertook a public consultation during December 2016 to January 2017 to engage with the community and partners as part of its Integrated Risk Management Plan (the Consultation) on the future strategy to deliver risk based services across the West Midlands. As part of efforts to enable the community to develop its understanding about the changing landscape affecting the Service and to provide transparency, the consultation extended to future funding and governance. From a governance perspective the consultation outcomes identified a Reformed Fire Authority and a Mayoral Combined Authority as ‘desirable’ models for future governance for best supporting the delivery of its prevention, protection and response services to the communities of the West Midlands.
- 2.26 The influences of external change and a developing evidence base have provided the Authority with the justification to move forward and pursue the engagement of the WMCA and Mayor in determining the next steps in a proposed change in governance for West Midlands Fire Service.

### **3 HOW THE REGION CAN BENEFIT FROM A CHANGE IN GOVERNANCE MODEL AND INTEGRATING WMFS AS PART OF THE WMCA:**



3.1 A transfer of governance functions to the WMCA will need to satisfy the following statutory requirements:

Section 105B(1) of the Cities and Local Government Devolution Act 2016 requires that:

'appropriate consent is given and the Secretary of State considers that the making of the order is likely to improve the exercise of statutory functions in the area or areas to which the order relates'.

Section 113(3) of The Local Democracy, Economic Development and Construction Act 2009 requires that:

'The Secretary of State must have regard to the need -

(a) To reflect the identities and interests of local communities and

(b) To secure effective and convenient local government'

3.2 This review will demonstrate how governance delivered through the Mayoral Combined Authority will improve the exercise of the statutory functions in the WMCA area to which this review and associated scheme relates, whilst reflecting the identities and interests of local communities and securing effective and convenient local government.

3.3 This will be achieved by delivering a stronger focus on collaboration across the region providing a joined up strategic approach, which is key to the Service's strategic direction and delivery of its SDM. The opportunities the WMCA presents to widen and strengthen the delivery of collaborative prevention and protection based services was recognised as part of the options appraisal undertaken by the Group (cited in section 2). This is based on the strong track record the Service currently has in collaborating with local councils and other agencies to deliver joined-up services which focus on reducing vulnerability and creating stronger communities. This can be seen in the leadership the Service is currently providing to the WMCA work streams through the CFO leading on Public Service Reform. This change will meet the statutory requirements in 3.1. At the same time these changes will deliver public safety, value for money, increased scrutiny, transparency and accountability to communities, through the singularly elected individual the Government desires, in addition to providing the best opportunity for improving collaboration. The proposed arrangements are set out in section 5.

### **A workforce to support joined up services and reduce vulnerability**

- 3.4 The Service's strategy is 'Making the West Midlands Safer, Stronger and Heathier'. The integrated SDM and five-minute attendance standard relies on an essential mix of resources and skills, provided through a whole-time multi skilled workforce delivering prevention, protection and response services.
- 3.5 The Service tackles the 'causes of the causes' and the over-arching risk in the West Midlands in this way. An example of its prevention activities is the holistic 'Safe and Well' visits. The Service gains access to more than 27,000 targeted-homes each year across the West Midlands as a direct result of the Service's unique public standing in the community. These visits do not just focus on the potential causes of fire and safety issues, but go deeper to identify and address the wider health and or lifestyle issues which may, further down the line, lead to an emergency incident or acute intervention from the wider public services.
- 3.6 Under a WMCA governance arrangement promoting greater collaboration, greater benefit will be leveraged through interventions such as the holistic Safe and Well visits enabling the further reduction of vulnerability and providing added value within existing funding streams on a wide range of issues as recognised by [Professor Sir Michael Marmot \(Institute of Health Inequality\)](#) and [Shirley Cramer \(Chief Executive of Royal Society of Public Health\)](#).
- 3.7 The more joined-up delivery of services in this way, along with other initiatives such as better data and business advice (see Appendix 2) will not only address vulnerability within the community, strengthen the business community and enhance public safety in its widest context, but it will also deliver the economic savings referred to by the Group, as referenced in paragraph 2.23. The Service's 21<sup>st</sup> century professional, flexible, integrated SDM has the potential to deliver significantly improved value based outcomes to the communities through a more joined up public workforce.
- 3.8 Having considered the potential to deliver significantly improved value based outcomes through the WMCA this review acknowledges the duty the PACA 2017 places on emergency services to consider collaboration where it would be in the interests of efficiency or effectiveness. The Service has long standing collaborative relationships with West Midlands Police (WMP) and the West Midlands Ambulance Service (WMAS). Some examples are listed in Appendix 7.

### **Continued improvement and transformation**

- 3.9 It is clear that as funding for public services continues to reduce, there will be a need to further reform services to improve collaborative working. This reform has to deliver improved value to local communities and should also provide greater value to the public spend.

- 3.10 The Service's commitment to transformation and reform whilst maintaining its commitment to the delivery of its integrated SDM is detailed above and as such the Service is one of the leanest Fire and Rescue Services in the country. This scale of reform has been achieved through working with the Authority, staff, representative bodies, partners and communities, implementing innovative concepts to new ways of working, which have enabled efficiencies to be achieved whilst maintaining and improving services delivered to local communities.
- 3.11 This service transformation continues as the Service seeks to understand how future services can be delivered in a more efficient and effective way, whilst ensuring public safety is clearly met through the right ratio of resources to risk.
- 3.12 Being part of the WMCA will create further opportunities to progress transformation and create greater efficiencies enabled through a single structure. This is supported by the Group's appraisal of the WMCA as the model which provides the best opportunity to realise these benefits as detailed in paragraph 2.23.

### **Effective decision making**

- 3.13 A model which enables accountability and leadership to be aligned effectively will enable transparent and effective decision making and reduce bureaucracy. The WMCA will provide a stable and statutory body for the Service and the Mayor will provide an accountable figure for the Service and decisions made to local communities.
- 3.14 The Mayor as an accountable figure will satisfy the Home Office's desire for 'single accountability' across public services, which together with the benefits from increased integration, greater collaboration across public services, increased public safety and value for money provide a sound rationale for the benefits of transferring the governance of the Service from the Authority to the proposed model. As discussed throughout this section this change could enable increased value to the communities through the delivery of joined-up services across the West Midlands.
- 3.15 The current governance arrangements for the Service through the Authority provides a model where accountability is spread across all 27 of its members. Representation is provided for across all seven constituent councils with a particular focus on 'lead members' for each local authority and political representation is proportional to the West Midlands area. Moving to a model of single accountability through the Mayor will provide an increased political focus on this role. The detail around the proposed model set out in section 5, below, aims to ensure that whilst accountability cannot be spread, the Mayor would be supported by a 'Mayoral Fire Advisory Committee' (the Committee) in the delivery of this role. The Committee will not be a decision making committee, this responsibility will remain with the Mayor and Chief Fire Officer, as appropriate. The Committee will advise the

Mayor, represent the Mayor and review decisions made by the Mayor. Further details around the role of the committee is set out in section 5 and Appendix 8.

- 3.16 The Mayor will provide a more visible figure of accountability for the Service, which will support the expansion of collaborative opportunities in line with Government expectations set out in the 'duty to collaborate', whilst enabling, through the model proposed below, focused engagement with constituent councils in the delivery of local services.
- 3.17 Clear and transformational leadership across the West Midlands, will also ensure the continuation of the progressive process of devolution of funding and powers as set out in the WMCA first devolution agreement, to achieve the right outcomes for the communities of the West Midlands.

#### **4 THE DIRECTION FOR THE FUTURE GOVERNANCE OF THE SERVICE**

- 4.1 The options appraisal undertaken by the Group together with the outcome of the consultation, the current and future strategic directions of the Service, the WMCA and the overall direction set by the Government (both policy and legislation), supports the Authority as it seeks alignment to a governance model through the Mayor as part of the WMCA. The Authority believes this model would provide the best approach to the future delivery of services to the communities of the West Midlands as set out in paragraph 3. This is particularly so given the Authority maintains its belief that the Service is the largest and most complex Fire and Rescue Service outside of London, complexities recognised by Adrian Thomas as part of his review.
- 4.2 The route to a WMCA governance model has provided the opportunity to explore the relationship between the functions of a Mayor, the PCC and the Authority through local determination. This journey has triggered significant engagement with the Mayor, the WMCA, the PCC, the constituent council Chief Executives and the Leaders of the constituent councils. Support for the strategy to reform the Authority through joining the WMCA as proposed within this Review was unanimously provided at WMCA Board on the 3rd March 2017. This was preceded by approval of the overall direction and timeline for future governance of the Service by the Authority on the 20th February 2017. Subsequently the WMCA Board has approved the preparation of the Governance Review and Scheme on the 8<sup>th</sup> September 2017. These reports are referred to in the background papers, below.
- 4.3 It is proposed that the Service transfer into the WMCA at this stage to enable it to achieve the benefits identified by the Group and those listed above, whilst delivering on the duty to collaborate with the emergency services prescribed by the PACA 2017. This move will progress the intent in the first devolution agreement as set out in paragraph 2.17 whilst the Mayor and the WMCA

explore the basis of an appropriate relationship between the functions of a Mayor and the PCC as further outlined in the mayoral manifesto.

- 4.4 A critical element to a change in governance to the WMCA will be the interim governance arrangements in continuing to provide the highest levels of public safety, supporting increased collaboration, without the associated costs an unnecessary change governance option would incur; as well as the risk of impact on engagement with staff, community and trust. In recognition of this the Authority believes that a Reformed Fire Authority (RFA) option can provide a more robust interim approach to governance, this was a key consideration of the Group. In its conclusions the Group determined that, 'the Authority should consider how its own governance should change, to enhance opportunities for further reform and collaboration'. As such, it is anticipated that the RFA will be implemented in June 2018 to support the progressive change to a WMCA governance model.
- 4.5 An important local dynamic within the reform of the Authority is the enabling power the PCC has to seek representation on the Authority by virtue of the PACA 2017. The PCC has followed up on the Authority's invitation to request a place on the Authority. This will be a key part of the RFA, subject to approval at full Authority. This evidences further progress around the intent to explore relationships within the West Midlands.

## 5.0 **PROPOSED GOVERNANCE MODEL:**

- 5.1 A Mayoral combined authority governance model for Fire and Rescue Services is very new. Changes implemented in Greater Manchester and those legislated for in London provide examples of how Mayoral models for governance for Fire and Rescue Services are developing. Further detail is set out in Appendix 9a – Mayoral Governance Models for Fire and Rescue Services and Appendix 9b – Comparison of London and Manchester models.

### **A WMCA Governance Model**

- 5.2 As part of this model it is proposed the WMCA take on the Authority's functions and as such will be to the employer of the Service's staff and own all properties, rights and liabilities in this proposed governance model. The WMCA as a 'corporate body' will have the right structures in place to support the requirements of employer status, as well as any liabilities that result from this. These functions are set out by the following legislation and detailed further in Appendices 1 and 4.

Local Government Act 1985

Local Government and Housing Act 1989

The Local Government Act 1972

The Fire and Rescue Services Act 2004  
The Fire and Rescue Services Order 2007  
Civil Contingencies Act 2004  
Regulatory Reform (Fire Safety) Order 2005  
The National Framework for Fire and Rescue Services in England 2012

5.3 This model proposes that the Mayor (only) as a singularly accountable figure, will have the power to exercise these functions, delegating decision making and operational functions as appropriate. The essential roles, responsibilities and accountabilities of Mayoral governance, should incorporate functions transferred to the WMCA but exercised only by the Mayor as follows:

- Fire and rescue functions as required of the Fire and Rescue Service Act 2004 and other enabling legislation (detailed above and in Appendix 1).
- Decisions and functions relating to all properties, rights and liabilities in relation to the exercising of fire and rescue functions
- Accountability for the Integrated Risk Management Plan
- Accountability for the Corporate Strategy
- Approval of Budget and setting of precept
- Appointment and dismissal of the CFO

#### 5.4 **The Mayoral Fire Advisory Committee (the Committee)**

*1. Enable leadership for the Service and Mayoral priorities across each of the 7 local constituent authorities of the WMCA.*

It is proposed that through the Committee arrangements the philosophy of collective representation across all seven constituent authorities remain and that the Committee reflects the membership and balance derived from the approved arrangements for the West Midlands Reformed Fire Authority. This will enable proportionality across each of the constituent councils, as well as enabling continuity and equitable spread in roles and responsibilities.

It is proposed that lead members will represent the priorities and strategy of the Mayor and WMFS in their respective councils and will report on performance in relation to fire functions.

Committee members will also support their local community fire stations in engaging with the community and through providing a link into respective constituent councils.

## **2. *Composition***

It is proposed the committee appointed should consist of 15 elected members from the WMCA constituent councils, the Police and Crime Commissioner (in accordance with the PACA 2017) and three further co-opted members from health, Ambulance and the WMCA to promote greater challenge, transparency and further collaboration.

Existing political balance will be applied to the Committee.

The Chair of the committee will be appointed by the Mayor.

It is recognised within this proposed model that the Mayor will gain greater accountabilities and this will need to be balanced effectively with both existing and future roles and responsibilities. It is proposed that the Committee members will support the Mayor in providing advice around fire related issues to ensure the right level of detail and understanding is provided to inform the Mayors role as the Authority.

The Committee will support the Mayor in providing advice around exercising fire functions to ensure the right level of detail and understanding is provided to inform the Mayors role as the Authority.

## **3. *Keep under review decisions made by the Mayor***

It is proposed that the role of reviewing decisions made by the Mayor is delegated to the Committee. Such reviews will be aligned to the National Framework for the Fire and Rescue Service and through prepared reports, will inform the WMCA about decisions made in relation to the exercising of fire and rescue functions. This will enable a continuation of knowledge and expertise in relation to fire at the outset of transferring the role of fire into the WMCA.

The Committee will review decisions made by the Mayor.

The proposed role of the Committee would be to report back to the WMCA on decisions made.

The Committee will not be a decision-making committee this responsibility will remain with the Mayor and Chief Fire Officer, as appropriate.

4. *Act as the ‘voice’ of the fire service within the 7 Constituent councils, regionally with other Fire and Rescue Services, nationally through the National Joint Council and Local Government Association.*

The Committee will support the Mayor by continuing with the strategic engagements cited in paragraph 1 thereby adding value to and influencing local, regional and national engagements through its sector expertise.

5. *Engage with and influence government policy on behalf of the Mayor in matters such as the impact of CSR on the ability to provide continuity of services to the West Midlands communities.*

Working regionally and nationally with the Fire Sector to engage with and influence issues such as flooding, funding, etc. The Committee will continue to be a key resource in enabling a wider awareness of the challenges faced locally both from a fire-fighting and community perspective. It will continue to represent the Service through bodies such as AMFRA listed in paragraph 1.

6. *Enable the development of collaboration, partnerships and services to the community through engagement with local councils, emergency services and beyond, thereby fulfilling the requirements of the duty to collaborate.*

The Committee will provide the support required to fulfil the legislative obligations prescribed by the PACA 2017.

- 5.5 This proposed model seeks to create an efficient and effective decision making structure, which will support the Mayor in focusing on strategy and setting direction for the Service.
- 5.6 This proposed model compares favourably with the model recently implemented in Greater Manchester. The model for London which is yet to be implemented is different in that the London Commissioner role also acts as the governing body. It is understood that the scrutiny role of the Greater London Assembly can in the case of fire be delegated to its fire committee.
- 5.7 An overview of the proposed governance framework incorporating roles and responsibilities of the Mayor, committee and CFO/Officers is set out in Appendix 8.
- 5.8 **CFO/Officer roles**

This model will enable the Mayor to delegate functions to the CFO enabling the CFO to be directly accountable for:



- the management of the Service
- the delivery of WMFS Strategy (incl. matters relating to exercising functions of the Fire and Rescue Services Act 2004, etc.)
- the delivery of a staffing structure and model which supports current and future Strategy
- the deployment of resources to meet risk
- the transformation of services to meet WMFS and Mayoral/WMCA priorities.

5.9 The above areas of accountability would enable the CFO as head of paid service of West Midlands Fire Service to effectively manage staff, employee relations, workforce development, resources and assets to support the delivery of day to day functions, as well as the development of future delivery of services aligned to the strategy agreed with the Mayor. Such a proposal appears well placed when considered alongside Chief Officers for other emergency services.

5.10 In accordance with section 2(3) of The Police Reform and Social Responsibility Act 2011 a Chief Constable has direct control of the police force and civilian staff of a police force. This is therefore equivalent to the head of paid service conferred by s4 of the Local Government and Housing Act 1989. Furthermore, a Chief Constable is also a corporation sole by virtue of s2 of Schedule 2 of The Police Reform and Social Responsibility Act 2011.

## **6. The legislative route to enabling Mayoral governance**

6.1 The main pieces of legislation enabling the change to be enacted in governance can be listed as follows:

- The Local Democracy, Economic Development and Construction Act 2009 and
- The Cities and Local Government Devolution Act 2016
- The Policing and Crime Act 2017 (PACA 2017)

6.2 The preferred route to achieve Mayoral governance of WMFS is through the Cities and Devolution Act 2016. This legislation enables the WMCA to take on additional functions, either local authority and/or other public authority functions. This route will enable, through a devolution deal, the powers and functions of WMFRA to be devolved to the WMCA and exercised only by the Mayor.

6.3 The justification and evidence base to support this route has been provided throughout this review and is listed in the scheme. The scheme will be consulted upon and approved locally prior to being submitted to government. The process is detailed below.

#### 6.4 **Process and timeline:**

The following timeline demonstrates the next steps and stages required to effect the change in governance as outlined in this review. The timeline is indicative but it is envisaged that the governance could be implemented within a 15-18-month period. It should be noted that if the transfer of the Authority functions to the WMCA were to be achieved within this period, the RFA as an interim governance change may not be necessary move.

**October - November 2017:** Constituent Authority approval of content of governance review and scheme.

**8<sup>th</sup> December 2017:** WMCA approval of content of Governance Review and Scheme.

**January – February 2018:** Consultation of proposals set out in the scheme on behalf of the Secretary of State (a minimum of 6 weeks)

**March 18:** Analyse consultation responses locally

**April 18:** Governance Review, Scheme and analysis of consultation reviewed by Secretary of State (4-12 weeks)

**May - June 18:** Government development of Order detailing changes required in legislation to abolish WMFRA and amend legislation to enable future WMCA governance

**July - September 18:** Constituent Authority/ CA approval of detail of Order

**September - October July 18:** Order amended where needed locally enters Parliamentary Process

**November 18:** Secretary of State approves Order

**November/ December 18:** Authority functions can transfer to the WMCA

#### 7. **Schedule of background papers**

WMFRA report: 'Route Map to Mayoral Governance' (20 February 2017)

WMFRA Report - Future Governance Working Group (20 February 2017)

Future Governance Working Group Report February 2017

West Midlands Combined Authority (WMCA) report (3 March 2017)

WMFRA report – ‘Route map to Mayoral West Midlands, Combined Authority Governance - a Reformed Fire Authority (RFA) and decision (10 April 2017)

West Midlands Combined Authority (WMCA) report (8 September 2017)

## **8. Appendices**

### **Appendix 1 – The Most Pertinent Legislatively Prescribed Service Delivery Provisions:**

The most pertinent legislatively prescribed service delivery provisions are as follows:

- **The Fire and Rescue Services Act 2004**

As a requirement of the Fire and Rescue Services Act 2004, the Government published the Fire and Rescue National Framework setting out the priorities and objectives for Fire and Rescue Authorities in England. FRA's must have regard to it in carrying out their duties. The Framework places responsibility on Fire and Rescue Services to prepare an Integrated Risk Management Plan (IRMP). The plan must include targets and objectives for reducing risks, balancing prevention and intervention, and determining response standards and resource allocation. In West Midlands this is called The Community Safety Strategy. The CFO will manage and advise the Mayoral on the IRMP, subject to the Mayor's approval.

- **The Fire and Rescue Services (Emergencies) (England) Order 2007**

Section 58 of the FRS Act 2004 specifies other emergencies for which fire and rescue authorities must make provision. These are set out in the above Order 2007 and specifies functions in connection with emergencies involving chemical, biological, or radio-active contaminants, structural collapse or a train, tram or aircraft ("transport emergencies"), but does not apply in relation to transport emergencies, unless the incident is likely to require a Fire and Rescue Authority to use resources beyond the scope of its normal day to day operations.

In addition, where a Fire and Rescue Authority has specialist resources, including specialist trained personnel, to enable it to deal with emergencies of a kind described in this Order, and such an emergency occurs or is likely to occur in the area of another Authority; this Order requires the Authority with the specialist resources, if asked to do so, to use those resources in that other Authority's area so far as is reasonable for the purpose of dealing with the emergency. The CFO will manage the

configuration of the resources as part of day to day business, however, the Mayor will retain oversight and be able to provide time critical resilience to emergencies on a regional and national scale.

- **The Regulatory Reform (Fire Safety Order) 2005**

This places emphasis on business continuity and containing and preventing the spread of small fires. It provides a minimum fire safety standard in all non-domestic premises. It designates a person (e.g. employer, manager or owner) as a responsible person who is then required to carry out certain fire safety duties, which include ensuring that general fire precautions are satisfactory and that fire risk assessments are conducted.

Fire Authorities are the primary enforcing agencies for all fire legislation in non-domestic use. The Authority has delegated the power to prosecute to the Chief Fire Officer. However, the Mayor will retain oversight.

- **The Civil Contingencies Act 2004**

The Civil Contingencies Act 2004 delivers a framework for civil protection. It establishes a statutory framework of roles and responsibilities for local responders; of which the Authority is one, and on emergency powers, establishing a framework for the use of special legislative measures that might be necessary to deal with the effects of the most serious emergencies. The Act also divides local responders into two categories. The Fire Authority is a Category 1 responder. This means that it is at the core of emergency response. Upon transfer of governance the CFO will continue to manage operational handling and the Mayor will retain oversight.

## **Appendix 2 – A Risk Based Service and Risk Based Service Delivery**

The Service is a unique public body in that it is funded to provide adequate cover against risk, informed by demand, as opposed to restricted to demand.

Risk is analysed by employing sophisticated processes to manage performance in responding to emergency incidents, based upon the principle of proportionality, dependent on the risk involved. Local geography is analysed, based on factors such as deprivation and the history of dwelling fire incidents within locations to determine the weighting of the risk. In this way, a picture is painted of the future likelihood of high risk incidents occurring in particular areas allowing a reliable Risk Map for assessing foreseeable future risk to be developed. The Area Risk Maps (ARM's) are then used as the basis for planning prevention, protection and emergency response strategies. This data is key not only relevant to WMFS but also to partners in authorities such as constituent councils, health and social care.

It serves a population of more than 2.8 million people with some of the most diverse and multi-cultural communities in the country, in a relatively small geographical space. The population demographics, socio-economic and health and well-being challenges means that the Service has amongst the highest levels of social risk in England, which makes its communities particularly vulnerable to fire, road traffic and other emergency incidents. The West Midlands has a disproportionate percentage of the total number of incidents with more fires per head of population in the West Midlands compared to the rest of the country including London. There are also proportionately more serious life threatening incidents in the West Midlands as is shown by analysing the Primary Fires. There is a similar pattern when total incidents - not just fires but all manner of emergencies.<sup>1</sup> Serving a relatively small geographical space means that WMFS' fire stations serve more people compared to the rest of the country, serving the highest levels of population outside of London, typically double the population of other non-Metropolitan FRS's.<sup>2</sup> Serving larger number of high risk people means WMFS stations are amongst the busiest in the country, attending more than double the number of incidents per Fire Station.<sup>3</sup>

### **Prevention, Protection and Response Services:**

Prevention – creating a healthier community through changing behaviours to improve outcomes

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<sup>1</sup> CIPFA Fire Statistics

<sup>2</sup> CIPFA Fire Statistics

<sup>3</sup> CIPFA Fire Statistics

As well as responding to risks when they do happen WMFS is about preventing those incidents and protecting communities in the first instance – That is where its key successes and improvements have been. Nationally, the FRS has undergone a major cultural change to embrace prevention and develop a sophisticated understanding of community risk. This has brought about a dramatic reduction in fires (58%), deaths (38%) and injuries (35%) through services' engagement with communities.<sup>4</sup> The Service plays a very practical and essential role in managing and responding to the risks that face society and they are also uniquely placed to reduce some of the risk in the community through their unrivalled standing and high levels of public trust, satisfaction and confidence by situating firefighters at the very heart of the West Midlands community. This allows the community to have comprehensive contact with firefighters who are then able to cross the front doors of residents in the high 80% of the time without any prior contact. This means WMFS firefighters are able to go further when conducting their comprehensive Safe and Well Checks in providing critical interventions, promoting health messages and making referrals to appropriate services to help keep people safe and reduce incidents of harm – *fire-fighting upstream*.

### Protection Services – creating a stronger business community

Serving the heartlands of businesses and the UK economy the Service plays a major role in contributing to the national protection activity. The West Midlands has large numbers of industrial and relatively high risk premises within its community. Often this is a legacy of former industrial heritage and how the cities have developed. One example of the relative risk is that the West Midlands has a higher percentage of unsatisfactory business audits undertaken, meaning they comprise the greatest business risk, which therefore requires further resources to enforce compliance.

Accordingly, protection services are geared towards supporting the local economy. This means prioritising the business sector, focusing on giving a wide range of advice and, when necessary, enforcing the law through qualified inspectors. Officers also work with building control and approved inspectors to inspect plans for new buildings and ensure compliance with the following:

- Clear access routes for fire appliances in areas of new build
- Adequate water supplies and firefighting facilities
- Suitable escape routes and fire resisting construction
- Safety systems such as fire alarms and escape lighting

Safety audits are carried out using a risk based system of ranking sites in order of priority, to ensure visits take place where they will achieve the greatest impact on safety.

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<sup>4</sup> Fire Statistics Data Tables, Home Office

The business help-first approach helps to foster positive perceptions in the diverse business community of the West Midlands where there are more small to medium businesses with 18,337 new businesses registered in Birmingham in 2014<sup>5</sup>, the highest in any UK city outside London. 80% of small to medium businesses in the West Midlands do not recover from a fire. An important part of the work the Service does is to work with such businesses to increase their resilience and help to keep businesses in businesses.

These activities strategically align to the WMCA, which has prioritised economic development as part of its plans to use its extensive economic market area covered by the three Local Enterprise Partnerships (LEPs) to jointly create an economy which is the strongest outside London and contributes fully to the Government's vision of a wider "Midlands Engine for Growth".

#### Response Services – creating safer communities:

Although the Service has been very successful in reducing fires, there remains an underlying level of risk which means that the Service needs to be resourced to enable it to continue to respond effectively to all the risk in their communities. There is a key public expectation that the Service will respond swiftly to help effectively whatever the emergency. Emergency response will always remain a core priority because, despite efforts to prevent fires and reduce their impact, they and other emergencies continue to occur, putting life, property and the local economy at risk. Emergency calls range from rubbish fires, road traffic incidents, special service calls or a life threatening house fire.

Incidents which threaten life or property require swift attendance times. A swift attendance time reduces the risk to the victim and the responding firefighter, and the financial impact of fire on the local and national economy. WMFS believe that achieving the fastest response time possible is evidentially important to survivability.

Alongside coping with local risks the Service is an integral part of the National Resilience plans for dealing with serious incidents and major catastrophes including natural disasters, terrorism, whereby it provides specialist support in the event of Marauding Terrorist Fire Arms incidents, and specialist capabilities to the UN approved UK International Search and Rescue Teams.

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<sup>5</sup> Start-up Britain 2014





## Appendix 3 – Current governance framework for WMFRA

### CURRENT WMFRA MODEL

#### ROLES & RESPONSIBILITIES

#### HOW IS THIS ENABLED?

#### WHAT DOES THIS MEAN?

<p><b>West Midlands Fire and Rescue Authority (WMRA)</b> 27 councillors proportionality representing 7 constituent councils.</p> <p>Model based on Section 41 – lead member principles</p>	<ul style="list-style-type: none"> <li>• Governance (supervisory body) for WMFS</li> <li>• Accountable for ‘fire and rescue’ functions – FRS Act 2004:</li> <li>• Approve the Integrated Risk Management Plan (N.Framework), Corporate Strategy, budget *</li> <li>• Raise council tax precept</li> <li>• Owns all properties, rights and liabilities, including employment contracts</li> <li>• Appointment of Principal &amp; Statutory officers</li> <li>• Lead members (section 41) enable Local Authority representation</li> <li>• Regional and national (LGA/NJC) rep</li> <li>• Lobbies government - AMFRA</li> </ul>	<p>WMFRA is responsible for employing staff, owns all assets and is liable for all civil/criminal action.</p> <p>WMFRA is accountable to the communities for services provided as set out in the Fire and Rescue Services Act and other enabling legislation</p> <p>WMFRA collects council tax contributions from constituent councils</p>	<p>Officers prepare and present the IRM and Corporate Strategy for Authority approval</p> <p>Officers prepare and present all financial, property and asset plans for Authority approval</p> <p>Officers manage all activity to ensure services are delivered as set out in enabling legislation</p> <p>Officers line manage all employees &amp; employee/management relationships through employee relations framework</p>
<p><b>Committees</b></p> <p>Councillors undertake delegated responsibilities</p>	<p><b>Audit</b> – governance, risk management and financial control</p> <p><b>Scrutiny</b> – inform policy development and scrutinise performance</p> <p><b>Executive Committee</b> – urgent matters, approve procurement over £250k</p>	<p>Committees provide delegated roles on behalf of the WMFRA. Both Audit and Scrutiny are ‘statutory’ roles.</p> <p>Scrutiny is an important element of ‘good governance’ in ensuring robust frameworks are in place</p>	<p>Executive arrangements have reduced and now hear urgent matters &amp; scrutiny outcomes.</p> <p>Scrutiny supported by officers to enable an effective approach to reviews.</p>
<p><b>Chief Fire Officer/Officers</b></p> <p>Delegated responsibilities</p> <p>Accountable to WMFRA</p>	<p>Head of Paid Service</p> <p>Control of all matters relating to administration of WMFRA functions under fire and rescue services act &amp; other legislation - firefighting, fire safety, road traffic collisions, emergencies, civil contingencies, MTFa, National Resilience.</p>	<p>Decision making to enable operational effectiveness through the right:</p> <ul style="list-style-type: none"> <li>• Allocation of resources</li> <li>• People</li> <li>• workforce development</li> </ul> <p>To enable delivery of the SDM &amp; WMFRA strategy</p>	<ul style="list-style-type: none"> <li>• line management of staff</li> <li>• development of staff</li> <li>• Day to day varying deployment of resources to meet risk</li> <li>• Effective varying of staffing structure and SDM to match resources to risk</li> <li>• Advises WMFRA on exercise of fire and rescue functions</li> </ul>

## **Appendix 4 – Legislative Responsibilities Currently Placed on WMFRA**

The responsibilities as set out in the following pieces of legislation will need to be transferred on abolition of the Authority.

- **Local Government Act 1985**

The Authority as it stands was legally created under the LGA 1985, which created joint fire authorities and stipulated the number of Members appointed from constituent councils to the Fire Authority (27). Section 34 also sets out the annual appointment of the Chair, Vice Chair and Clerk. The responsibilities as set out in this Act including their transfer will depend on the governance model adopted for the future provision of community services.

- **Local Government and Housing Act 1989**

This Act requires the designation of one of WMFS's officers as Head of Paid Service (the Chief Fire Officer) and outlines the specific responsibilities of this role. It also stipulates the requirement to appoint a Monitoring Officer. It is proposed the CFO will continue to be the head of paid service and will be accountable to the Mayor in the operation of their duties, subject to the detail set in the Scheme and the WMCA's Constitution. The requirement to appoint a Monitoring Officer will depend on the governance model adopted.

- **The Local Government Act 1972**

This Act requires the appointment of a Chief Finance Officer (section 151 Officer) in addition to the appointment of such officers as the Authority thinks necessary for the proper discharge of its functions. Under this Act the Authority may also acquire, appropriate or dispose of land/and or premises. Further, the Authority is permitted to make standing orders in respect to the making of contracts by them or on their behalf (subject to relevant procurement legislation). The responsibilities set out in this Act will depend on the governance model adopted.

## **Appendix 5 – The Governance Models**

### **A Fire and Rescue Authority**

Currently all Fire and Rescue Services (excluding Scotland, London and those abolished upon incorporation in combined authorities) whether Metropolitan, Combined or County Council, are governed through an Authority and Committees. These provide democratic accountability and governance of Fire Services to the communities they serve.

A Fire Authority is a statutory body. The Local Government Act 1985 and Local Government and Housing Act 1989, provides the basis for these arrangements. More specifically, for West Midlands Fire Service as a Metropolitan Service schedule 10 of the 85' Act sets out the number of Members that should sit on the Authority, apportioning this amongst each of the 7 West Midlands Local Authorities.

The purpose of a Fire Authority is to provide policy and political direction to the Service and to carry out strategic and legislative duties such as the approval of the Authority budget.

### **A Police and Crime Commissioner (PCC):**

The introduction of the Policing and Crime Act 2017 (PACA 2017) as an outcome of the 'Enabling Closer Working' consultation, introduced two key proposals:

It placed a duty on each of the emergency services to consider collaboration. PACA 2017 also enabled the governance of the Fire and Rescue Services to be provided for through a single elected accountable person, a Mayor or where this is locally determined, a PCC. PCC's now have the ability to submit a business case to the Secretary of State, to take over the governance of Fire and Rescue Services in their areas.

Any business case must be able to demonstrate the benefits of this change against the delivery of improved efficiency, effectiveness, economy and public safety.

The PACA 2017 provides two options for the future governance and management of both organisations (Police and Fire).

The first is where the PCC provides the governance for both the Police and Fire, with Chief Officers from both organisations reporting in through their separate management structures. This would lead to the disbanding of the Authority and the transference of the employer status for fire and rescue staff to the PCC.

The second also enables the PCC to provide governance for both Services but appoints a 'single employer', a Chief Officer, to oversee both organisations (Police and Fire). In this option the Chief Officer becomes the employer of fire and rescue staff.

The PACA 2017 also makes provision for differing arrangements in London where the London Fire and Emergency Planning Authority (LFEPA) will be abolished and the London Fire Service will be brought under the direction of the Mayor of London, who will set its budgets and strategic direction. The London Fire Commissioner will become a 'corporation sole', with the functions of the abolished LFEPA being transferred to the Commissioner. The Commissioner will have the functions of the Fire and Rescue Authority for Greater London. A Fire and Emergency committee will be formed with the purpose of scrutinising the Commissioner, Fire Service and Mayor.

### **West Midlands Combined Authority and the Mayor:**

As part of public sector reform, handing down power and money from central government to local authorities through devolution deals, means that decisions and spend can be made locally for the benefit of the region. This can be achieved through the joining of services to deliver better outcomes for the community. Devolution is a critical agenda for central government and through the Cities and Devolution Act 2016, has been delivered through a Mayor as the single accountable leader of a Combined Authority.

Mayoral elections for WMCA took place on the 4<sup>th</sup> May 2017 and following amendments to the PACA 2017 at Bill stage, provisions are in place for the Mayor to have the direct power to "exercise the functions of Fire and Rescue Services". This has provided a route for the governance of the Service to become functions of the Mayor as part of the WMCA and be provided for through this structure.

### **Combination of Fire and Rescue Services:**

The west midlands county footprint incorporates five fire and rescue services. Research undertaken during 2015 highlighted the possibility of the combination of Fire and Rescue Services with the potential to increased public safety and improved performance whilst delivering wider efficiencies. The commitment to joint working within the WMCA footprint is evident by the increase in the number of non-constituent members which brings into focus the wider fire and rescue services.

The Fire and Rescue Services Act 2004 and enables the PACA 2017 enables these changes to be made.

## **Appendix 6 – The Future Governance Working Groups Conclusions**

1. The analysis suggests that a two-stage process, whilst there is no “stand out” option, increases costs, risk and reduces benefits and as such should be avoided. There is considerable potential change in the next year or so:

- PCC business cases
- The development of the Combined Authority model in Manchester and London
- The programme of the Mayor and the WMCA
- Additional devolution deals

The WMFRA needs to ensure it continues to engage with stakeholders to ensure it can fully consider its position and the options available to it.

2. The Working Group found that there was enthusiasm and commitment from other organisations for collaboration. The Service has made great progress over recent years, and the working group felt that the Authority would benefit from considering its constitution and structure and how it might change enable further collaboration.

3. The Mayoral and WMCA model is just emerging and the first Mayor is yet to be appointed, so there is as yet lack of clarity about its programme. However, change with a new Mayor will happen and this will create opportunity in improving public services. The WMFRA need to ensure that they remain engaged in this to ensure the best opportunity for delivery of outcomes for future.

4. If a mayoral option is not available in the medium term for police or fire, then the options would need re appraised to ensure the benefits of collaboration across the emergency services and wider public services are realised.

5. The Bill does not enable governance changes with the Ambulance Service which may prevent full collaboration to be realised as well as the benefits from this.

6. Ambulance sits outside of governance analysis however the opportunities for collaboration are significant

7 A Fire/Fire combination would realise significant benefits at lower risk than other options. This would require local consensus and a formal business case, approved by the Home Office. The associated Council tax consequences, and any boundary issues would need to be considered.

8 The PCC model is relatively new but is having an impact on Police effectiveness. Although there would be some risk associated with the Fire/Police combination, there could be significant cost benefits.

## **Appendix 7 – Collaborative Relationships**

### **Multi-Agency Specialist Assessment Team (MASAT):**

Combining the resources, expertise and specialist knowledge of the Service, West Midlands Ambulance Service (WMAS) and West Midlands Police (WMP) for the initial assessment of hazardous substance at potential/suspected Chemical Biological, Radiological and Nuclear (CBRNe) incidents achieves a flexible and a scalable approach, which delivers an effective and efficient response.

The relationships formed through this work has enabled greater communication particularly with WMP. Through these relationships, shared work locations have now been established, which further the ongoing support for daily activities and the ability to share information.

The Multi Agency Specialist Assessment Team (MASAT) seeks to develop a single, joint and co-ordinated emergency services response to a suspected/potential CBRN(e) event, implementing consistent working practices and maximising interoperability across equipment, resources and knowledge.

The MASAT is a combination of CBRN(e)/HAZMAT specialist resources from WMFS, WMAS and Police Officers from the four regional forces. By working as a single operational entity the MASAT will provide an initial assessment of suspected/potential CBRN incidents and rapidly detect, identify and monitor the presence of any hazardous substance, to secure an informed and proportionate multi-agency response. The team may also be deployed to other incidents which encounter hazardous materials, for example, chemical suicides and drugs or explosive laboratories where chemicals are found.

The principal contributions of each service are:-

- Ambulance Service

The WMAS Hazardous Area Response Team (HART) provide an initial health assessment of any incident and alert the wider health community on their potential scale and impact. The team support Fire and Police Service responders, ensuring a safe system of work and providing immediate medical care to MASAT staff.

- Fire Service

The Fire Service provide a Detection Identification and Monitoring (DIM) capability to rapidly identify and analyse suspected CBRN(e) substances. The team also ensure that items recovered are handled and retained with due care for forensic integrity. The team also ensure that safe systems of work exist for Breathing Apparatus equipment and rescue functions.

➤ Police Service

The Police Service will have primary responsibility to command the response to an actual or potential CBRN(e) event by managing any civil disorder, to ensure a permissive environment exists in which the other emergency services can operate. It will also conduct intelligence/scene assessments to inform operational risk assessments and any subsequent response.

Benefits:

A more dynamic, effective and efficient delivery of services when an incident occurs as all emergency services respond together using the same approach and together.

**Collaborative Pensions Board:**

WMFS and WMP chair each other's respective Pensions Board meetings. This arrangement was established in order to provide an independent Chair at each Pension Board meeting without incurring additional costs.

Benefits:

- This has been a quick win for both services and has removed the potential costs associated with recruiting an independent Chair into this role.
- Sharing of practice and development of working relationships between the WMP and WMFS.

**Emergency Planning / LRF**

For a number of years WMFS and WMP have shared the co-ordination and delivery of the Local Resilience Forum (LRF) in support of the Local Authorities and other Category 1 and 2 responders under the Civil Contingencies Act.

WMFS and WMP provide the Chair and Vice Chair of both the Strategic LRF and the General Working Group (GWG) that supports the LRF. The administrative resources for the LRF are employed by WMP but directly support the Chair from WMFS.



### **Local Police Units & Operations Commanders:**

This collaboration is underway with WMFS Operations Commanders regularly attending WMP Local Police unit meeting and vice versa.

There are regular meetings between the Principal officers in WMFS and WMP to ensure that all opportunities are discussed such as:

- The possibility of sharing data and information about properties and estates
- Looking at closer alignment of LPU/Command plans to take account of each other's local priorities
- The chance of Police sharing data about RTCs to help WMFS measure the impact of prevention activity

## Appendix 8 – Proposed Future Governance Framework for Mayoral model

### ROLES & RESPONSIBILITIES

#### Mayor

Single elected accountable figure

- Governance (supervisory body) for WMFS, guided by LGA and LGiH Acts
- Exercises all 'fire and rescue' functions – FRS Act 2004 and enabling:
- Accountable for the:
  - Integrated Risk Management Plan (N.Framework)\*
  - the Corporate Strategy – The Plan\*
  - Budgets (Capital and revenue)\*
- Raises precept
- Responsible for Senior & Statutory Officer appointments

#### WMCA

(governing body)

- Owns all **functions**, properties, rights and liabilities, including employment contracts of WMFS staff

Fire Advisory Committee (Specialist review and advice to Mayor)

- Leadership for WMFS priorities across seven local constituent authorities
- Enabling development of local authority and health care partnerships
- Review functions - i.e. reviewing decisions made against the local risk plan and the corporate strategy (statutory functions)
- Enabling regional fire and local government relationships
- Lobbying functions with other FRSs through AMFRA
- A voice and representation within LGA and NJC working with alongside NFCC
- Ceremonial support for Mayor for WMFS

#### Chief Fire Officer/Officers

Accountable to the Mayor

Head of Paid Service for WMFS

Accountable to the Mayor for the delivery of services within a balanced budget:

- the delivery of WMFS Strategy (incl. matters relating to exercising functions of the fire and rescue services ac, etc)
- the delivery of a staffing structure & models supporting current and future Strategy
- the deployment of resources to meet risk
- the transformation of services to meet WMFS and Mayoral/WMCA priorities.

### WHAT WILL THIS MEAN?

- The WMCA owns all properties rights and liabilities of the former WMFRA and all functions
- The WMCA employ all staff including the CFO
- The Mayor **only** can exercise all fire and rescue functions and can delegate these to a committee and/or officers other than\* functions
- The Mayor is accountable figure to the communities for services provided, as set out in the Fire and Rescue Services Act and other enabling legislation
- The Mayor provides strategic policy direction
- The Mayor oversees the efficiency and effectiveness of WMFS

The MFAC has clear delegations around scrutiny of Mayoral decisions, providing reports to the WMCA

Supports the Mayor both locally and nationally as the political 'voice' for WMFS

Accountability for the delivery of Strategy and Integrated Risk Plan, enabled through robust decision making at the right level. Delivering operational effectiveness through the right:

- Allocation of resources
- Recruitment and management of staff
- workforce reform & development

## **Appendix 9a – Mayoral Governance Models for Fire and Rescue Services**

**London arrangements:** The Mayor of London already provides a role for oversight of the current London Fire and Emergency Planning Authority (LFEPA). The new London Mayoral model which is created by the Policing and Crime Act 2017, places responsibility for the governance of the London Fire Brigade with the London Fire Commissioner (LFC), transferring the functions of the LFEPA to the LFC. This role will also be the Chief Fire Officer for the Fire Brigade.

The detail around this model is still emerging and a 'scheme of supervision' is currently being created to ensure the Mayor is able to hold the LFC to account for the exercise of functions.

A 'fire, resilience and emergency planning committee' was constituted on the 3<sup>rd</sup> May 2017 and is intended to provide a scrutiny function to the LFC on behalf of the Mayor.

**Manchester arrangements:** The Manchester Mayoral model created through the Cities and Devolution Act 2016, transfers the governance of the Fire and Rescue Service and the functions of the previous Fire Authority, to the Greater Manchester Combined Authority (GMCA). However, these functions are only exercisable by the Mayor. The transfer of these functions took place on the 8<sup>th</sup> May 2017.

The Mayor is able to delegate to both the CFO and a 'fire committee'.

A 'fire committee' is provided for within the order that created the fire function within GMCA, The Greater Manchester Combined Authority (Fire and Rescue Functions) Order 2017. The role of the fire committee is not set out in this order and but is in the early stages of being developed.

### **What are the differences?**

The London model places accountability for governance, delivery of fire and rescue functions and services, the ownership of assets and employment of staff on the LFC role. This role will also be the CFO for the Fire Service.

The scrutiny role enabled through the 'fire, resilience and emergency planning committee' is essential for this model.

The Manchester model enables the responsibility for the delivery of services, the ownership of assets and employment of staff to be spread. Whilst the GMCA employs staff and owns assets, the Mayor is accountable for the exercising of 'fire and rescue' functions. The Mayor can delegate some functions to a deputy, committee and the CFO.

The advantages of the LFC model will be that there is clarity in roles and responsibilities around decision making concerning the management of fire service resources and in particular the development of the workforce. The accountability of the LFC will enable a progressive and agile approach to the transformation of workforce and services delivered to local communities.

The LFC holds a great deal of accountability and liability within a 'Corporation Sole' model which will present risks. It is assumed that whilst this model is now legislated for, there is still some detail being worked out as progress to implement has so far been deferred.

The Manchester model retains accountability for decision making with the Mayor. These decisions can be delegated to a committee or to the CFO. There will need to be clear delegations between the roles of the GMCA, Mayor, Committee and CFO, to ensure that the fire service is able to maintain operational effectiveness and transform services through effective decision making. The committee model offers additional political support to the Mayor, informed advice and guidance and maintains a clear connection through lead members with each of the constituent councils in the region.

There remains within each model, essential scrutiny functions.

## Appendix 9b – Comparison of London and Manchester models

This comparison seeks to clarify the differences between the governance models of Manchester Fire and Rescue Service and London Fire Brigade. The Manchester model is now in place but in its infancy, the London model is not as yet and there are elements to both which are still emerging and developing.

	London Fire Brigade to London Fire Commissioner	Manchester Fire and Rescue Service to Greater Manchester Combined Authority
	<ul style="list-style-type: none"> <li>• <a href="#">The Policing and Crime Act 2017</a> (PACA 2017)</li> </ul>	<ul style="list-style-type: none"> <li>• The Greater Manchester Combined Authority (Fire and Rescue Functions) Order 2017 (<a href="#">S.I.2017/469</a>)</li> <li>• The Greater Manchester Combined Authority Order 2011 (<a href="#">S.I.2011/908</a>)</li> </ul>
<b>What are the Fire Authority functions and how has/will this change?</b>	<p>The London Fire and Emergency Planning Authority (LFEPA) is the Fire Authority for London Fire Brigade.</p> <p>This is to be abolished by the above Act and its functions are to be transferred to the London Fire Commissioner (LFC). These are the ‘fire and rescue’ functions and passes responsibility for providing fire services to the Mayor from October 2017 (though date tbc by Parliament). The PACA 2017 requires the London Assembly to arrange for those functions granted to it by Schedule 2 of that Act to be discharged on its behalf by a particular committee, proposed to be known as the Fire, Resilience and Emergency Planning Committee. Source: <a href="https://www.london.gov.uk/moderngov/documents/g6205/Public%20reports%20pack%20Wednesday%2003-">https://www.london.gov.uk/moderngov/documents/g6205/Public%20reports%20pack%20Wednesday%2003-</a></p>	<p>The Greater Manchester Fire and Rescue Authority (GMFRA) have been abolished.</p> <p>The functions of the GMFRA are transferred to Greater Manchester Combined Authority (GMCA) under the above 2017 order. This took place on the 8<sup>th</sup> May 2017. GMCA will employ staff and own assets.</p> <p>The ‘fire and rescue’ functions of the GMCA may only be exercisable by the Mayor. These relate to the ability to vary staff and resources to enable the delivery of services.</p>

	<a href="#">May-2017%2010.00%20London%20Assembly%20Plenary.pdf?T=10</a> ) (p.28)  This change is due to take place in April 2018	
<b>Body corporate</b>	The LFC will be a 'corporation sole' and all proprieties, rights and liabilities of the LFEPA will transfer across to this role.	The GMCA is a 'body corporate' and all proprieties, rights and liabilities of the previously GMFRA, transfer across to the combined authority.
<b>What are the Mayors responsibilities and what can be delegated?</b>	<p>The Mayor:</p> <ul style="list-style-type: none"> <li>• appoints the LFC</li> <li>• can dismiss the LFC</li> <li>• sets the terms of employment for the LFC</li> <li>• will hold the LFC to account for the exercise of the Commissioner's functions.</li> <li>• approves the local risk plan and the LFC's corporate strategy.</li> <li>• Can guide and/or direct the LFC in his/her functions</li> </ul> <p>The Mayor is not responsible for the functions of the FRS Act 2004. This is the responsibility of the LFC and as such all decisions relating to the delivery of services and employment of staff rest with the LFC</p>	<p>The Mayor:</p> <ul style="list-style-type: none"> <li>• Is responsible for exercising all fire functions under the Fire and Rescue Service Act 2004</li> <li>• appoints and can dismiss the manager of the FRS (the CFO)</li> <li>• sets his / her terms of employment.</li> <li>• Will hold the CFO to account</li> <li>• approves the local risk plan, the corporate strategy and civil contingency arrangements.</li> <li>• Delegates roles and responsibilities to the CFO</li> </ul> <p>the Mayor as the governing body is responsible for functions under the FRS Act 2004? If so this needs adding here as it provides an important distinction to London.</p>

<p><b>What responsibilities can the Mayor delegate?</b></p>	<p>The Mayor may delegate responsibilities to a Deputy Mayor for Fire.</p> <p>The Greater London Assembly must also receive the local risk plan and corporate strategy.</p> <p>The Assembly must arrange for its responsibility to be discharged by a “Fire and Emergency Committee” (the Committee).</p>	<p>Members and officers of the GMCA may assist the Mayor in the exercising of fire and rescue functions.</p> <p>The Mayor may delegate the exercising of fire and rescue functions to a ‘Fire Committee’, except for those set out above.</p>
<p><b>What does the committee do?</b></p>	<p>The Fire, Resilience and Emergency Planning Committee, will provide scrutiny of:</p> <ol style="list-style-type: none"> <li>1. the LFC’s documents (including any revisions) i.e. the local risk plan and the corporate strategy and make recommendations to the Mayor.</li> <li>2. Review the exercise of functions of the LFC, investigate and prepare reports about any actions or decisions of the London Fire Commissioner, Deputy Mayor for Fire, an officer of the London Fire Commissioner, functions of the London Fire Commissioner and any other matters considered of importance relating to fire and rescue services in Greater London;</li> </ol> <p>The committee also has the power to submit proposals to the LFC.</p>	<p><i>The actual role of the fire committee of the GMCA fire function is not set out in legislation as it has been for the London model. However, the arrangements highlighted in the above section cannot be delegated. This could create the assumption that the committee would provide a scrutiny or advisory function to support the Mayor in decision making.</i></p> <p><i>Further information is being sought via Manchester Fire and GMCA.</i></p>

	<p>Wider powers of the Assembly include the power to call the proposed LFC or Deputy Mayoral candidate to a 'confirmation hearing' following which the committee call the proposed LFC or Deputy Mayoral candidate to a 'confirmation hearing' following which the committee can veto the appointments if unsatisfied.</p> <p>The power to require the Deputy Mayor for Fire, The London Fire Commissioner and any officer of the London Fire Commissioner to attend the Committee to answer questions.</p> <p>A 'scheme of supervision' for the Mayor of London is currently being drafted to enable oversight of the LFC and decision making processes.</p>	
<b>Committee appointments</b>	<p>There are no statutory rules regarding the size of this committee or the number of meetings it must hold. The London Assembly proposed that the Fire Committee should comprise 7 Assembly Members and meet 6 times in a full municipal year.</p> <p>The members term of office is fixed by the Assembly.</p> <p>Membership may be wider than Members of the Assembly (with powers to vote on matters) - procedures for these members yet to be drawn up.</p>	<p>The GMCA Fire Committee will comprise of no more than 15 members.</p> <p>It will consist of 1 elected member from each of the 10 constituent councils.</p> <p>Each constituent council will nominate a member.</p> <p>The Mayor may then appoint 5 or fewer further members onto the Fire Committee, from the elected</p>



		members of one or more of each of the constituent councils.
<b>Committee composition</b>	<p>Current composition of the Greater London Authority is: Labour Group – 48%, GLA Conservatives Group - 32%, Green Party Group – 8%, UK Independence Party – 8%, Liberal Democrat Group – 4%.</p> <p>The London Assembly, at its annual meeting on 13 May 2016, unanimously agreed to dis apply the strict application of proportionality rules from the establishment of its committees and subcommittees.</p> <p>The Fire Committee may appoint a sub-committee(s) to discharge any of its functions, other than any of the special scrutiny functions. The number of members of any sub-committee and their terms of office are to be fixed by the Fire Committee. Persons who are not members of the Assembly may be members of a sub-committee.</p>	The Fire Committee must reflect as far as reasonably practicable, the balance of the political parties among the constituent councils when appointed to the committee.
<b>Who will Chair the Committee</b>	The Assembly may determine the Chair (and Deputy Chair (if any)), or otherwise determine that the Fire, Resilience and Emergency Planning Committee is to appoint the Chair (and Deputy Chair (if any)).	The Mayor will appoint a member of the Fire Committee to Chair.
<b>What is the role of the Chief Fire Officer of the Fire Service?</b>	<p><i>As highlighted above the LFC who will be the CFO will take on all functions of LFEPA, including ‘fire and rescue’ functions. The LFC will:</i></p> <ul style="list-style-type: none"> <li><i>Employ all staff</i></li> <li><i>Own all assets</i></li> </ul> <p><i>This provides the LFC with the role and power to</i></p>	As highlighted above the Mayor can delegate to the CFO. Whilst this model is now in place the delegations to the ‘committee’ and CFO are yet to be understood.

	<i>decide how staff, equipment and assets will be used to deliver services aligned to the local risk plan.</i>	At the very least it is likely that the CFO will be delegated the control of all operations as required under the Fire and Rescue Service Act 2004.
--	--	---

## **West Midlands Combined Authority SCHEME (Annex B)**

This scheme is prepared and published following/pursuant to the decision of the West Midlands Combined Authority (WMCA) on 8 September 2017.

The proposals in this scheme will be subject to a further public consultation.

The scheme provides as follows:

1.1 It is proposed that the functions exercisable by the West Midlands Fire and Rescue Authority (WMFRA) across the area that the WMCA covers, should become functions of the WMCA pursuant to sections 105 A of the Local Democracy, Economic Development and Construction Act 2009.

These functions are those as set out in the following acts and where relevant identified sections:

- Local Government Act 1985 (including Part IV, schedule 10)
- Local Government in Housing Act 1989
- Fire and Rescue Service Act 2004
- Fire and Rescue Order 2007
- National Framework for Fire and Rescue Services in England 2012.
- Regulatory (Fire) Reform Order 2005
- Civil Contingencies Act 2014

The requirements for change are set in 1.13 to this scheme.

1.2 It is proposed that the properties, rights and liabilities of the WMFRA would become functions of the WMCA.

1.3 It is proposed that the functions relating to fire and rescue referred to in 1.1 should become WMCA functions.

1.4 It is proposed that the fire and rescue functions once they become functions of the WMCA are exercisable only by the Mayor (section 107D (1) Cities and Local Government Devolution Act 2009).

1.5 For the purposes of the exercise of the fire and rescue functions, the Mayor may do anything that the WMCA may do under section 113A of the LDEDC Act 2009 (general power of EPB or combined authority) (**1**).

1.6 It is proposed that the WMCA has the same borrowing powers in respect to its functions, relating to fire and rescue as are currently exercised by the WMFRA.

1.5 It is proposed that the WMCA retain the same core grant and precept funding arrangements in respect to its functions relating to fire and rescue, as currently exercised by the WMFRA.

1.6 Any decisions/acts made before abolition of the WMFRA should have effect as if agreed by, or, in relation to the Mayoral WMCA. For example, the setting of the precept for, under section 40 Local Government Finance Act 1988 to the constituent councils in respect of the financial year beginning before transfer in governance, should have effect as if issued by the Mayoral WMCA.

1.7 It is proposed that Members of the WMCA may assist the Mayor in the exercise of the fire and rescue functions in line with delegations, provided that the functions may not include:

- Functions relating to the budget and setting of the precept
- Functions relating to statutory plans such as the Integrated Risk Management Plan (IRMP) and strategies
- Functions relating to all properties, rights and liabilities
- The appointment of the Chief Fire Officer and Principal officers

### **Mayoral Fire Advisory Committee**

1.8 It is proposed that the Order should contain provision for the Mayor to arrange for a committee of the WMCA (the Mayoral Fire Advisory Committee), consisting of members appointed by the constituent councils, to advise and support the Mayor in relation to West Midlands Fire Service (WMFS).

1.9 It is proposed the committee appointed should consist of 15 Elected members from across the constituent councils, proportionally balanced, the Police and Crime Commissioner (in accordance with the Policing and Crime Act 2017) and two further co-opted members from Health and Ambulance to promote greater challenge, transparency and further collaboration.

1.10 The following additional provisions are proposed to apply to the Mayoral Fire Advisory Committee (the Committee): (section 107D(6))

**Governance:**

- Appointment of elected members from each of the constituent councils will be made so that the members of the committee taken as a whole, reflect as far as reasonably practicable, the overall balance of political parties prevailing amongst the constituent councils.
- The majority of members of the committee must be members of the constituent councils, all of those members have one vote.
- Where a member is not from a constituent council they don't have a vote automatically, but can be given one by resolution of the WMCA.
- Two-thirds of members must be present for a meeting to be quorate.
- The Chair of the Committee will be appointed by the Mayor.

**Functions:**

- The Committee will not be a decision-making committee this responsibility will remain with the Mayor and Chief Fire Officer, as appropriate.
- The Committee will advise the Mayor, support the Mayor and review decisions made by the Mayor.
- Where decisions are reviewed, the Committee will submit a report to the WMCA Overview and Scrutiny Committee.
- The Committee will support the Mayor in providing advice around exercising fire functions, to ensure the right level of detail and understanding is provided to inform the Mayors role as the Authority.
- The Committee will represent the priorities and strategy of the Mayor and WMFS in their respective local authorities and will report on performance in relation to fire functions.
- The Committee will represent the priorities and strategy of the Mayor and WMFS within the 7 constituent councils, regionally with other Fire and Rescue Services, nationally through the National Joint Council and Local Government Association.
- The Committee will seek to influence the Government on behalf of the Mayor in matters related to the delivery of fire and rescue services locally, regionally and nationally.
- The Committee will enable the development of partnerships and services to the community through constituent council engagement.

A member's allowance scheme for the committee will be payable by the WMCA.

1.11 The Chief Fire Officer (CFO) as head of paid service will be accountable to the Mayor in the operation of their duties.

1.12 It is proposed that the CFO maintains full accountability for the operational functions of the Fire Service. This will include:

- The management of the Fire and Rescue Service
- The appointment and development of staff
- The delivery of WMFS Strategy (including matters relating to exercising functions of the Fire and Rescue Services Act 2004, etc.)
- The delivery of staffing structures and models which support current and future Strategy
- The deployment of resources to meet risk
- The transformation of services and reform of the workforce to meet WMFS and Mayoral/WMCA priorities.

1.13 Modification requirements of enactments in their application to the WMCA as a Fire and Rescue Authority.

## Primary Legislation

### *Local Government Act 1972*

1. In section 138(5) of the Local Government Act 1972 (powers of principal councils with respect to emergencies or disasters) (a), the reference to “metropolitan county fire and rescue authority” is to apply as if it included “the WMCA as a fire and rescue authority”.

**\*\*Greater Manchester Act 1981\*\***(see BCC added note below)

2. (1) *The Local Government and Housing Act 1989(c) is modified as follows.*

(2) *In section 67 (application of provisions about companies in which local authorities have interests), subsection (3)(k) applies as if the reference to “joint authority established by Part IV of that Act” included a reference to “the WMCA as a fire and rescue authority”.*

(3) *In section 155 (emergency financial assistance to local authorities) subsection (4)(g) applies as if the reference to a “joint authority established by Part IV of the Local Government Act 1985” included a reference to “the WMCA as a fire and rescue authority”.*

**\*\* It is understood that this reference is incorrect and should have referred to the Local Government and Housing Act 1989. WMFRA have confirmed they will update prior to the document being sent out for consultation\*\***

### *Crime and Disorder Act 1998*

3.— (1) The Crime and Disorder Act 1998(d) is modified as follows.

(2) In the definition of “fire and rescue authority” in section 5(5) (authorities responsible for strategies), the reference in paragraph (b) to a “metropolitan county fire and rescue authority” is to apply as if it included a reference to “the WMCA as a fire and rescue authority”.

(3) In the definition of “relevant authority” in section 115(2), the reference in paragraph (j) to a “metropolitan county fire and rescue authority” is to apply as if it included a reference to “the WMCA as a fire and rescue authority”.

*Local Government Act 2003*

4. Section 23(1) of the Local Government Act 2003 (meaning of “local authority” for purposes of Part 1)(a) the reference in paragraph (k) to “a joint authority established by Part IV of that Act” is to apply as if it included a reference to “the WMCA as a fire and rescue authority.”

*Fire and Rescue Services Act 2004*

5.— (1) The FRS Act 2004(b) is modified as follows.

(2) Section 4A (power to provide for police and crime commissioner to be fire and rescue authority) has effect as if at the end of subsection (3)(b) there were inserted—  
“, and (c) outside the Area.”;

(3) Section 4B(1)(changes to existing fire and rescue authorities) has effect as if the reference to fire and rescue authorities in England outside Greater London did not include the WMCA.

6. In section 1 of the FRS 2004 Act(1), after subsection (4) insert—

“(5) This section is also subject to an order under Part 6 of the Local Democracy, Economic Development and Construction Act 2009 which transfers the functions of a fire and rescue authority to a combined authority established under section 103 of that Act.”.

**Secondary legislation**

7. In paragraph (a) of the definition of “local authority” in regulation 2(1) of the Pipelines Safety Regulations 1996 (interpretation)(c) the reference to a “metropolitan county fire and rescue authority” is to apply as if it included a reference to “the WMCA as a fire and rescue authority”.

8. In article 1(2) of the Local Government (Best Value Authorities) (Power to Trade) (England) Order 2009 (application of order to best value authorities) (d) the reference in paragraph (c) to a “metropolitan county fire and rescue authority” is to apply as if it included a reference to “the WMCA as a fire and rescue authority”.

9. In regulation 3 of the Community Right to Challenge (Fire and Rescue Authorities and Rejection of Expressions of Interest) (England) Regulations 2012 (relevant authorities) (e) the reference in paragraph (a) to a “metropolitan county fire and rescue authority established under section 26 of the Local Government Act 1985” is to apply as if it included a reference to “the WMCA as a fire and rescue authority”.

10.— (1) The Local Government Pension Scheme Regulations 2013(f) are modified as follows.

(2) After regulation 64(8), insert—

“(8A) Paragraph (8B) applies where the exiting employer is the WMFRA and the liabilities of the fund in respect of benefits due to the WMFRA’s current and former employees (or those of any predecessor authority) have been or are to be transferred to the WMCA by virtue of this Order.

(8B) Where this paragraph applies, no exit payment is due under paragraph (1) and paragraph (2) does not apply.”.

11. In regulation 2(1) of the Explosives Regulations 2014 (interpretation)(g) in the definition of “local authority”, the reference in paragraph (c) to “a metropolitan county fire and rescue authority” is to apply as if it included a reference to “the WMCA as a fire and rescue authority”.

12. In regulation 2(1) of the Control of Major Accident Hazards Regulations 2015(a) in paragraph (b) of the definition of “local authority”, sub-paragraph (ii) is to apply as if there were substituted for that sub-paragraph—  
“(ii) the Area, the WMCA as a fire and rescue authority;”.



**BIRMINGHAM CITY COUNCIL****PUBLIC REPORT**

<b>Report to:</b>	<b>CABINET</b>	<i>Exempt information paragraph number – if private report:</i>
<b>Report of:</b>	<b>THE CHIEF EXECUTIVE AND INTERIM CHIEF FINANCE OFFICER</b>	
<b>Date of Decision:</b>	<b>14<sup>TH</sup> NOVEMBER 2017</b>	
<b>SUBJECT:</b>	<b>CORPORATE REVENUE BUDGET MONITORING 2017/18 MONTH 6 (UP TO 30<sup>TH</sup> SEPT 2017)</b>	
<b>Key Decision: Yes / No</b>	<b>Relevant Forward Plan Ref: 003675/2017</b>	
<b>If not in the Forward Plan: (please "X" box)</b>	<b>Chief Executive approved</b>	<input type="checkbox"/>
<b>Relevant Cabinet Member(s) or Relevant Executive Member:</b>	<b>O&amp;S Chair approved</b>	<input type="checkbox"/>
<b>Relevant O&amp;S Chair:</b>	<b>Councillor Ian Ward</b>	
<b>Wards affected:</b>	<b>Councillor Mohammed Aikhlaq</b>	
	<b>All</b>	

**1. Purpose of report:**

- 1.1 This report forms part of the City Council's robust arrangements for controlling its revenue 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 Budget Monitoring document for Month 6, which is appended to this report.

**2. Decision(s) recommended:**

That the Cabinet :-

- 2.1 Note the City Council's 2017/18 revenue budget position and the gross pressures identified as at 30<sup>th</sup> September 2017.
- 2.2 Note 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 writing off of debts over £0.025m as summarised in Appendix 4 of the report.

**Lead Contact Officer(s):** Mike O'Donnell, Interim Chief Finance Officer  
**Telephone No:** 0121 303 2950  
**E-mail address:** mike.o'donnell@birmingham.gov.uk

### **3. Consultation**

Consultation should include those that have an interest in the decisions recommended

#### **3.1 Internal**

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

#### **3.2 External**

3.2.1 There are no additional issues beyond consultations carried out as part of the budget setting process for 2017/18.

### **4. Compliance Issues:**

#### **4.1 Are the recommended decisions consistent with the Council's policies, plans and strategies?**

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

#### **4.2 Financial Implications (How will decisions be carried out within existing finances and Resources?)**

4.2.1 The Corporate Revenue Budget Monitoring document attached gives details of monitoring of service delivery within available resources.

#### **4.3 Legal Implications**

4.3.1 Section 151 of the 1972 Local Government Act requires the Interim Chief Finance Officer (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 Leadership 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.

#### **4.4 Public Sector Equality Duty (see separate guidance note)**

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

**5. Relevant background/chronology of key events:**

- 5.1 At the meeting on 28<sup>th</sup> February 2017, the Council agreed a net revenue budget for 2017/18 of £821.8m to be met by government grants, council tax and business rates payers.
- 5.2 The base budget forecast variations in each Directorate are detailed in Section 2 of the Corporate Revenue Budget Monitoring document, together with the actions presently proposed to contain spending within cash limits. The position is summarised in tabular form in Appendix 1 which incorporates the forecast year end pressures by Directorate.
- 5.3 Directorate risks relating to the Savings Programme and measures being undertaken to alleviate these are detailed in Section 2 of the attached report and the position is summarised in tabular form in Appendix 3.

**6. Evaluation of alternative option(s):**

- 6.1 Corporate 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.

**7. Reasons for Decision(s):**

- 7.1 To inform Cabinet of:

The City Council's 2017/18 revenue budget position and the level of gross pressures identified as at 30<sup>th</sup> September 2017.

The latest monitoring position in respect of the City Council's Savings Programme and the present risks identified in its delivery.

To approve:

The writing off of debts over £0.025m as summarised in Appendix 4 of the report.

**Signatures****Date**

Interim Chief Finance Officer	.....	.....
Interim Chief Executive	.....	.....
Leader	.....	.....

**List of Background Documents used to compile this Report:**

1. City Council Financial Plan 2017+ approved at Council 28<sup>th</sup> February 2017

**List of Appendices accompanying this Report (if any):**

1. Corporate Revenue Budget Monitoring Document – Month 6

**Report Version 1.0****Dated 2<sup>nd</sup> November 2017**

## **PROTOCOL PUBLIC SECTOR EQUALITY DUTY**

- 1 The public sector equality duty drives the need for equality assessments (Initial and Full). An initial assessment should, be prepared from the outset based upon available knowledge and information.
- 2 If there is no adverse impact then that fact should be stated within the Report section 4.4 and the initial assessment document appended to the Report duly signed and dated. A summary of the statutory duty is annexed to this Protocol and should be referred to in section 4.4 of executive reports for decision and then attached in an appendix; the term 'adverse impact' refers to any decision-making by the Council which can be judged as likely to be contrary in whole or in part to the equality duty.
- 3 A full assessment should be prepared where necessary and consultation should then take place.
- 4 Consultation should address any possible adverse impact upon service users, providers and those within the scope of the report; questions need to assist to identify adverse impact which might be contrary to the equality duty and engage all such persons in a dialogue which might identify ways in which any adverse impact might be avoided or, if avoidance is not possible, reduced.
- 5 Responses to the consultation should be analysed in order to identify:
  - (a) whether there is adverse impact upon persons within the protected categories
  - (b) what is the nature of this adverse impact
  - (c) whether the adverse impact can be avoided and at what cost – and if not –
  - (d) what mitigating actions can be taken and at what cost
- 6 The impact assessment carried out at the outset will need to be amended to have due regard to the matters in (4) above.
- 7 Where there is adverse impact the final Report should contain:
  - a summary of the adverse impact and any possible mitigating actions (in section 4.4 or an appendix if necessary)
  - the full equality impact assessment (as an appendix)
  - the equality duty (as an appendix).

## Equality Act 2010

The Executive must have due regard to the public sector equality duty when considering Council reports for decision.

The public sector equality duty is as follows:

- 1 The Council must, in the exercise of its functions, have due regard to the need to:
  - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by the Equality Act;
  - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
  - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 2 Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
  - (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
  - (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
  - (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- 3 The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
- 4 Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
  - (a) tackle prejudice, and
  - (b) promote understanding.
- 5 The relevant protected characteristics are:
  - (a) marriage & civil partnership
  - (b) age
  - (c) disability
  - (d) gender reassignment
  - (e) pregnancy and maternity
  - (f) race
  - (g) religion or belief
  - (h) sex
  - (i) sexual orientation

# **CORPORATE REVENUE BUDGET MONITORING REPORT 2017/18 MONTH 6**

**(up to 30<sup>th</sup> September 2017)**

## **Section**

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## 1. Executive Summary

- 1.1 Birmingham City Council (BCC) set its net revenue budget of £821.8m on 28<sup>th</sup> February 2017. This included a savings programme of £70.9m in 2017/18, growing to £171.4m in 2020/21. In addition there are savings from 2016/17 of £14.4m where delivery still needs to be monitored, including where they were met on a one-off basis. Total savings to be met in 2017/18 are therefore £85.3m.
- 1.2 At Month 6, a high level forecast projection indicates underspends of £3.1m in the base budget delivery and £16.7m of savings that are not fully achieved in 2017/18, giving a combined net pressure of £13.6m at year end on the budget of £821.8m. The overall position is summarised in Table 1 overleaf.
- 1.3 The net overspend of £13.6m is primarily related to the Future Operating Model (£14.6m), Children and Young People Directorate (£2.1m), Place Directorate (£3.7m) and Acivico (£1.8m). These have been offset by planned mitigations of £8.5m.
- 1.4 There is a small forecast overspend in Economy of £0.7m and a net underspend in Finance & Governance of £0.8m.
- 1.5 Adult Social Care and Health and Strategic Services are forecasting a balanced position. Delays in delivering the savings in Adult Social Care and Health can be partially mitigated by the application of one off funding from the Improved Better Care Fund (iBCF) and the residual challenge can be accommodated by underspends in the base budget.
- 1.6 There is a reduction of £2.1m in the overall forecast position since Month 4. This relates largely to pressures on Acivico of £1.5m and additional Waste Management costs of £5.5m since Month 4, offset by corporate funding of £6.6m in Place and £2.5m mitigation of delayed savings relating to Early Years.
- 1.7 It is recognised that this position presents a major challenge to the Council and work is ongoing to address this. The position is receiving close scrutiny by the Corporate Leadership Team (CLT) and is being reported to Budget Board on a monthly basis and to Cabinet on a bi-monthly basis.
- 1.8 Further analysis of the Base Budget position can be seen in Appendix 1 and the Savings Programme in Appendix 3.
- 1.9 Section 2 of this report details the overall position on the Base Budget and Savings Programme by Directorate.
- 1.10 Section 3 of this report details the summary position on the Savings Programme.
- 1.11 Section 4 of this report details other corporate mitigations and resources allocations.

**Table 1 - Summary forecast position of base budget and risks relating to savings programme**

Directorate	Current Budget £m	Net Base Budget Overspend as at			Savings not Deliverable (after mitigations) as at			Total Forecast Overspend as at		
		Month 6 £m	Month 4 £m	Movement £m	Month 6 £m	Month 4 £m	Movement £m	Month 6 £m	Month 4 £m	Movement £m
Adult Social Care & Health Directorate	335.733	(1.088)	(1.260)	0.172	1.088	1.260	(0.172)	0.000	0.000	(0.000)
Children & Young People Directorate	210.895	0.112	2.206	(2.094)	2.034	2.588	(0.554)	2.146	4.794	(2.648)
Place Directorate	141.104	2.114	2.809	(0.695)	1.632	1.602	0.030	3.746	4.411	(0.665)
Economy Directorate	71.135	0.000	0.000	0.000	0.695	0.571	0.124	0.695	0.571	0.124
Strategic Services Directorate	20.781	0.012	0.000	0.012	(0.016)	0.480	(0.496)	(0.004)	0.480	(0.484)
Finance & Governance Directorate	23.954	(0.818)	(1.146)	0.328	0.000	0.090	(0.090)	(0.818)	(1.056)	0.238
Sub-total Directorates	803.602	0.332	2.609	(2.277)	5.433	6.591	(1.158)	5.765	9.200	(3.435)
Policy Contingency	(9.332)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Corporate Items	27.533	(3.428)	(4.900)	1.472	11.310	11.374	(0.064)	7.882	6.474	1.408
City Council General Fund	821.803	(3.096)	(2.291)	(0.805)	16.743	17.965	(1.222)	13.647	15.674	(2.027)
Housing Revenue Account	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

Notes:

1. The total forecast overspend position at Month 5 was £18.0m and the Month 6 position has improved by £4.4m compared with this.

## 2. Detailed Revenue Commentaries by Directorate

The following paragraphs comment on the major financial issues identified at this point in the year. Detailed figures for each Directorate are shown in Appendix 1.

### 2.1 Adult Social Care & Health

The Directorate is forecasting a balanced position (overall no movement since Month 4). This is made up of net savings deemed to be not fully achieved in 2017/18 of £9.4m offset by base budget underspends of £1.1m and additional income including the use of £8.3m from the Improved Better Care Fund (iBCF), which had not been budgeted for.

Although the overall net position has remained the same since Month 4, there have been movements within the overall position. These are largely due to an increase of £1.4m on base budget pressure relating to increase demand for Older Adult Services from both the Acute settings and the Enhanced Assessment Beds (EAB) and Community settings offset by further usage of iBCF funding of £1.2m and other underspends of £0.2m across the Directorate.

#### Base Budget forecast

There is a forecast year-end underspend of £1.1m at Month 6 (Month 4 £1.3m underspend). This relates to the following:

- Mental Health Joint Funding – £1.6m additional income  
This relates to Health contributions in relation to Mental Health care packages that are exceeding the budgeted level
- Direct Payments (DP) – Recoupment of surplus income £1.5m  
The service has been proactive in reviewing and recouping surplus funds in individual accounts, this work is anticipated to continue although this is largely a one-off mitigation. Levels of Direct Payment assessments are steadily increasing
- Business Change – £1.1m underspend  
This relates largely to underspend on staff vacancies across the Service
- Mitigation from iBCF Fund – £1.2m  
Further iBCF funding of £1.2m is being used at Month 6 to offset the continuing increasing demand for Older Adult Services from both the Acute settings and EAB and Community settings
- Commissioning Centre of Excellence – £0.8m underspend  
This underspend is mainly due to staff vacancies across the service.
- Review of Non-pay costs – £0.5m underspend  
The Directorate is reviewing all non-pay budgets including energy, transport, training and other areas in order to mitigate the shortfall in savings delivery.

- Review of income – £0.5m underspend  
The Directorate is reviewing all charging policies across the full range of service areas. This is an initial estimate of the additional income from this review
- Care Packages/External Placement – £3.8m overspend  
The numbers of people supported through an external placement continue to rise in Month 6. The main changes are in relation to Older Adults residential and Nursing Care packages. A full audit of the new Older Adult residential and Nursing placements was carried out and reported to the Assistant Directors and Group Managers. Other information is feeding into the wider review of care within the Directorate

Other cost pressures continue, including a higher than anticipated increase in average prices across all of Adult Social Care, increasing numbers of direct payments, pressures on the Enhanced Assessment Beds pathway, and an unbudgeted payment in settlement of a dispute relating to void calculations in cases where the Council has block contracts

Decisions have been made to utilise some of the iBCF funding to offset the continued growth in Older Adults placements from the Acute and EAB settings.

- Extra Care Block Contract – £1.8m overspend  
This service was previously provided in-house by Specialist Care Services (SCS). As part of the reshaping of SCS, it was decided that part of the Service could be better sourced externally. The overspend situation has arisen because of the proposed reduction in internal staffing did not take place and the total number of hours commissioned was greater than required. The Directorate will mitigate this situation by adjusting staffing within SCS in the light of the current Voluntary Redundancy (VR) trawl and by identifying areas where the hours commissioned can be reduced.
- Deprivation of Liberty Safeguards – £0.5m overspend  
There continue to be pressures arising from the numbers of cases requiring review in this area.

### **Savings Programme forecast**

There is a net forecast of £1.1m savings not achievable in 2017/18 at Month 6 (Month 4 £1.3m). This is made up of £9.4m of savings considered not fully achieved in 2017/18 offset by the use of £8.3m from the iBCF as identified in Appendix 3. These unachievable savings are summarised below:

- £1.5m Enablement – A refreshed business case has been produced and the main risk associated with this saving continues to be challenging from the unions. Changes to the service delivery model are due to be implemented from November 2017 onwards. Corporate VR should contribute significantly towards the savings; the total value is being worked up based on likely pension strain.

Given the risks associated with this saving, £1.5m of the £2m saving has been identified as part of £8.3m iBCF mitigation funding.

- £4.5m Integrated Community Social Work and Review – There is a risk that the anticipated in year savings may be overly ambitious. There are a number of distinct savings lines that make the overall savings target of £5.0m. It is anticipated the savings of £0.5m on the Care First audit will be met. Review and action across the whole system is taking place to save the required £4.5m in 2017/18. Mitigations have been identified from the iBCF to enable this review to take place. Plans are being developed to deliver savings for future years.

The review work is now progressing to implement a Neighbourhood Networks Model that will build capacity in the community and divert demand. Similarly an Asset Based assessment model is being developed. This is anticipated to reduce the cost of packages of care by acknowledging the needs that are met through family and community resources. A Local Area Coordination approach is also being developed to further assist in building and supporting local resources. Further work is required to quantify the level of savings that can be achieved through the implementation of these models.

- £2.0m Supporting People – The budget savings target for Supporting People / Third Sector is £3.2m for 2017/18. A review has identified £1.2m of savings. Proposals have been agreed to utilise the balance from the iBCF to retain preventative services whilst a longer term strategic approach is developed.
- £0.8m External Day Centres – A plan is in place to deliver £0.2m. Actions are being taken to explore other ways to deliver the remaining savings of £0.8m. These require a new plan and link to proposals which will require full public consultation and will not therefore be deliverable in 2017/18. Further work has been carried out to ensure a consistent approach across internal and external provision with a view to identifying efficiencies across both. Any changes introduced will be reflected in the Interim Contract.
- £0.2m Residential Care (Residential Block Contracts) – There is a risk of delays due to legal issues. There may not be sufficient time for the mitigating action to deliver the in year required savings of £1.0m. The Extra Care Sheltered Housing service is being reviewed for additional savings. Enhanced Assessment Beds (EAB) are now being funded via the iBCF.
- £0.4m Internal Care Review (Care Centres) – This is unlikely to make savings in 2017/18. Work to implement the closure of one centre is scheduled to be completed at the end of November 2017. Further work is being carried out to generate efficiencies across the remaining care centres. Audit has been commissioned to assist in identifying further potential savings.

The unachieved savings have been offset by the use of £8.3m from the iBCF to stabilise the current Adult Social Care position. This includes actions to support communities and community based organisations to develop offers that support diversion and avoidance from social care services and to channel shift all Carers assessments to community based Carers' Hubs, with associated support embedded

within communities. It will also develop a more citizen centred approach to social work that develops the community model, alleviates some of the pressures in the health economy, reconfiguration of enablement services that focus on those with the greatest reablement potential and align care pathways for both community and out of hospital care.

The Directorate has developed a contingency list to further mitigate against shortfalls in savings delivery and establish a robust financial position for future years. Initial estimates of these mitigations have been included in the Month 6 position.

## **2.2 Children & Young People**

The Directorate is forecasting an overspend of £2.1m. (Month 4 £4.8m) The favourable movement of £2.7m since Month 4 primarily relates to a reduction on undeliverable savings relating to Early Years and reduced base budget pressures across a range of Services within the Directorate offset by increased costs in Travel Assist.

### **Base Budget forecast**

The base budget pressure of £0.1m (Month 4 £2.2m) relates to the following:

- Education General Fund – £0.7m pressure
  - PFI / BSF contracts £0.1m – There is a forecast net deficit of £0.1m after taking into account of mitigations from the specific contingencies for inflation
  - Unattached Playing Fields £0.1m – Progress has been slow due to the complex legal and regulatory issues which need to be taken into account and can vary by playing field. Earmarked resources have now been identified to accelerate the work on an invest to save type basis and come up with funding / cost reduction solutions. The full year benefit will only be realised in 2018/19. As such, for 2017/18 there are anticipated unfunded net costs of approximately £0.1m
  - Baverstock Academy £0.1m - Following a decision by the Department of Education (DfE) to close Baverstock Academy, the vacated building and site is being handed back to BCC. The DfE will not be recompensing the Council for the associated costs with maintaining a surplus site while decisions are made on its future despite strong representations at the highest level. The service anticipates £0.1m of costs associated with security and maintenance of the site
  - Other Minor overspend £0.4m – A net deficit of £0.4m arising from a mixture of minor variations including £0.1m relating to Early Years

- Early Help & Children's Social Care- £0.6m underspend
  - No Recourse to Public Funds (NRPF) £0.7m pressure - In recent months there has been an increase in the number of families who are presenting as having no recourse to funds. The pressure represents the forecast costs of providing accommodation and subsistence support for 2017/18 assuming there are no changes to volumes or cost of cases. Several actions are being taken in an attempt to mitigate the position including:
    - Implementation of credit checks on presenting families (Islington model)
    - A review of families granted leave to remain but without recourse to public funds which are still being supported by NRPF team
    - Work with Children's Advice and Support Service (CASS) managers to achieve 'point of contact' savings with accommodation costs being no longer than one night
    - Work with BCC Fraud Team to undertake a review of sample cases to see what support can be provided to address any possible fraud not identified through current assessment process.

The full financial impact of these actions continues to be assessed and is not reflected in the forecast above.

- Secure Remand Custody Cost £1.0m pressure – Judges and magistrates determine if a young person is to be remanded to custody in order to protect the public or protect the young person from self-harm or suicide. Based on the vulnerability assessment of the young person the Youth Justice Board (YJB) then allocates a bed for the remand placement. There are three bed types; Youth Offending Institute (YOI), Secure Training Centres (STC) and Secure Children's Homes (SCH) with STC and SCH beds costing significantly more than YOIs. Any under 15 is remanded to a STC or SCH, as is any young person over 15 assessed as vulnerable

The forecast pressure arises due to:

- A further decrease in the YJB Secure Grant for 2017/18, with the grant for bed nights having decreased by £0.4m – 54% over the past five years
- An increase in the actual price to be charged by YJB for the three bed types
- A shift in the profile of bed night usage with more young people being accommodated in STCs and SCHs, thus at higher costs

- Legal Disbursement £0.9m pressure  
This relates to budget allocation not being adequate to cover the actual costs of disbursements following an exercise to re-base budgets. This exercise is to be reviewed
- Disabled Children's Services £0.5m pressure  
There are cost pressures of £0.5m for placements and costs of alternative community support packages for disabled children. In April, a new formula was agreed to share residential placement with education costs with

Special Educational Needs Assessment Review (SENAR). This resulted in additional costs of £1.3m previously charged to Dedicated Schools Grant (DSG) being charged to this budget

These pressures have been offset by a number of mitigations as below:

- A delay in the opening of a specialist three bedded remand home, not now expected to open until 2018 will result in an underspend of £0.4m
- The overall costs of all current fostering, residential, supported accommodation and secure welfare placements currently indicate a forecast underspend of £0.7m. Additional income of £0.3m will be received in respect of contributions to specific complex care packages
- There will be delay in planned staffing recruitment within the Youth Offending service which will result in an underspend of £0.5m if all vacancies are not filled for the remainder of the year. This situation will be reviewed on a month by month basis based on the emerging risks and activities within the service
- There has been a reduction in the number of externally commissioned residential and community based assessments resulting in an expected underspend of £0.1m
- There has been a reduction in the costs of commissioned training activities of £0.4m
- Additional income of £0.5m has been received in respect of several Unaccompanied Asylum Seeking Children (UASC) cases which have been retrospectively approved by the Home Office following the provision of additional information
- An underspend of £0.7m is expected in relation to costs of support packages and financially assisted order payments as alternatives to care
- Other non-pay underspends across various services total £0.1m

The service continues to review service budgets and activities in order to identify further mitigations to deliver a balanced budget.

### **Savings Programme forecast**

There are forecast savings not fully achieved in 2017/18 of £2.0m (Month 4 £2.6m) as summarised below.

- Early Years – In terms of implementing the new Health & Wellbeing Contracts and reconfiguration of the Early Years and Childcare Team (both of which were programmed for September), the consultation took longer than expected and this has led to a delay in implementation until 1<sup>st</sup> January 2018. Allied to this is the



restructure of the Early Years and Childcare Team also budgeted for September. This has resulted in a forecast shortfall of £4.1m. It is anticipated that the costs in 2017/18 can be met from short-term borrowing from reserves that will be repaid from over-achievement of savings in future years.

- **£1.9m Travel Assist** – There has been a delay on delivery of the savings, in part due to a delay in the introduction of a new ICT routing system and ongoing costs related to an increase in demand and the provision of travel guides. In order to avoid the deficit worsening immediate action is being taken to cap spend on Guides which may result in some negative feedback from parents. Sickness absences and one to one transport has put increased pressure on this part of the service. A full review has been commissioned by the Assistant Director and strong action will be required to control spend.
- **£0.1m Education Playing Fields** – Progress has been slow due to the complex legal and regulatory issues which need to be taken into account and can vary by playing field. Earmarked resources have now been identified to accelerate the work on an invest to save type basis and come up with funding / cost reduction solutions. However, the full year benefit will only be realised in 2018/19. As such for 2017/18 unfunded net costs will still be incurred

### 2.3 Place (excluding Housing Revenue Account)

The Directorate is reporting a forecast net variation of £3.7m (Month 4 £4.4m). This includes base pressures of £2.1m after taking into account a corporate mitigation of £6.6m. There is also forecast non-delivery of savings of £1.6m

There has been a net decrease of £0.7m since Month 4 as a result of estimated additional costs of £5.5m on Waste Services (in addition to the £2.9m reported at month 4) and additional pressures on Community Sport of £0.3m offset by £6.6m of corporate mitigations.

#### **Base Budget forecast**

A net base budget pressure of £2.1m (Month 4 £2.8m) is forecast at Month 6 relating to pressures of £10.0m offset by mitigations and corporate funding of £7.9m as outlined below:

- **Waste Management Services - £8.4m pressure (£2.9m at Month 4) before £6.6m of corporate funding**

The overall pressure is a combination of additional expenditure relating to the delay to the implementation of a new and modern operating model and day to day service pressures. The former is estimated at £6.6m and includes the continuation of the temporary agency workforce to cover the 5<sup>th</sup> working day, the contingency plans implemented to deliver the service including external contractors / temporary deployment of internal staff, additional landfill tax as a consequence of more diversion to landfill and lower paper income. The residual

pressure of £1.8m relates primarily to operational costs on the transport fleet (mainly lower income and additional repairs and maintenance expenditure).

- **Community Sport & Events- £0.7m net pressure (£0.4m at Month 4)**  
This relates to the externalisation of Alexander Stadium of £1.1m and pressures of £0.3m for Tiverton leisure centre that has not yet been closed pending the completion of the new Northfield centre. This has been offset by £0.7m relating to additional management fee income from Sparkhill Pool along with non-domestic rate relief and the use of maintenance reserves at Harborne Pool
- **Regulatory Services- £0.6m pressure (No movement since Month 4)**  
There is a £0.3m pressure on the Coroners' Service and a £0.3m net pressure relating to Environmental Health and Pest Control.
- **Other variations- £0.3m pressure (No movement since Month 4)**  
There are other variations on a range of services including Markets of £0.1m and Equalities and Community Cohesion of £0.2m.
- **Net Mitigations- £7.9m**  
A number of mitigations have been identified to offset the above pressures including:
  - Parks self-funded borrowing savings of £0.1m (No movement since Month 4)
  - Bereavement Services maintenance savings plus additional income from car parking and grave sales of £0.4m (No movement since Month 4)
  - Use of non-grant reserves in Adult Education of £0.2m (No movement since Month 4)
  - Use of Culture and Visitor Economy Reserves of £0.3m (No movement since Month 4)
  - Resilience and Other Services £0.3m (£0.4m at Month 4)
  - Corporate funding of £6.6m since Month 4

Place Directorate continues to investigate a number of residual savings options from programmes that have been implemented that could be used to reduce the Base Budget pressures and non-delivery of savings.

### Savings Programme forecast

The 2017/18 Savings Programme has savings of £1.6m that may not be delivered at Month 6 (no change since Month 4). These are summarised below.

- £0.1m Local Car Park charges – Charges are implemented but there is a potential price sensitivity
- £0.7m Parks – Relating to Cofton Nursery income targets of £0.3m from 2016/17 and the disposal of unwanted / underutilised parks land of £0.4m
- £0.2m Waste Management – This is part of the proposed new operating model

- £0.1m Asset and Property Disposal Programme – There is slippage in the identification of suitable properties
- £0.2m Health and Wellbeing Centres – Decommissioning of centres is behind schedule
- £0.3m Markets – There are legal constraints on changes to leases

### 2.4 Economy

Economy is forecasting overspends of £0.7m at Month 6 (Month 4 £0.6m overspend). This is made up of savings not deliverable in 2017-18 in relation to InReach for whom the responsibility has been transferred from Place to Economy Directorate. This is a further increase on InReach of £0.1m since Month 4.

#### **Base Budget forecast**

The Directorate is reporting a balanced position on base budget.

#### **Savings Programme forecast**

The Directorate is forecasting £0.7m of savings not deliverable in 2017-18 relating to InReach. Current and future deliverability is being reviewed, along with potential mitigations as required, through the 2018+ Budget Process.

There are savings not deliverable of £0.1m relating to Controlled Parking Zones. At Month 6 it is proposed that the pressure in 2017/18 will be mitigated within the Service by underspends created through the capitalisation of other eligible expenditure.

### 2.5 Strategic Services

The Directorate is forecasting a balanced position at Month 6. This is an improvement of £0.5m since Month 4 and is mainly due to actions taken by the Human Resources (HR) Service.

#### **Base Budget forecast**

A break-even position has been forecast on the base budget.

#### **Savings Programme forecast**

The savings which are not expected fully achievable of £2.8m in 2017/18 are identified below.

- £0.2m – Residual HR savings undelivered

- £0.3m – Contractual Workforce proposals which required changes to terms and conditions
- £2.1m – Unallocated/undelivered efficiency savings from 2016/17
- £0.1m – Transfer of out of hours service from Customer Services
- £0.1m – Cost recovery of Council Tax and Business Rates summons not deliverable due to legal challenges

These have been offset by £2.8m of mitigations relating to the following:

- £0.5m – Housing Benefit Subsidy
- £0.3m – Surplus in advertising
- £0.8m – Use of balances from 2016/17
- £0.1m – Annual impact of accounting for the recoupment of Legal Fees plus interest as a result of Council Tax Debt being secured by charging orders
- £0.1m – Contribution from reserves
- £1.0m – Invest to Save proposals from council tax collection fund as a result of reduced single person discounts being claimed following reviews

### 2.6 Finance & Governance

The Directorate is forecasting an underspend position of £0.8m at Month 6 (Month 4 £1.1m underspend). There is a movement of £0.3m since Month 4 relating to minor variations that have reduced the base budget underspend.

#### Base Budget forecast

There is a forecast underspend of £0.8m on the base budget. This relates largely to an underspend of £1.0m on the SAP Development budget offset by an £0.2m overspend on Shared Services.

#### Savings Programme forecast

The forecast savings are expected to be fully achieved.

### 2.7 Housing Revenue Account

A balanced HRA Budget was approved for 2017/18 (expenditure of £281.7m funded by equivalent income). The budget was based on the continuing national rent policy of -1% that will be implemented in each year from 2016/17 to 2019/20.

The current budgets and the forecast year-end financial position are summarised in the table below:

<b>Service</b>	<b>Current Budget</b> <b>£m</b>	<b>Year End Projection (Month 4)</b> <b>£m</b>	<b>Year End Projection (Month 6)</b> <b>£m</b>	<b>Change</b> <b>£'m</b>
Rent/Service Charges (Net of Voids)	(281.7)	-	-	-
Repairs and Maintenance	64.5	(4.3)	(3.0)	1.3
Contributions for Capital Investment	54.0	-	-	-
Capital Financing Costs	76.5	5.9	4.4	(1.5)
Local Office / Estate Services / Equal Pay	86.7	(1.6)	(1.4)	0.2
<b>Net Position</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>

A balanced position is projected for the year-end, although the projections have been reviewed and updated at Month 6 – in summary the underspend has been reduced on repairs (improving performance on KPIs has resulted in additional payments) and also reduced on local housing/estate services. This has been offset by an equivalent reduction in the planned debt repayment.

The overall strategy for debt repayment is considered appropriate as this is prudent and considered value for money (as interest payments on debt outstanding are greater than interest received on balances). It is also in line with the HRA Self-financing Business Plan for the repayment of debt (the debt repayment has already been re-profiled to take into account the new national rent policy and is expected to be significantly higher by 2025/26 compared to the original plans that were established in April 2012).

The HRA Business Plan is being reviewed and this will incorporate all new national legislation implications (rent policy beyond 2020/21, universal credit, funding for health and safety work in tower blocks). This will be reported for approval to Cabinet/City Council in February 2018.

## 2.8 Dedicated Schools Grant (DSG)

Work is ongoing to make the necessary savings and cost reductions within the High Needs area of DSG. A £5.8m year-end deficit is currently forecast. This will not impact on the General Fund.

There are issues around the funding of school deficits where they convert to academies under a sponsor Trust. Allied to this are redundancy costs incurred by schools. While there is some DSG funding, it is limited and ultimately the funding responsibility will fall onto the Council. The position is being closely monitored with a strong focus on holding schools to account.

## **2.9 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 Council Financial Plan 2017+, with any surplus or deficit being required to be carried forward and taken into account as part of the 2018/19 budget setting process.

### **Council Tax**

The overall net budget for Council Tax income is £310.4m in 2017/18. In addition, the Council collects the precepts on behalf of the Fire and Police Authorities. A surplus is forecast for the year of which the Council's share is £2.1m (£2.3m in year less £0.2m deficit brought forward from 2016/17). This is a small improvement on the position reported previously (£2.0m). The in year surplus of £2.3m is made up of £0.9m of additional net growth in Council Tax over and above the budget and £1.4m due to the review of Single Person Discounts as part of a Revenues invest to save project. This will have an ongoing positive impact on the Council Tax base in future years which will be taken into account in the budget setting process for 2018/19.

£1.0m of the total surplus is planned to be used to mitigate savings delivery issues in Strategic Services in 2017/18. This assumption is reflected in the Strategic Services monitoring position elsewhere in the report.

### **Business Rates**

Under the 100% Business Rates Pilot that came into effect on 1<sup>st</sup> April 2017 the Council retains 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 2017/18 is £403.3m (excluding the Enterprise Zone), of which the Council's retained share is £399.3m.

An in-year surplus is forecast of which the Council's share is £0.2m. This is an improvement of £0.5m on the position reported previously when a £0.3m deficit was forecast. The main reason for this is increased growth as a result of the identification of additional rateable value through a pilot exercise involving a 3<sup>rd</sup> party company. Subsequently the Council has instigated a tendering process to secure the services of a contractor which is expected to yield additional income from Business Rates in future years.

Included in the forecast position above are additional reliefs of £2.5m (Council share) relating to support for small businesses due to the effects of revaluation on their business rates liabilities. This will be offset by a grant from Central Government following the reconciliation of the final outturn position. These reliefs have now been awarded following the implementation of the Council's approved scheme.

In addition, further grants are anticipated to be received as compensation for specific types of reliefs awarded due to government policy, including further small business relief. There is a forecast increase in this income of £1.2m compared with the budget. When combined with the £2.5m referred to above, total additional grants of £3.7m are anticipated.

The overall in year forecast position on Business Rates related resources is a surplus of £3.9m (£0.2m in year surplus plus £3.7m of additional government grants). This is an improvement of £1.1m on the previous position when a £2.8m surplus was forecast.

It was previously anticipated that £1.4m of the surplus will be paid over to the Combined Authority as a requirement of the 100% Business Rates Pilot in order to honour the devolution deal agreement relating to Business Rates growth. For 2017/18 it is now anticipated that payment will be made from a corporate General Fund budget and so the Collection Fund surplus will accrue to the Council in full.

In addition to the in-year position, a cumulative deficit was brought forward from 2016/17 (over and above that budgeted for) which has previously been reported in the 2016/17 Outturn Report. The Council's share is £1.8m.

An overall forecast surplus of £2.1m (previously £0.4m deficit) relating to the Council's share of Business Rates related resources is anticipated. (£3.9m in year surplus less £1.8m deficit brought forward).

### 3. Corporate Summary of the Savings Programme

- 3.4 The Month 6 analysis of the Savings Programme shows that Directorates consider £53.4m (62.6%) of the savings forecast will be delivered in 2017/18 and £118.3m (69.0%) is still considered to be a reasonable estimate of savings by 2020/21. At this stage, £31.9m (37.4%) is not fully achieved in 2017/18, with £15.2m of mitigations identified. The overall Directorate position at Month 6 is summarised for the Council in Tables 2 and 3.

**Table 2 – Analysis of 2017/18 Savings Programme**

	On Track £m	One Off £m	At Risk £m	Delayed £m	Undeliverable £m	Total £m
Adults & Communities	5.422	1.700	1.230	0.000	9.388	17.740
Children and Young People	8.361	0.000	1.003	0.000	2.034	11.398
Economy	8.543	0.000	0.000	0.000	0.695	9.238
Place	13.630	0.000	0.000	0.000	1.632	15.262
Strategic Services	12.746	0.550	0.000	0.000	2.794	16.090
Finance & Governance	0.066	0.000	0.000	0.000	0.790	0.856
Cross Cutting	0.144	0.000	0.000	0.000	14.610	14.754
<b>Total Savings</b>	<b>48.912</b>	<b>2.250</b>	<b>2.233</b>	<b>0.000</b>	<b>31.943</b>	<b>85.338</b>
Mitigations					15.200	
<b>Net delayed and undeliverable after mitigations</b>					<b>16.743</b>	

**Table 3 – Savings not fully achieved**

	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m
Adults & Communities	1.088	0.000	0.000	0.000
Children and Young People	2.034	1.946	11.946	11.946
Economy	0.695	0.366	0.250	0.250
Place	1.632	3.138	2.913	3.639
Strategic Services	(0.016)	0.000	0.000	(0.039)
Finance & Governance	0.000	0.000	0.000	0.000
Cross Cutting	11.310	35.064	37.659	37.266
<b>Net undeliverable and delayed savings after mitigations</b>	<b>16.743</b>	<b>40.514</b>	<b>52.768</b>	<b>53.062</b>

- 3.5 The summary is based on a detailed review of each of individual saving. An overview of forecast savings not fully achieved on an ongoing basis by project for each Directorate is shown at Appendix 3.
- 3.6 There are £14.6m of cross cutting savings that are considered to be not fully achieved in 2017/18. These relate to the Future Operating Model. These have been offset by £3.3m of other corporate mitigations.



## **4. Resource Allocations and Other Corporate Updates**

### **4.1 General Policy Contingency**

The balance on the General Policy Contingency at Month 6 is £1.7m.

### **4.3 Other Corporate Mitigations**

Corporate mitigations on the base budget of £5.2m relate to £3.7m for Treasury Management as a result of revised projections for the amount and level of interest rates of the borrowing requirement since the budget for 2017/18 was set. There is also £1.5m underspend on Specific Policy Contingency following a detailed review of commitments.

These have been offset by £1.8m relating to Acivico. The Month 4 position included £0.3m, relating to a shortfall in profit share of £0.1m, Highbury Hall of £0.1m and Security / Portering Service of £0.1m. This has increased by £1.5m in Month 6. It is understood that Acivico's auditor considers that Acivico may be precluded from declaring a dividend and thereby distributing any profits, which may mean that it cannot be assumed that any return will accrue this year (budget of £0.7m income). This may also have an impact on previous years' assumptions of profit sharing through dividend distribution where there are debtor balances outstanding of £0.8m. This is because Acivico identified in its draft financial statements a significant deficit on its profit and loss account (now in excess of £7m) due to pension liabilities.

There are £14.6m of savings not deliverable in 2017/18 relating to the Future Operating Model (FOM), offset by planned corporate mitigations of £3.3m.

## Financial Position analysed by Directorate - budget pressures (including budget savings)

Division of Service Area	FULL YEAR BUDGET			YEAR END		
	Original Budget	M'ments	Revised Budget	Base Budget Pressures / (Savings)	Savings Programme not Deliverable	Total
	£'m	£'m	£'m	£'m	£'m	£'m
Corporate Director	9.877	(6.473)	3.404	(10.446)		(10.446)
Adult Packages of Care	166.167	7.675	173.842	7.065	0.688	7.753
Assessment & Support Planning	37.358	(0.087)	37.271	0.233		0.233
Specialist Care Services	40.972	(1.300)	39.672	2.539	0.400	2.939
Commissioning Centre of Excellence	40.621	(0.071)	40.550	0.751	0.000	0.751
Business Change	40.929	0.065	40.994	(1.230)		(1.230)
Public Health	0.000	0.000	0.000	0.000	0.000	0.000
<b>Adults Social Care &amp; Health Directorate Total</b>	<b>335.924</b>	<b>(0.191)</b>	<b>335.733</b>	<b>(1.088)</b>	<b>1.088</b>	<b>0.000</b>
Education and Skills	65.455	9.876	75.330	0.327	2.034	2.361
Schools Budgets	(152.219)	(9.092)	(161.310)	0.393	0.000	0.393
Children With Complex Needs	107.589	0.667	108.256	0.000	0.000	0.000
Early Help & Childrens Soc Care	162.753	(0.105)	162.648	(0.608)	0.000	(0.608)
Business Change	33.571	(0.381)	33.190	(0.000)	0.000	(0.000)
Accounting Adjustment/MRP Component of Contract Payments	(7.219)	0.000	(7.219)	0.000	0.000	0.000
<b>Children and Young People Directorate Total</b>	<b>209.929</b>	<b>0.965</b>	<b>210.895</b>	<b>0.112</b>	<b>2.034</b>	<b>2.146</b>
Community Sports & Events	6.503	0.730	7.233	0.660	0.230	0.890
Fleet and Waste Management	57.843	(0.292)	57.551	1.845	0.167	2.012
Parks and Nature Conservation	12.408	0.037	12.445	(0.094)	0.706	0.612
Bereavement Services	(3.236)	0.023	(3.213)	(0.434)	0.000	(0.434)
Markets	(0.926)	0.003	(0.923)	0.075	0.300	0.375
Business Support	1.049	(0.004)	1.045	0.000	0.000	0.000
Equalities, Cohesion & Safety	0.413	0.001	0.414	0.183	0.000	0.183
Engineering & Resilience Services	0.888	0.006	0.894	(0.099)	0.099	0.000
Regulatory Services	7.469	0.668	8.137	0.584	0.000	0.584
Private Sector Housing	(1.239)	0.956	(0.284)	0.000	0.000	0.000
Neighbourhood Community Services	28.594	0.333	28.927	0.049	0.030	0.079
Birmingham Adult Education	(0.130)	0.020	(0.110)	(0.200)	0.000	(0.200)
Central Support Costs	15.720	(0.449)	15.271	(0.155)	0.100	(0.055)
Housing Revenue Account	0.000	0.000	0.000	0.000	0.000	0.000
Culture & Visitor Economy	10.730	0.610	11.340	(0.300)	0.000	(0.300)
City Centre Management	0.059	0.000	0.059	0.000	0.000	0.000
Housing Options	4.987	0.057	5.044	0.000	0.000	0.000
Shelforce	(0.100)	0.000	(0.100)	0.000	0.000	0.000
Capital Financing	(2.626)	0.000	(2.626)	0.000	0.000	0.000
Other funds	0.000	0.000	0.000	0.000	0.000	0.000
<b>Place Directorate Total</b>	<b>138.405</b>	<b>2.699</b>	<b>141.104</b>	<b>2.114</b>	<b>1.632</b>	<b>3.746</b>
Planning & Development (City Centre, EZ & BDI)	2.452	0.560	3.012	0.000	0.000	0.000
Planning & Development (Strategy & Planning)	4.793	(0.232)	4.561	0.000	0.000	0.000
Business and Customer	9.459	2.258	11.717	0.000	0.000	0.000
Transportation and Connectivity	47.949	0.461	48.410	0.000	0.000	0.000
Housing Development	(0.026)	(0.651)	(0.677)	0.000	0.695	0.695
Highways and Infrastructure	37.831	(0.793)	37.039	0.000	0.000	0.000
Birmingham Property	(1.933)	0.351	(1.582)	0.000	0.000	0.000
Employment Services	4.005	2.316	6.321	0.000	0.000	0.000
GBSLEP Executive	0.177	(0.177)	0.000	0.000	0.000	0.000
Accounting Adjustment/MRP Component of Contract Payments	(37.666)	0.000	(37.666)	0.000	0.000	0.000
<b>Economy Directorate Total</b>	<b>67.041</b>	<b>4.094</b>	<b>71.135</b>	<b>0.000</b>	<b>0.695</b>	<b>0.695</b>

## Appendix 1

Division of Service Area	FULL YEAR BUDGET			YEAR END		
	Original Budget	M'ments	Revised Budget	Base Budget Pressures / (Savings)	Savings Programme not Deliverable	Total
	£'m	£'m	£'m	£'m	£'m	£'m
Corporate Strategy	2.383	(0.012)	2.371	0.000	(0.001)	(0.001)
Procurement	(1.643)	0.075	(1.568)	0.000	(0.250)	(0.250)
Human Resources	7.052	0.518	7.570	0.000	0.876	0.876
Elections Office	1.775	0.000	1.775	0.000	0.000	0.000
Revenues & Benefits	(1.088)	0.070	(1.018)	0.000	(0.743)	(0.743)
Core ICT	0.203	0.056	0.259	0.000	0.000	0.000
Charities & Trusts	0.050	0.030	0.080	0.000	0.000	0.000
Customer Services	9.606	(0.058)	9.548	0.012	0.102	0.114
Communications	1.763	0.000	1.763	0.000	0.000	0.000
<b>Strategic Services Total</b>	<b>20.102</b>	<b>0.679</b>	<b>20.781</b>	<b>0.012</b>	<b>(0.016)</b>	<b>(0.004)</b>
City Finance	8.053	(0.534)	7.519	(1.062)	0.000	(1.062)
Birmingham Audit	2.158	(0.056)	2.102	0.000	0.000	0.000
Business Transformation	39.740	0.000	39.740	0.000	0.000	0.000
Directorate Wide Rec	(34.146)	0.000	(34.146)	0.000	0.000	0.000
Shared Services Centre	2.119	0.000	2.119	0.182	0.000	0.182
Insurance	(0.006)	0.000	(0.006)	0.000	0.000	0.000
Legal & Democratic Services	5.330	0.010	5.340	0.000	0.000	0.000
Corporate Resources	1.613	0.042	1.655	0.062	0.000	0.062
Major Projects	0.063	0.000	0.063	0.000	0.000	0.000
Business Loans & Other	(0.582)	0.150	(0.432)	0.000	0.000	0.000
<b>Finance &amp; Governance Total</b>	<b>24.342</b>	<b>(0.388)</b>	<b>23.954</b>	<b>(0.818)</b>	<b>0.000</b>	<b>(0.818)</b>
<b>Total Directorate Spending</b>	<b>795.743</b>	<b>7.858</b>	<b>803.601</b>	<b>0.332</b>	<b>5.433</b>	<b>5.766</b>
Policy Contingency	(1.980)	(7.351)	(9.331)	0.000	0.000	0.000
Other Corporate Items	28.040	(0.507)	27.533	(3.428)	11.310	7.882
<b>Centrally Held Total</b>	<b>26.060</b>	<b>(7.858)</b>	<b>18.202</b>	<b>(3.428)</b>	<b>11.310</b>	<b>7.882</b>
Proposed Transfers to / (from) reserves				0.000	0.000	0.000
<b>Net Budget Requirement</b>	<b>821.803</b>	<b>0.000</b>	<b>821.803</b>	<b>(3.096)</b>	<b>16.743</b>	<b>13.647</b>
Housing Revenue Account	0.000	0.000	0.000	0.000	0.000	0.000

## Policy Contingency Month 6 Monitoring to 30th September 2017

Table 1

	Original Budget 2017/18	Approvals / Adjustments in Voyager	Revised Budget 2017/18	Approvals / Allocations not yet in Voyager as at 30th Sept	Proposals awaiting approval at 30th Sept	Underspend on Policy Contingency	Remaining Contingency if proposals approved
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Car Park Closure Resources	252		252				252
Carbon Reduction	1,034		1,034				1,034
Auto-enrolment in Pension Fund	300		300				300
Inflation Contingency	7,542		7,542		(1,385)	(1,500)	4,657
Highways Maintenance	1,000		1,000		(661)		339
Improvement Expenditure	6,951		6,951	(206)	(6,745)		0
Apprenticeship Levy	1,303		1,303		(1,303)		0
Capital Receipts Flexibility	(8,740)		(8,740)		8,740		0
Subtotal Specific Contingency	9,642	0	9,642	(206)	(1,354)	(1,500)	6,582
General Contingency (see Table 2)	2,988	(1,152)	1,836	(150)		0	1,686
<b>Total Contingency excluding Future Operating Model savings</b>	<b>12,630</b>	<b>(1,152)</b>	<b>11,478</b>	<b>(356)</b>	<b>(1,354)</b>	<b>(1,500)</b>	<b>8,268</b>
Future Operating Model - savings to be allocated	(14,610)		(14,610)				(14,610)
<b>Total Contingency including Future Operating Model savings</b>	<b>(1,980)</b>	<b>(1,152)</b>	<b>(3,132)</b>	<b>(356)</b>	<b>(1,354)</b>	<b>(1,500)</b>	<b>(6,342)</b>

Table 2 - General Policy Contingency

	£'000
Budget for 2017/18	2,988
Carry forward of underspends from 2016/17	16
Less: Allocations to date	
Commonwealth Feasibility Study	(300)
Wholesale Market Relocation	(448)
Harborne BID	(20)
CITR / SITR Art Loan	(150)
Moseley Pool	(400)
<b>Sub-total revised budget</b>	<b>1,686</b>

**Directorate Savings Programme – Position at Month 6****Adults Social Care and Health savings not forecast to be achieved ongoing**

Ref	Description	2017/18 Undeliverable £m	2018/19 Shortfall / (Surplus) £m	2019/20 Shortfall / (Surplus) £m	2020/21 Shortfall / (Surplus) £m
	Improved Better Care Fund	(8.300)	0.000	0.000	0.000
	Other mitigations	0.000	(11.766)	(7.300)	(2.280)
HW3	Enablement	1.500	0.000	0.000	0.000
HW5	Better Care at Home (Single handed Project)	0.000	2.700	2.280	2.280
MYR1	Integrated Community Social Work & Review and audit of Care First payments system	4.500	5.500	5.020	0.000
HW1	Supporting People	2.000	1.898	0.000	0.000
HW8	External Day Centres	0.800	0.000	0.000	0.000
HW9	Residential Care (Residential Block contracts)	0.188	0.188	0.000	0.000
HW10 & MYR6	Adults - Eligibility (Top ups) Adult Social Care High Cost Provision	0.000	1.480	0.000	0.000
MIA18*	Internal Care Review - Care Centres	0.400	0.000	0.000	0.000
<b>Grand Total</b>		<b>1.088</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

**Children's and Young People savings not forecast to be achieved ongoing**

Ref	Description	2017/18 Undeliverable £m	2018/19 Shortfall / (Surplus) £m	2019/20 Shortfall / (Surplus) £m	2020/21 Shortfall / (Surplus) £m
PFB1	Resilient Families	0.000	0.000	0.000	0.000
MIA2*	Design and Implement a new approach to Transitioning children with complex needs and Disabilities [SEND] and move away from a high dependency model	0.000	0.000	10.000	10.000
MIA3 (16/17)	Promote independent travel and reduce reliance on council funded transport.	1.946	1.946	1.946	1.946
P24 (15/16)	Partial Development of Education Playing Fields.	0.088	0.000	0.000	0.000
<b>Grand Total</b>		<b>2.034</b>	<b>1.946</b>	<b>11.946</b>	<b>11.946</b>

## Place savings not forecast to be achieved ongoing

Ref	Description	2017/18 Undeliverable £m	2018/19 Shortfall / (Surplus) £m	2019/20 Shortfall / (Surplus) £m	2020/21 Shortfall / (Surplus) £m
EGJ7*	Business Support Commercial Model	0.000	0.052	0.072	0.092
JS1 & EGJ6	Museum & Heritage Service	0.000	1.000	1.000	1.000
JS5 & PL40ga	Local Car Park Charges	0.099	0.000	0.000	0.000
SN45*	Disposal of unwanted/under utilised parks land (8 acres per year)	0.200	0.000	0.000	0.000
HN5	Street Cleaning & Refuse Collection (Waste Mgm Efficiency & Income Targets Prog)	0.062	0.000	0.000	0.000
HN3	Charging for traders to access Household Recycling Centres - (Waste Management Efficiency Savings and Income Targets Programme)	0.075	0.000	0.000	0.000
SN6*	Reduce Reuse Recycle - Reconfiguration of waste collection services including review management arrangements for waste collection service once current waste disposal contract expires in 2019 - Waste Management Efficiency Savings and Income Targets Programme (Waste Disposal Contract)	0.075	0.000	0.000	0.000
SN7*	Reduce Reuse Recycle - Reduce failures/failed waste collections - Waste Management Efficiency Savings and Income Targets Programme	0.021	0.000	0.000	0.000
SN15*	Reduce Reuse Recycle - Align Clinical Waste collections with NHS policy - Waste Management Efficiency Savings and Income Targets Programme	0.035	0.000	0.000	0.000
SN21*	Removal of Universal Superloos	(0.101)	(0.101)	(0.101)	0.605
HN7	Asset & Property Disposal Programme	0.100	0.000	0.000	0.000
HN8	Library of Birmingham (& Rep Theatre)	0.030	0.000	0.000	0.000
HW2	Review future options for Wellbeing Centres and Community Hubs	0.000	1.500	0.900	0.900
SN26*	Discontinue Non Framework Contract at Health and Wellbeing Centres	0.230	0.000	0.000	0.000
SN43*	Community leisure centres	0.000	0.071	0.426	0.426
SN26 (16/17)	Discontinue subsidies Non Framework Contract at Health and Wellbeing Centres	0.000	0.316	0.316	0.316
SN28 (16/17)	Reduction in costs (Parks)	0.000	0.000	0.000	0.000
SN32 (16/17)	Income Generation from Cotton Nursery	0.306	0.000	0.000	0.000
SN45 (16/17)	Disposal of unwanted/under utilised parks land (8 acres per year)	0.200	0.000	0.000	0.000
PL26 (16/17)	Markets	0.300	0.300	0.300	0.300
<b>Grand Total</b>		<b>1.632</b>	<b>3.138</b>	<b>2.913</b>	<b>3.639</b>

**Economy savings not forecast to be achieved ongoing**

Ref	Description	2017/18 Undeliverable £m	2018/19 Shortfall / (Surplus) £m	2019/20 Shortfall / (Surplus) £m	2020/21 Shortfall / (Surplus) £m
JS4b	Combined Authority contribution reduction	0.000	0.250	0.250	0.250
SN35	Expansion of City Centre on-street parking, concessions and restrictions	0.000	0.116	0.000	0.000
CC26	Council administrative buildings reduction	0.000	2.400	2.400	2.400
MYR4	InReach - Extension of Market Renting Scheme	0.271	0.000	0.000	0.000
HN11	Extension of the INReach housing programme (up to 200 homes)	0.124	0.338	0.573	0.635
SN40	Options for extending Council's rented property office (INReach housing programme)	0.300	0.000	0.000	0.000
CC26* Mitigation	TBC	0.000	(2.400)	(2.400)	(2.400)
HN11 Mitigation	TBC	0.000	(0.338)	(0.573)	(0.635)
<b>Grand Total</b>		<b>0.695</b>	<b>0.366</b>	<b>0.250</b>	<b>0.250</b>

**Finance & Governance savings not forecast to be achieved ongoing**

Ref	Description	2017/18 Undeliverable £m	2018/19 Shortfall / (Surplus) £m	2019/20 Shortfall / (Surplus) £m	2020/21 Shortfall / (Surplus) £m
E25 (16/17)	Support Services	0.700	0.700	0.700	0.700
CC22 (16/17)	Pay suppliers faster in exchange for discounts	0.060	0.060	0.060	0.060
WOC2 (16/17)*	Improving Efficiencies	0.030	0.030	0.030	0.030
MITE25GRIR	Mitigation of E25 (16/17) - GR/IR income collection	(0.500)	(0.500)	(0.500)	(0.500)
MITE25DUP	Mitigation of E25 (16/17) - Duplicate payments to suppliers recovery.	(0.200)	(0.200)	(0.200)	(0.200)
CC22 (16/17) - Mitigation	Mitigation - Pay suppliers in exchange for discounts	(0.060)	(0.060)	(0.060)	(0.060)
WOC2 (16/17)* - mitigation	Mitigation - Improving efficiencies	(0.030)	(0.030)	(0.030)	(0.030)
<b>Grand Total</b>		<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>

**Cross cutting savings not forecast to be achieved ongoing**

Ref	Description	2017/18 Undeliverable £m	2018/19 Shortfall / (Surplus) £m	2019/20 Shortfall / (Surplus) £m	2020/21 Shortfall / (Surplus) £m
CC2 / WOC2 / E20/E24/E25*	Future Operating Model / Improving efficiencies - Future year step-up's yet to be allocated / ISS Savings - (excluding WOC implementation costs)	14.610	35.064	37.659	37.266
MITIGATIONS	Proposed mitigations	(3.300)	0.000	0.000	0.000
<b>Grand Total</b>		<b>11.310</b>	<b>35.064</b>	<b>37.659</b>	<b>37.266</b>

## Strategic Services savings not forecast to be achieved ongoing

Ref	Description	2017/18 Undeliverable £m	2018/19 Shortfall / (Surplus) £m	2019/20 Shortfall / (Surplus) £m	2020/21 Shortfall / (Surplus) £m
	Proposed one-off mitigations in 2017/18	(2.550)	(2.316)	(2.316)	(2.316)
WOC1*	Workforce proposals requiring changes to terms and conditions	0.281	0.281	0.281	0.281
E22	Revenues	0.150	0.150	0.150	0.150
MIA22*	Transfer out of hours calls from the Contact Centre to housing repairs contractors and third party service providers	0.138	0.138	0.138	0.138
E5*	Make Digital Birmingham self-funding	0.000	0.000	0.000	0.000
E20b (16/17)	Human Resources	0.156	0.000	0.000	0.000
E20d.9 (16/17)	Corporate Strategy	0.006	0.039	0.039	0.000
WOC2 (16/17)*	Improving efficiencies	1.415	1.348	1.348	1.348
WOC2 (16/17)	Improving efficiencies	0.648	0.648	0.648	0.648
MIA22* Mitigation	Proposed one-off mitigations in 2017/18	(0.110)	(0.138)	(0.138)	(0.138)
E22 mitigation	Proposed mitigations	(0.150)	(0.150)	(0.150)	(0.150)
<b>Grand Total</b>		<b>(0.016)</b>	<b>0.000</b>	<b>0.000</b>	<b>(0.039)</b>



## 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 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 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 2017/18, from 1<sup>st</sup> August 2017 to 30<sup>th</sup> September 2017, further items falling under this description in relation to Benefit overpayments have been written off under delegated authority. The table below details the total approved gross value of these amounts written off of £0.3m, which Members are asked to note.

<b>Age analysis</b>	Up To 2011/12	2012/13 to 2014/15	2015/16 to 2017/18	<b>Total</b>
	£m	£m	£m	£m
Benefit Overpayments	0.003	0.091	0.203	0.297
<b>Total</b>	<b>0.003</b>	<b>0.091</b>	<b>0.203</b>	<b>0.297</b>

Section (d) 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 4

Cabinet are requested to approve the writing off of business rates debts to the Council which are greater than £0.025m, totalling £0.5m as detailed in Section (c) of this Appendix. Further information in respect of these is available on request.

In 2017/18, from 1<sup>st</sup> August 2017 to 30<sup>th</sup> September 2017, further items falling under this description in relation to Council Tax and Business Rates have been written off under delegated authority. The table below details the total approved gross value of these amounts written off of £3.4m (£1.9m for Council Tax and £1.5m for Business Rates), which Members are asked to note.

<b>Age analysis</b>	<b>Up To 2011/12</b>	<b>2012/13- 2014/15</b>	<b>2015/16- 2017/18</b>	<b>Total</b>
	£m	£m	£m	£m
Council Tax	1.936	-	-	1.936
Business Rates	0.105	1.109	0.291	1.505
<b>TOTAL</b>	<b>2.041</b>	<b>1.109</b>	<b>0.291</b>	<b>3.441</b>

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

c. Write OffsBusiness Rates

Case No.	Supporting Information	Total Debt
	<u>Business Rates</u> Further information in respect of the Business Rates Write Offs listed below is available on request.	
1	Liability Period(s)/Account Ref Number(s) Business Rates due for the period 01/04/05 to 07/01/09 - 6004334325	£49,808.21
2	Liability Period(s)/Account Ref Number(s) Business Rates due for the period 01/04/05 to 04/04/10 - 6004503886	£67,530.93
3	Liability Period(s)/Account Ref Number(s) Business Rates due for the period 10/01/06 to 08/01/09 - 6004552123	£37,988.12
4	Liability Period(s)/Account Ref Number(s) Business Rates due for the period 02/12/05 to 31/03/10 - 6004737028	£47,097.22
5	Liability Period(s)/Account Ref Number(s) Business Rates due for the period 01/04/06 to 18/10/06 - 6003567251	£27,421.73
6	Liability Period(s)/Account Ref Number(s) Business Rates due for the period 16/11/06 to 31/03/18 - 6004144396	£33,675.48
7	Liability Period(s)/Account Ref Number(s) Business Rates due for the period 29/09/06 to 24/06/08 - 6004163891	£32,535.59
8	Liability Period(s)/Account Ref Number(s) Property 1 - Business Rates due for the period 01/03/06 to 30/10/08 – 6004197613 - £24,708.72 Property 2 - Business Rates due for the period 01/04/08 to 09/04/08 – 6004598081 - £213.60 Property 3 - Business Rates due for the period 23/07/08 to 30/06/09 – 6004427983 - £31,105.09	£56,027.41
9	Liability Period(s)/Account Ref Number(s) Business Rates due for the period 12/11/05 to 11/01/11 - 6004740178	£33,788.05
10	Liability Period(s)/Account Ref Number(s) Liabilities existing at the time of being placed in Company Voluntary Arrangement on 28/06/12: Property 1 – Business Rates due for the period 01/04/05 to 27/06/12 – 6004651114 - £41,758.09 Property 2 – Business Rates due for the period 01/04/12 to 27/06/12 – 6004502690 - £229.06 Property 3 – Business Rates due for the period 01/04/12 to 27/06/12 – 6003353982 - £51.69 Liabilities incurred after 28/06/12: Property 1 – Business Rates due for the period 28/06/12 to 05/09/13 – 6004887614 - £21,476.56 Property 2 – Business Rates due for the period 28/06/12 to 05/09/13 – 6004887647 - £6,705.95 Property 3 – Business Rates due for the period 28/06/12 to 16/08/12 – 6005018580 - £7,504.83 Property 4 – Business Rates due for the period 01/02/13 to 05/09/13 – 6005094659 - £463.64 Property 5 – Business Rates due for the period 01/04/13 to 05/09/13 – 6005010780 - £5,466.01	£83,655.83
11	Liability Period(s)/Account Ref Number(s) Business Rates due for the period 18/07/06 to 03/03/09 - 6004134585	£29,642.96
TOTAL		£499,171.53

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

Detail	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	Total	No of Debtors
Housing Benefit debts written off under delegated authority	£30	£0	£32	£383	£2,201	£141	£7,943	£34,563	£48,804	£77,743	£66,890	£58,219	£296,949	483

Debt Size							
Small		Medium		Large		Total	
Cases	>£1,000	Cases	£1,001- £5,000	Cases	£5,000- £25,000	Cases	
412	£80,987	62	£121,403	9	£94,559	483	£296,949

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

Detail	1997-2006/7	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	Total
Council tax written off under delegated authority	£1,032,927	£443,564	£459,897	-	-	-	-	-	-	-	-	£1,936,388
Business rates written off under delegated authority	-	-	-	-	-	£105,394	£380,014	£581,861	£147,117	£290,665	-	£1,505,051
<b>TOTAL</b>	<b>£1,032,927</b>	<b>£443,564</b>	<b>£459,897</b>	<b>-</b>	<b>-</b>	<b>£105,394</b>	<b>£380,014</b>	<b>£581,861</b>	<b>£147,117</b>	<b>£290,665</b>	<b>-</b>	<b>£3,441,439</b>

**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	£748,890	2,078	£1,096,310	608	£91,188	12	£1,936,388	2,698
Business Rates written off under delegated authority	£31,336	82	£291,782	154	£1,181,933	141	£1,505,051	377
<b>TOTAL</b>	<b>£780,226</b>	<b>2,160</b>	<b>£1,388,092</b>	<b>762</b>	<b>£1,273,121</b>	<b>153</b>	<b>£3,441,439</b>	<b>3,075</b>

<b>Report to:</b>	<b>CABINET</b>
<b>Report of:</b>	<b>Acting Chief Financial Officer</b>
<b>Date of Decision:</b>	<b>14th November 2017</b>
<b>SUBJECT:</b>	<b>CAPITAL AND TREASURY MANAGEMENT MONITORING QUARTER 2 (JULY TO SEPTEMBER 2017)</b>
<b>Key Decision: Yes</b>	<b>Relevant Forward Plan Ref: 003704/2017</b>
<b>If not in the Forward Plan: (please "tick" box)</b>	<b>Chief Executive approved</b> <input type="checkbox"/> <b>O&amp;S Chair approved</b> <input type="checkbox"/>
<b>Type of decision:</b>	<b>Executive</b>
<b>Relevant Cabinet Member:</b>	<b>Councillor Ian Ward</b>
<b>Relevant O&amp;S Chair:</b>	<b>Councillor Mohammed Aikhlaq</b>
<b>Wards affected:</b>	<b>All</b>

### 1. Purpose of report:

- 1.1 The report notes developments in relation to Birmingham City Council's medium term capital programme up to 30<sup>th</sup> September 2017.
- 1.2 The report also monitors the treasury management portfolio and actions taken during the quarter under delegations.

### 2. Decision(s) recommended:

- 2.1 Cabinet is requested to:
- (i) Approve the revised multi-year capital programme of £2,854.199m.
- 2.2 Cabinet is requested to note that:
- (i) Forecast capital expenditure in 2017/18 is £474.177m.
  - (ii) Actual capital expenditure as at 30<sup>th</sup> September 2017 was £120.214m, representing 25.4% of the forecast outturn for 2017/18.
  - (iii) The prudential indicator monitoring is presented at Appendix 11.

<b>Lead Contact Officer(s):</b>	Steve Powell, Assistant Director Corporate Finance
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<b>Telephone No:</b>	0121 303 4087
<b>E-mail address:</b>	steve_powell@birmingham.gov.uk

<b>3.</b>	<b>Consultation</b>
	Consultation should include those that have an interest in the decisions recommended.
3.1	<u>Internal</u>
	Relevant Members and officers have been consulted in the preparation of this report.
3.2	<u>External</u>
	There are no additional issues beyond consultations carried out as part of the budget setting process for 2016/17.
<b>4.</b>	<b>Compliance Issues:</b>
4.1	<u>Are the recommended decisions consistent with the Council's policies, plans and strategies?</u>
	The capital expenditure programme and the treasury management policy and strategy are part of the Financial Plan 2017+, and resource allocation is directed towards Council priorities.
4.2	<u>Financial Implications.</u> <u>(Will decisions be carried out within existing finances and Resources?)</u>
	The corporate capital budget monitoring documents attached give details of service delivery within available resources.
	The capital budget is a resource and expenditure planning tool and does not confer approval for individual budget items to proceed. Individual approvals are sought through the Business Case reports under the 'Gateway' Process.
4.3	<u>Legal Implications</u>
	Section 151 of the 1972 Local Government Act requires the Chief Financial Officer (as the responsible officer) to ensure proper administration of the City Council's financial affairs. Budgetary control, which includes the regular monitoring of and reporting on budgets, is an essential requirement placed on directorates and members of Corporate Management Team by the City Council in discharging the statutory responsibility. This report meets the City Council's requirements on control of the capital budget. It also reports on the exercise of treasury management delegations and the management of treasury risks in accordance with the Council's treasury management policy and strategy.
4.4	<u>Public Sector Equality Duty</u>
	There are no additional specific Equality Duty or Equality Analysis issues beyond any already assessed and detailed in the budget setting process and monitoring issues that have arisen in the year to date. Any specific assessments needed will be made by Directorates in the management of their services.

## 5. Relevant background/chronology of key events:

5.1 The City Council's Capital Programme and the Treasury Management Policy and Strategy for 2017/18 was approved by the City Council on 28<sup>th</sup> February 2017.

5.2 A Capital Programme of £1,658,559m was approved by the City Council on 28<sup>th</sup> February 2017.

5.3 During Quarter 1 programme increased by a further £1,175.532m to £2,834.092m.

### 5.4 Format of Reporting

During Quarter 2 the content and format of this report has been reviewed and subsequently amended to provide a more strategic and high level review of variations to the capital programme since the previous quarter. Variations are now reported on an exception basis rather than a detailed analysis of each project or programme. The threshold for reporting variations is 5% of the total project cost (subject to a minimum of £0.200m).

Appendix 1 summarises all the projects and programmes in the capital programme, showing changes to the budgets and forecasts since Quarter 1, both for the current financial year and in total for all years' expenditure.

Appendix 2 now only provides narrative for the major variations (>£0.200m or 5%) which have been numerically referenced in Appendix 1, rather than the inclusion of all variations. However, detailed monitoring is still undertaken within City Finance and reported to Directorate Management Teams.

Each Appendix now includes a paragraph summarising the purpose of each report.

### 5.5 Addition / Reduction in Resources

During Quarter 2 the programme increased by a further £20.107m to £2,854.199m and is summarised in the table below.

	2017/18	2018/19	2019/20	Later Years	Total
	£m	£m	£m	£m	£m
<b>Approved Capital Budget Q1</b>	<b>490.485</b>	<b>355.267</b>	<b>230.136</b>	<b>1,758.204</b>	<b>2,834.092</b>
Addition or (Reduction) in Resources	15.996	3.538	0.541	0.032	20.107
<b>Revised Capital Budget Quarter 2</b>	<b>506.481</b>	<b>358.805</b>	<b>230.677</b>	<b>1,758.236</b>	<b>2,854.199</b>

The majority of the additional resources relate to new schemes within the Housing Private Sector for the refurbishment of properties for temporary accommodation (£11.7m), additional funding for East Aston RIS (£3.6m), and additional funding for Schools Condition Allowance (£2.4m) and the Wholesale Market (£1.3m).

Further narrative explaining the major variations is provided in Appendix 2.



## 5.6 **Forecast Budget Variations**

At Quarter 2 net slippage of £(34.101)m and a net overspend of £1.797m is forecast for the financial year 2017/18. The forecast expenditure for the year therefore decreases to £474.177m. This is summarised in the table below.

	<b>2017/18</b>	<b>2018/19</b>	<b>2019/20</b>	<b>Later Years</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>	<b>£m</b>
<b>Revised Capital Budget Quarter 2</b>	<b>506.481</b>	<b>358.805</b>	<b>230.677</b>	<b>1,758.236</b>	<b>2,854.199</b>
Forecast Slippage at Quarter 2	(34.101)	35.501	(3.686)	2.286	0.000
Add overspends (less underspends)	1.797	(0.326)	0.000	0.000	1.471
<b>Forecast Outturn Q2</b>	<b>474.177</b>	<b>393.980</b>	<b>226.991</b>	<b>1,760.522</b>	<b>2,855.670</b>

The reasons for the major variations regarding forecast slippage and overspends at Quarter 2 are provided in Appendix 2.

## 5.7 **Expenditure to Date**

Actual expenditure on Voyager for the quarter ending 30<sup>th</sup> September 2017 is £120.214m. This represents 25.4% of the forecast outturn for 2017/18 and compares with 29.9% in 2016/17 financial year.

Capital expenditure on a scheme by scheme basis is detailed in Appendix 1.

## 5.8 **10 – Year Capital Programme**

The quarterly Capital & Treasury Management Monitoring report includes an additional appendix (Appendix 5) that reports the longer term 10-year view of the capital programme, which goes beyond the 4-year view currently reported on Voyager. Forecast budget figures have been included where sufficient planning proposals are in place and resources are reasonably certain. Many projects do not have such long term planning horizons, and the absence of forecasts does not mean that there is no spend anticipated, just that it cannot yet be reasonably quantified. A number of forecast expenditure plans are only indicative allocations and subject to further approval through the City Council's Gateway business case appraisal process. Additional projects and programmes will be added as and when planning information becomes available and resource allocations are notified.

The appendix includes programmes such as the HRA capital programme, Housing Private Sector schemes, the Transportation & Highways programme, the Enterprise Zone and the Curzon Street Master Plan (Enterprise Zone Phase 2).

## 5.9 **Treasury Management Monitoring**

Summaries of the City Council's borrowing and treasury investment are contained within Appendices 6 to 11.

## 5.10 **Prudential Indicator Monitoring**

Appendix 11 monitors the forecast position at Quarter 1 against the Council's approved prudential indicators and limits.

No prudential limits have been breached in the quarter or are forecast to be breached.

**6. Evaluation of alternative option(s):**

- 6.1 No alternative options are relevant for the purposes of this monitoring report. The evaluation of options is contained in individual investment proposals.

**7. Reasons for Decision(s):**

- 7.1 To inform Cabinet of the latest projected position on the City Council's capital programme against the approved budget, and to monitor treasury management activity and risks.
- 7.2 To seek approval to the revised capital budget at 30<sup>th</sup> September 2017.

**Signatures (or relevant Cabinet Member approval to adopt the Decisions recommended):**

Chief Officer(s): .....

Cabinet Member:.....

Dated: .....

**List of Background Documents used to compile this Report:**

28<sup>th</sup> February 2017 Council Report – Financial Plan 2017+  
Financial Outturn Report – 16<sup>th</sup> May 2017.  
13<sup>th</sup> September 2017 – Capital & Treasury Management Monitoring Report Quarter 1 (April to June 2017)

**List of Appendices accompanying this Report:**

1. Appendix 1 – High level summary of the Capital Programme as at Quarter 2 2017/18
2. Appendix 2 – Review of major capital monitoring variations at Quarter 2 2017/18
3. Appendix 3 – Development and Funding of the Capital Programme at Quarter 2 2017/18
4. Appendix 4 – New Prudential Borrowing Capital Schemes in Quarter 2 2017/18
5. Appendix 5 – 10-Year Capital Programme as at Quarter 2 2017/18
6. Appendix 6 - Summary Debt and Investment Portfolio
7. Appendix 7 - Long Term Transactions in the Quarter
8. Appendix 8 - Treasury Investments Outstanding at 30<sup>th</sup> September 2017
9. Appendix 9 - Treasury Investments made in July to September 2017
10. Appendix 10 - Accountable Body Investments
11. Appendix 11 - Prudential Indicators

**CAPITAL - CAPITAL EXPENDITURE PLAN - FORECAST 2017/18 QUARTER 2**
**Appendix 1**

This Appendix summarises all the projects in the capital programme, showing changes in the budgets and forecasts since the previous quarter, both for the current financial year and in total for all years.

\* Ref Appendix 2 - narrative explaining the major variations (>£200k) are reported in Appendix 2 (as numbered).

	2017/18									All Years			
	Ref App 2*	Quarter 1 Budget £'000's	Qtr 2 New Schemes £'000's	Revised Quarter 2 Budget £'000's	Forecast Slippage / Acceleration Qtr 2	Forecast Over/under spend Qtr 2 £'000's	Year End Forecast at Quarter 2 £'000's	Actual Spend at Quarter 2 £'000's	Actual to Date as % of Forecast	All Years Quarter 1 Budget £'000's	New Schemes All Years £'000's	Over/under spend All Years £'000's	All Years Quarter 2 Forecast £'000's
<b>ADULT SOCIAL CARE &amp; HEALTH DIRECTORATE</b>													
Property Schemes	1	2,052	0	2,052	(1,902)	0	150	0	0.0	2,352	0	0	2,352
IT Schemes		566	0	566	0	0	566	24	4.2	666	0	0	666
Adults Carefirst Replacement Scheme	2	944	0	944	(551)	0	393	134	34.1	1,223	0	0	1,223
Improvements to Social Care Delivery	3	2,736	0	2,736	(800)	0	1,936	0	0.0	7,822	0	0	7,822
Independent Living		4,604	0	4,604	0	0	4,604	1,781	38.7	9,204	0	0	9,204
<b>TOTAL CAPITAL - ADULT SOCIAL CARE &amp; HEALTH DIRECTORATE</b>		<b>10,902</b>	<b>0</b>	<b>10,902</b>	<b>(3,253)</b>	<b>0</b>	<b>7,649</b>	<b>1,939</b>	<b>25.3</b>	<b>21,267</b>	<b>0</b>	<b>0</b>	<b>21,267</b>
<b>CHILDREN, YOUNG PEOPLE &amp; FAMILIES DIRECTORATE</b>													
Aiming Higher for Disabled Children		183	0	183	0	0	183	183	100.0	183	0	0	183
Devolved Capital Allocation to Schools		2,804	0	2,804	0	0	2,804	1,418	50.6	4,593	0	0	4,593
Schools Condition Allowance	4	17,047	2,400	19,447	(2,953)	0	16,494	2,800	17.0	22,575	2,400	0	24,975
Additional Primary Places - Basic Needs	5	38,642	0	38,642	(8,000)	0	30,642	9,647	31.5	101,437	0	0	101,437
Early Years		2,773	0	2,773	0	0	2,773	417	15.0	2,773	0	0	2,773
Business Transformation		1,989	0	1,989	0	0	1,989	68	3.4	4,223	0	0	4,223
Universal Infant Free School Meals		0	0	0	0	0	0	1	0.0	0	0	0	0
Other Minor Schemes		52	0	52	0	0	52	20	38.5	52	0	0	52
<b>TOTAL CAPITAL - CHILDREN, YOUNG PEOPLE &amp; FAMILIES DIRECTORATE</b>		<b>63,490</b>	<b>2,400</b>	<b>65,890</b>	<b>(10,953)</b>	<b>0</b>	<b>54,937</b>	<b>14,554</b>	<b>26.5</b>	<b>135,836</b>	<b>2,400</b>	<b>0</b>	<b>138,236</b>

**CAPITAL - CAPITAL EXPENDITURE PLAN - FORECAST 2017/18 QUARTER 2**

Appendix 1

	2017/18									All Years			
	Ref App 2	Quarter 1 Budget £'000's	Qtr 2 New Schemes £'000's	Revised Quarter 2 Budget £'000's	Forecast Slippage / Acceleration Qtr 2	Forecast Over/under spend Qtr 2 £'000's	Year End Forecast at Quarter 2 £'000's	Actual Spend at Quarter 2 £'000's	Actual to Date as % of Forecast %	All Years Quarter 1 Budget £'000's	New Schemes All Years £'000's	Over/under spend All Years £'000's	All Years Quarter 2 Forecast £'000's
<b>PLACE DIRECTORATE</b>													
<b>Other - General Fund</b>													
Sport & Swimming Pool Facilities		10,052	46	10,098	0	0	10,098	5,290	52.4	16,928	46	0	16,974
Waste Management Services	6	5,320	67	5,387	(2,502)	0	2,885	84	2.9	8,872	67	0	8,939
Parks	7	4,710	338	5,048	(1,450)	0	3,598	724	20.1	5,173	352	0	5,525
Bereavement Services		5,636	0	5,636	0	0	5,636	3,710	65.8	5,636	0	0	5,636
Markets	8	3,917	1,171	5,088	(440)	0	4,648	(39)	(0.8)	3,917	1,321	0	5,238
Community Initiatives		392	0	392	0	0	392	0	0.0	392	0	0	392
Regulation and Enforcement		368	0	368	0	0	368	6	1.6	368	0	0	368
Highways - Land Drainage and Flood Defences	9	1,105	0	1,105	(1,105)	0	0	81	0.0	1,105	0	0	1,105
Adult Education & Youth		207	0	207	0	0	207	1	0.5	207	0	0	207
Strategic Libraries		570	0	570	0	0	570	102	17.9	570	0	0	570
Community Libraries	10	1,372	0	1,372	(366)	0	1,006	183	18.2	1,372	0	0	1,372
Community Development & Play		48	0	48	0	0	48	2	4.2	48	0	0	48
Community Chest		1	0	1	0	0	1	0	0.0	1	0	0	1
Neighbourhood & Community Services Other		6	0	6	0	0	6	0	0.0	6	0	0	6
<b>Total Place Other GF</b>		<b>33,704</b>	<b>1,622</b>	<b>35,326</b>	<b>(5,863)</b>	<b>0</b>	<b>29,463</b>	<b>10,144</b>	<b>34.4</b>	<b>44,595</b>	<b>1,786</b>	<b>0</b>	<b>46,381</b>
<b>Private Sector Housing</b>													
Empty Homes		550	0	550	0	0	550	(207)	(37.6)	1,797	0	0	1,797
Housing Related Loans		36,584	0	36,584	0	0	36,584	5,024	13.7	268,128	0	0	268,128
Housing Options	11	1,213	11,655	12,868	0	0	12,868	1,191	9.3	1,213	11,655	0	12,868
Other Programmes		15	0	15	0	0	15	0	0.0	160	0	0	160
<b>Total Private Sector Housing GF</b>		<b>38,362</b>	<b>11,655</b>	<b>50,017</b>	<b>0</b>	<b>0</b>	<b>50,017</b>	<b>6,008</b>	<b>12.0</b>	<b>271,298</b>	<b>11,655</b>	<b>0</b>	<b>282,953</b>
<b>HRA</b>													
Housing Improvement Programme	12	58,439	0	58,439	203	1,722	60,364	16,557	27.4	587,395	0	1,722	589,117
Redevelopment	13	63,282	0	63,282	(6,689)	(34)	56,559	18,284	32.3	454,700	0	(360)	454,340
Other Programmes		4,880	0	4,880	0	0	4,880	1,069	21.9	48,355	0	0	48,355
<b>Total HRA</b>		<b>126,601</b>	<b>0</b>	<b>126,601</b>	<b>(6,486)</b>	<b>1,688</b>	<b>121,803</b>	<b>35,910</b>	<b>29.5</b>	<b>1,090,450</b>	<b>0</b>	<b>1,362</b>	<b>1,091,812</b>
<b>TOTAL CAPITAL - PLACE DIRECTORATE</b>		<b>198,667</b>	<b>13,277</b>	<b>211,944</b>	<b>(12,349)</b>	<b>1,688</b>	<b>201,283</b>	<b>52,062</b>	<b>25.9</b>	<b>1,406,343</b>	<b>13,441</b>	<b>1,362</b>	<b>1,421,146</b>

## CAPITAL - CAPITAL EXPENDITURE PLAN - FORECAST 2017/18 QUARTER 2

Appendix 1

CAPITAL EXPENDITURE PLAN - FORECAST 2017/18 QUARTER 2										Appendix 1			
	Ref App 2	2017/18								All Years			
		Quarter 1 Budget £'000's	Qtr 2 New Schemes £'000's	Revised Quarter 2 Budget £'000's	Forecast Slippage / Acceleration Qtr 2	Forecast Over/under spend Qtr 2 £'000's	Year End Forecast at Quarter 2 £'000's	Actual Spend at Quarter 2 £'000's	Actual to Date as % of Forecast %	All Years Quarter 1 Budget £'000's	New Schemes All Years £'000's	Over/under spend All Years £'000's	All Years Quarter 2 Forecast £'000's
ECONOMY DIRECTORATE													
Planning & Regeneration Schemes													
Major Projects:													
Enterprise Zone - Investment Plan		0	0	0	0	144	144	0	0.0	0	0	144	144
Enterprise Zone - Paradise Circus		18,771	0	18,771	0	0	18,771	5,891	31.4	27,780	0	0	27,780
Enterprise Zone - Site Development & Access		2,500	0	2,500	0	0	2,500	0	0.0	8,045	0	0	8,045
Enterprise Zone - Connecting Economic Opportunities		0	0	0	0	0	0	0	0.0	9,560	0	0	9,560
Enterprise Zone - Southern Gateway Site		0	0	0	0	0	0	0	0.0	34,530	0	0	34,530
Enterprise Zone - LEP Investment Fund		0	0	0	0	0	0	0	0.0	20,000	0	0	20,000
Enterprise Zone - HS2 Interchange Site		0	0	0	0	0	0	0	0.0	20,000	0	0	20,000
Enterprise Zone - Snow Hill Public Realm		218	0	218	0	0	218	114	52.3	2,838	0	0	2,838
Enterprise Zone - Southside Links		86	0	86	0	0	86	4	4.7	392	0	0	392
Enterprise Zone - Moor Street Queensway		200	(200)	0	0	0	0	0	0.0	200	(200)	0	0
EZ Phase II - HS2 Station Environment		0	0	0	0	0	0	0	0.0	52,000	0	0	52,000
EZ Phase II - HS2 Site Enabling		1,000	0	1,000	0	0	1,000	0	0.0	101,500	0	0	101,500
EZ Phase II - Local Transport Improvements		0	0	0	0	0	0	0	0.0	109,800	0	0	109,800
EZ Phase II - Connecting Economic Opportunities		0	0	0	0	0	0	0	0.0	89,100	0	0	89,100
EZ Phase II - Connecting Economic Opportunities 2		0	0	0	0	0	0	0	0.0	52,900	0	0	52,900
EZ Phase II - Social Infrastructure		0	0	0	0	0	0	0	0.0	109,900	0	0	109,900
EZ Phase II - Metro Extension to E Bham/Solihull		0	0	0	0	0	0	0	0.0	183,300	0	0	183,300
Jewellery Quarter Cemetery	14	1,334	0	1,334	(1,034)	0	300	0	0.0	1,544	0	0	1,544
BCN Bridges - Aston		33	0	33	0	0	33	33	100.0	33	0	0	33
Unlocking Housing Sites		3,000	0	3,000	(93)	0	2,907	646	22.2	9,000	0	0	9,000
East Aston RIS	15	2,000	0	2,000	(688)	0	1,312	518	39.5	2,480	3,622	0	6,102
Life Sciences		1,438	0	1,438	0	0	1,438	7	0.5	1,438	0	0	1,438
Other		0	0	0	0	0	0	8	0.0				
Public Realm:													
Metro Centenary Square		6,774	0	6,774	0	0	6,774	1,771	26.1	10,043	0	0	10,043
Making the Connection		284	0	284	0	0	284	105	37.0	514	0	0	514
Longbridge		3,276	0	3,276	0	0	3,276	83	2.5	3,163	0	0	3,163
Other		486	0	486	(326)	0	160	129	80.6	599	0	0	599
Infrastructure:													
One Station		251	0	251	0	0	251	1	0.0	251	0	0	251
A34 Corridor Perry Barr		200	0	200	0	0	200	0	0.0	435	0	0	435
Other		4	0	4	0	0	4	12	300.0	4	0	0	4
Grants / Loans:													
Grand Hotel Development		0	0	0	0	0	0	0	0.0	1,000	0	0	1,000
Other		0	0	0	0	0	0	0	0.0	0	0	0	0
Minor Projects		57	108	165	0	0	165	108	0.0	57	108	0	165
Total Other Planning & Regeneration Projects		41,912	(92)	41,820	(2,141)	144	39,823	9,430	23.7	852,406	3,530	144	856,080
Total Planning & Regeneration		41,912	(92)	41,820	(2,141)	144	39,823	9,430	23.7	852,406	3,530	144	856,080
Employment & Skills													
National College for HS2		8,521	0	8,521	0	0	8,521	4,604	54.0	8,521	0	0	8,521
ERDF Business Growth & Property Investment		5,153	0	5,153	0	0	5,153	1,629	0.0	9,964	0	0	9,964
Total Employment & Skills		13,674	0	13,674	0	0	13,674	6,233	45.6	18,485	0	0	18,485

CAPITAL - CAPITAL EXPENDITURE PLAN - FORECAST 2017/18 QUARTER 2										Appendix 1			
		2017/18								All Years			
	Ref App 2	Quarter 1 Budget £'000's	Qtr 2 New Schemes £'000's	Revised Quarter 2 Budget £'000's	Forecast Slippage / Acceleration Qtr 2	Forecast Over/under spend Qtr 2 £'000's	Year End Forecast at Quarter 2 £'000's	Actual Spend at Quarter 2 £'000's	Actual to Date as % of Forecast %	All Years Quarter 1 Budget £'000's	New Schemes All Years £'000's	Over/under spend All Years £'000's	All Years Quarter 2 Forecast £'000's
<b>Highways</b>													
Safer Routes to Schools		532	0	532	0	0	532	168	31.6	2,032	0	0	2,032
Section 106 & 278		12	(22)	(10)	0	0	(10)	16	(160.0)	12	(22)	0	(10)
Minworth A38 Improvements		2,851	0	2,851	0	0	2,851	0	0.0	2,851	0	0	2,851
Network Integrity		1,450	(169)	1,281	0	0	1,281	635	49.6	4,450	0	0	4,450
Road Safety		697	0	697	0	0	697	224	32.1	3,322	0	0	3,322
Other Minor Schemes		312	0	312	0	0	312	84	26.9	312	0	0	312
<b>Total Highways GF</b>		<b>5,854</b>	<b>(191)</b>	<b>5,663</b>	<b>0</b>	<b>0</b>	<b>5,663</b>	<b>1,127</b>	<b>19.9</b>	<b>12,979</b>	<b>(22)</b>	<b>0</b>	<b>12,957</b>
<b>Transportation</b>													
<b>Major Schemes:</b>													
Ashted Circus		2,030	0	2,030	0	0	2,030	592	29.2	7,531	0	0	7,531
Metro Extension		6,493	0	6,493	0	0	6,493	3,116	48.0	6,730	0	0	6,730
Iron Lane		2,050	0	2,050	0	0	2,050	42	2.0	12,200	0	0	12,200
Minworth Unlocking		666	0	666	0	96	762	841	110.4	666	0	96	762
Battery Way Extension		656	0	656	0	0	656	104	15.9	5,952	0	0	5,952
Longbridge Connectivity		2,856	0	2,856	0	0	2,856	271	9.5	6,486	0	0	6,486
A457 Dudley Road		300	0	300	0	0	300	29	9.7	29,555	0	0	29,555
Peddimore		330	0	330	0	0	330	86	26.1	330	0	0	330
Journey Reliability		1,191	158	1,349	0	0	1,349	9	0.7	1,791	(834)	0	957
Tame Valley Phase 2 & 3		614	0	614	0	0	614	43	7.0	86,532	164	0	86,696
Selly Oak New Road Phase 1B		340	0	340	0	0	340	0	0.0	9,413	0	0	9,413
Wharfdale Bridge		100	0	100	0	0	100	4	4.0	2,600	0	0	2,600
Other	16	372	89	461	0	541	1,002	362	36.1	715	(75)	541	1,181
<b>Inclusive &amp; Sustainable Growth:</b>													
Holloway Circus		1,824	(65)	1,759	0	0	1,759	145	8.2	1,824	0	0	1,824
Bromford Gyratory		675	(84)	591	0	0	591	33	5.6	675	(84)	0	591
Southside / Hurst Street		952	0	952	0	0	952	55	5.8	952	0	0	952
Other		2,869	(476)	2,393	0	(144)	2,249	410	18.2	3,262	396	(144)	3,514
<b>Walking &amp; Cycling</b>		<b>20,359</b>	<b>0</b>	<b>20,359</b>	<b>0</b>	<b>0</b>	<b>20,359</b>	<b>2,247</b>	<b>11.0</b>	<b>32,731</b>	<b>0</b>	<b>0</b>	<b>32,731</b>
<b>Local Measures</b>		<b>9</b>	<b>0</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>9</b>	<b>12</b>	<b>133.3</b>	<b>9</b>	<b>0</b>	<b>0</b>	<b>9</b>
<b>Infrastructure Development</b>		<b>565</b>	<b>0</b>	<b>565</b>	<b>0</b>	<b>0</b>	<b>565</b>	<b>286</b>	<b>50.6</b>	<b>3,290</b>	<b>0</b>	<b>0</b>	<b>3,290</b>
<b>Section 106 / 278</b>		<b>548</b>	<b>13</b>	<b>561</b>	<b>0</b>	<b>0</b>	<b>561</b>	<b>333</b>	<b>59.4</b>	<b>548</b>	<b>13</b>	<b>0</b>	<b>561</b>
<b>Funding to be allocated</b>	<b>17</b>	<b>800</b>	<b>(442)</b>	<b>358</b>	<b>0</b>	<b>0</b>	<b>358</b>	<b>0</b>	<b>0.0</b>	<b>7,720</b>	<b>(326)</b>	<b>0</b>	<b>7,394</b>
<b>Total Transportation</b>		<b>46,599</b>	<b>(807)</b>	<b>45,792</b>	<b>0</b>	<b>493</b>	<b>46,285</b>	<b>9,020</b>	<b>19.5</b>	<b>221,512</b>	<b>(746)</b>	<b>493</b>	<b>221,259</b>
<b>Birmingham Property Services:</b>													
Access to Buildings		231	0	231	0	0	231	0	0.0	459	0	0	459
Business Transformation - Working for the Future		0	0	0	0	0	0	(608)	0.0	0	0	0	0
Attwood Green Projects		395	0	395	0	0	395	146	0.0	395	0	0	395
Red Rose Shopping Centre	18	543	0	543	0	(543)	0	0	0.0	543	0	(543)	0
Arena Central		1,364	0	1,364	0	0	1,364	115	8.4	1,364	0	0	1,364
Council House Complex Development Costs		370	0	370	0	0	370	(58)	(15.7)	370	0	0	370
NEC Hotels WOC		29,800	0	29,800	0	0	29,800	0	0.0	29,800	0	0	29,800
Lee Bank Business Centre		0	135	135	0	0	135	0	0.0	0	135	0	135
Other		0	10	10	0	0	10	154	0.0	0	10	0	10
<b>Total Birmingham Property Services Projects</b>		<b>32,703</b>	<b>145</b>	<b>32,848</b>	<b>0</b>	<b>(543)</b>	<b>32,305</b>	<b>(251)</b>	<b>(0.8)</b>	<b>32,931</b>	<b>145</b>	<b>(543)</b>	<b>32,533</b>
<b>TOTAL CAPITAL - ECONOMY DIRECTORATE</b>		<b>140,742</b>	<b>(945)</b>	<b>139,797</b>	<b>(2,141)</b>	<b>94</b>	<b>137,750</b>	<b>25,559</b>	<b>18.6</b>	<b>1,138,313</b>	<b>2,907</b>	<b>94</b>	<b>1,141,314</b>

CAPITAL - CAPITAL EXPENDITURE PLAN - FORECAST 2017/18 QUARTER 2										Appendix 1			
		2017/18								All Years			
	Ref App 2	Quarter 1 Budget £'000's	Qtr 2 New Schemes £'000's	Revised Quarter 2 Budget £'000's	Forecast Slippage / Acceleration Qtr 2	Forecast Over/under spend Qtr 2 £'000's	Year End Forecast at Quarter 2 £'000's	Actual Spend at Quarter 2 £'000's	Actual to Date as % of Forecast	All Years Quarter 1 Budget £'000's	New Schemes All Years £'000's	Over/under spend All Years £'000's	All Years Quarter 2 Forecast £'000's
<b>FINANCE &amp; GOVERNANCE DIRECTORATE</b>													
Revenue Reform Projects		38,240	0	38,240	0	0	38,240	3,148	0.0	51,240	0	0	51,240
Gateway / Grand Central Residual Costs		1,000	0	1,000	0	0	1,000	228	0.0	4,929	0	0	4,929
Corporate Resources		104	0	104	0	0	104	32	0.0	104	0	0	104
IT Projects		184	0	184	50	18	252	145	57.5	488	96	18	602
Digital Birmingham		258	0	258	0	0	258	151	58.5	398	0	0	398
Capital Loans & Equity Funds	19	23,202	1,263	24,465	0	0	24,465	21,774	89.0	28,923	1,263	0	30,186
SAP New Developments	20	1,120	0	1,120	(455)	0	665	135	0.0	5,709	0	0	5,709
<b>TOTAL CAPITAL - FINANCE &amp; GOVERNANCE DIRECTORATE</b>		64,108	1,263	65,371	(405)	18	64,984	25,613	39.4	91,791	1,359	18	93,168
<b>STRATEGIC SERVICES DIRECTORATE</b>													
Corporate ICT Investment	21	12,577	0	12,577	(5,000)	(3)	7,574	487	6.4	40,541	0	(3)	40,538
<b>TOTAL CAPITAL - STRATEGIC SERVICES DIRECTORATE</b>		12,577	0	12,577	(5,000)	(3)	7,574	487	6.4	40,541	0	(3)	40,538
<b>TOTAL CAPITAL PROGRAMME</b>		490,485	15,996	506,481	(34,101)	1,797	474,177	120,214	25.35	2,834,092	20,107	1,471	2,855,670

The purpose of this appendix is to provide narrative on the major variations to the capital programme in the last quarter (July to September 2017). The threshold for major variations is 5% of the total project cost (subject to a minimum of £0.200m).

REF	ADULTS SOCIAL CARE & HEALTH DIRECTORATE		2017/18 £'000	All Years £'000	PROJECT OFFICER NARRATIVES
1	Property Schemes	Original Budget	2,052	2,352	Programme of Refurbishments of Older Adults Services and Learning Disability Services. All schemes are grant funded.
		Additional / (Reduced) Resources	0	0	
		(Under) / Overspend	0	0	
		(Slippage)/Acceleration	(1,902)	0	(£0.812m) slippage on Learning Disability Day Centres - following a 12+ month pause in the project agreed by the Director and Cabinet Member. Work has been completed on 3 day centres and work on the 3 remaining centres recommenced in August 2017. A new project plan is being developed and will be reviewed later in 2017 to identify if any expenditure will be incurred in 2017/18.
					(£0.850m) slippage on Kenrick Centre Lease due to delays in the disposing charitable Trust instructing external solicitors to act on their behalf.
					(£0.240m) slippage on Programme of Minor Works because expenditure has slowed whilst the Directorate reviews the future operating model; it is anticipated that new schemes will be developed once the future lifespan of premises are confirmed. One heating replacement/asbestos removals scheme of £0.150m is due to start later in 2017/18.
		<b>Total Revised Forecast</b>	<b>150</b>	<b>2,352</b>	
		On Target?			Yes
2	Adults - Social Care IT Replacement System	Original Budget	944	1,223	Replacement Social Care IT System (Childrens' and Adults)
		Additional / (Reduced) Resources	0	0	
		(Under) / Overspend	0	0	
		(Slippage)/Acceleration	(551)	0	The budget for the Adults element of the Social Care IT Replacement system (Carefirst) has been reprofiled to reflect the report to Cabinet on 25/07/2017. This is all funded by capital grants.
		<b>Total Revised Forecast</b>	<b>393</b>	<b>1,223</b>	
		On Target?			Yes
3	Improvements to Social Care Delivery	Original Budget	2,736	7,822	Schemes for the provision of improved health and social care services for elderly and vulnerable adults. These are funded by the Better Care Fund.
		Additional / (Reduced) Resources	0	0	
		(Under) / Overspend	0	0	
		(Slippage)/Acceleration	(800)	0	As in 2016/17 elements of the assistive equipment programme will be funded through this scheme. The Directorate is working with health partners to develop further initiatives as part of the Better Care Fund but expenditure will not be incurred until next year.
		<b>Total Revised Forecast</b>	<b>1,936</b>	<b>7,822</b>	
		On Target?			Yes



REF	PEOPLE DIRECTORATE - CHILDREN, YOUNG PEOPLE AND FAMILIES		2017/18 £'000	All Years £'000	PROJECT OFFICER NARRATIVES
4	<b>School Condition Allowance</b>	Original Budget	17,047	22,575	School Condition Allowance programme covering programmed capital works, dual funded schemes, improvements to access and kitchen works funded mainly by grants from the Education Funding Agency.
		Additional / (Reduced) Resources	2,400	2,400	Additional capital receipts resources included in the capital programme following Cabinet approval of the International School Conversion report on 18th April 2017. The budget will fund the capitalisation of schools costs that fall within eligible criteria.
		(Slippage)/Acceleration	(2,953)	0	Slippage due to delays in schools identifying schemes for dual funded capital works (due to changing priorities and identification of match funding). The budget is grant funded and there will be no loss of resources.
		(Under) / Overspend	0	0	
		<b>Total Revised Forecast</b>	<b>16,494</b>	<b>24,975</b>	
		On Target?			No as above
5	<b>Basic Need/Additional Primary Places</b>	Original Budget	38,642	101,437	Building programme aimed at expanding school provision in order to meet pupil place requirements funded mainly by grants from the Education Funding Agency.
		Additional / (Reduced) Resources	0	0	
		(Slippage)/Acceleration	(8,000)	0	Delays in a number of additional place schemes have resulted in net slippage of £8m. These include: Harborne (£2.7m slippage) was delayed as planning constraints of the originally identified site meant that the proposed location was not viable after several options were explored. However, a new site has now been identified. Further slippage has occurred in developing the proposals for the new site. Osborne – (£1.0m slippage) Full expenditure for the scheme had originally been profiled in 2017/18, but as the scheme does not complete until summer 2018, £1m spend has been slipped for works to be carried out during this period (2018 Q.1). Beaufort – (£0.5m slippage) Full expenditure for the scheme had originally been profiled in 2017/18, but as the scheme does not complete until May 2018, a further £0.5m spend has been slipped for works carried out during this period (2018 Q.1). Pines – (£0.8m slippage) £0.8m had been allocated for additional external works to the new Pines School, but this is no longer required. This money is being used to prepare the third floor of the Pines building in 2018/19 for additional pupils. Bridge School – (£0.5m slippage) scheme has been delayed, as the original scheme was found not to be viable after several options were explored. We are now pursuing a better alternative option and a new site is now in the process of being procured at Stour Street to replace the original scheme. Contingency – (£2.5m slippage) unallocated contingency that is unlikely to be required and so will be utilised for other schemes.
		(Under) / Overspend	0	0	
		<b>Total Revised Forecast</b>	<b>30,642</b>	<b>101,437</b>	
		On Target?			No as above

REF	PLACE DIRECTORATE - OTHER GENERAL FUND		2017/18 £'000	All Years £'000	PROJECT OFFICER NARRATIVES
6	Waste Management Services	Opening Budget	5,320	8,872	Waste Depot Modernisation Programme and Mobile IT project. Phase 1 of the Depot Modernisation Programme will deliver improvements to Perry Barr and Lifford Depots and the Mobile IT Project.
		Additional / (Reduced) Resources	67	67	
		(Slippage)/Acceleration	(2,502)	0	(£0.248m) of further slippage on Lifford Lane due to delays in planning referrals. The expenditure profile for the Waste Management depot redevelopment has slipped by a further (£0.750m) to allow further time to consider options in the context of the development of the Waste Strategy. Perry Barr depot further slippage of (£0.492m) as a result of a value engineering exercise and possible part redesign required as quotes for work packages are higher than budgeted. Slippage of (£1.012m) on the Mobile Technology budget in order to re-assess requirements and to minimise revenue impact.
		(Under) / Overspend	0	0	
		<b>Total Revised Forecast</b>	<b>2,885</b>	<b>8,939</b>	
		On Target?			No as above
7	Parks	Opening Budget	4,710	5,173	Various schemes including - Cofton Nurseries replacement glasshouses; Cofton Park Pavilion; Reservoirs & Pools; Perry Park Skate Park; Highgate Park Improvements; Minworth Sports Facilities; Kings Heath Park Hub; Oakland Recreational Ground; Blackroot Pool and other schemes <£100k.
		Additional / (Reduced) Resources	338	352	£0.167m S106 resources added for works at Woodington Rd/Lindridge Rd, £0.117m other minor scheme additions.
		(Slippage)/Acceleration	(1,450)	0	(£1.150m) slippage on Cofton Nurseries due to changes in the proposed development to bring costs within the allocated budget. Detailed discussions with the Parks & Nature Conservation are due to take place imminently. (£0.300m) slippage on the Minworth Sports Facilities to review the feasibility and costs of the scheme it is expected that works will commence in late 2017/18 or early 2018/19.
		(Under) / Overspend	0	0	
		<b>Total Revised Forecast</b>	<b>3,598</b>	<b>5,525</b>	
		On Target?			Slippage on Cofton Nurseries and S106 schemes.
8	Markets	Budget	3,917	3,917	Relocation of Birmingham Wholesale Markets to Witton including purchase of land and construction of a building at a new site.
		Additional / (Reduced) Resources	1,171	1,321	Prudential borrowing resources approved by Cabinet on 13th September 2017 for additional works requested by the Market Traders and fitting of a sprinkler system (as reported in quarter 1 as a forecast overspend).
		(Slippage)/Acceleration	(440)	0	Delays in the procurement and installation of the sprinkler system and protracted negotiations with market traders over the arrangements and terms of their relocation to the new market have both impacted on the timing of the final fit out programme. Demolition of the existing market which had been planned to take place in 2017/18 is now scheduled to start in February 2018 and complete in the first part of 2018/19.
		(Under) / Overspend	0	0	
		<b>Total Revised Forecast</b>	<b>4,648</b>	<b>5,238</b>	
		On Target?			No as above

<b>9</b>	<b>Land Drainage &amp; Flood Defences</b>	Budget	1,105	1,105	River Tame Flood Defence Scheme.
		Additional / (Reduced) Resources	0	0	
		(Slippage)/Acceleration	(1,105)	0	Following a significant redesign after engineering difficulties the scheme is going through the planning application process. Completion is now expected to be in 2018/19.
		(Under) / Overspend	0	0	
		<b>Total Revised Forecast</b>	0	1,105	
		On Target?			Spend is within budget but the completion of the project is slipping as above.
<b>10</b>	<b>Community Libraries</b>	Opening Budget	1,372	1,372	West Heath Library rebuild £0.456m; Self Service Community Libraries £0.828m; other minor schemes < £0.50m total £0.088m
		Additional / (Reduced) Resources	0	0	
		(Slippage)/Acceleration	(366)	0	Self Service Community Libraries slippage of £0.366m. The project to install self service kiosks in priority locations in libraries is progressing smoothly. The project is complex and requires internal site reconfiguration, consultation and periods of closure. These complexities mean that some of the works will fall into 2018/19. West Heath Library - consideration is being given to the reallocation of the £0.456m budget to support the community library strategy. A report will be submitted to the Interim Chief Financial Officer in November 2017.
		(Under) / Overspend	0	0	
		<b>Total Revised Forecast</b>	<b>1,006</b>	<b>1,372</b>	
		On Target?			No as above
<b>REF</b>	<b>PLACE DIRECTORATE -HOUSING PRIVATE SECTOR GENERAL FUND</b>		<b>2017/18 £'000</b>	<b>All Years £'000</b>	<b>PROJECT OFFICER NARRATIVES</b>
<b>11</b>	<b>Housing Options</b>	Opening Budget	1,213	1,213	Programme of refurbishment of temporary accommodation to improve services for the homeless.
		Additional / (Reduced) Resources	11,655	11,655	New scheme for the refurbishment of Barry Jackson Tower and Magnolia House to bring properties back into use as temporary accommodation, funded largely from prudential borrowing. The Full Business Case Report was approved by Cabinet on 15th August 2017.
		(Slippage)/Acceleration	0	0	
		(Under) / Overspend	0	0	
		<b>Total Revised Forecast</b>	<b>12,868</b>	<b>12,868</b>	
		On Target?			Currently on target

REF	PLACE DIRECTORATE - HOUSING REVENUE ACCOUNT		2017/18 £'000	All Years £'000	PROJECT OFFICER NARRATIVES
12	Housing Improvement Programme	Opening Budget	58,439	587,395	Capital Investment Programme - various projects to carry out improvements to stock including major structural works.
		Additional / (Reduced) Resources	0	0	
		(Slippage)/Acceleration	203	0	Acceleration of programmes, such as the replacement boiler programme due to ageing stock (£5.6m), communal decorations programme (£3.2m) due to investment need following Grenfell and windows programme on tower blocks (£2.0m). This acceleration is offset by slippage on other programmes, largely the Structural Investment programme as a result of delays in negotiations on the tower blocks in Duddesdon and delays in design of low rise flats due to updates in specification (£10.6m).
		(Under) / Overspend	1,722	1,722	Overspend due to an increased amount of Fire Protection works (£2.0) following Grenfell, a higher percentage of remedial electric works being identified (£1.3) and increased costs of Legionella works due to asbestos (£0.3m). This overspend is partially offset by an underspend on kitchens and bathrooms due to a lower level of void properties (£1.9m). The overspend is funded from additional HRA income.
		<b>Total Revised Forecast</b>	<b>60,364</b>	<b>589,117</b>	
		On Target?			Currently on target
13	Redevelopment	Opening Budget	63,282	454,700	Birmingham Municipal Housing Trust (BMHT) new build housing Stock Replacement Programme and Affordable Rent Programmes, together with related housing development, including sales and clearance.
		Additional / (Reduced) Resources	0	0	
		(Slippage)/Acceleration	(6,689)	0	BMHT - slippage at Kings Norton (£2.7m) due to ongoing difficulty with sale of land and highways issues; slippage at Abbeyfields (£3.3m) due to identification of Japanese knotweed, delays in reaching agreement on party-wall issues with Network Rail, and drainage issues with Severn Trent; slippage at Bromford (£0.3m) due to delays in agreement with Environment Agency regards Flood Defence works. Clearance - slippage on various schemes due to delays in negotiating the purchase of owner occupied properties (£0.6m) and delays in achieving vacant possession at Warstone Tower (£0.2m). This is offset by acceleration on the demolition at Osborne Tower (£0.3m) and acquisitions at the Fordrough (£0.1m).
		(Under) / Overspend	(34)	(360)	Minor underspend in 2017/18. Underspend in future years due to anticipated additional works on various sites not required.
		<b>Total Revised Forecast</b>	<b>56,559</b>	<b>454,340</b>	
		On Target?			No, as slippage above
REF	ECONOMY DIRECTORATE - REGENERATION		2017/18 £'000	All Years £'000	PROJECT OFFICER NARRATIVES
14	Jewellery Quarter Cemeteries	Opening Budget	1,334	1,544	Improvements to Warstone Lane Cemetery including repairs, conservation and new building works, reinstatement of historical boundary railings, stones piers and entrance gates and the restoration of catacombs.
		Additional / (Reduced) Resources	0	0	
		(Slippage)/Acceleration	(1,034)	0	An exercise is required to value engineer the project after tenders came in prohibitively more expensive which has led to the slippage of £1.034m. A revised report will be forthcoming shortly.
		(Under) / Overspend	0	0	
		<b>Total Revised Forecast</b>	<b>300</b>	<b>1,544</b>	
		On Target?			No as above.

15	Major Projects - East Aston RIS	Opening Budget	2,000	2,480	East Aston Regional Investment Site - Advanced Manufacturing Hub (AMH). Programme of land acquisition, demolitions, remediation and site assembly to enable developers to relocate to a strategically important manufacturing site.
		Additional / (Reduced) Resources	0	3,622	£3.5m additional Homes & Communities Agency Resources added in as part of the Public Asset Accelerator Delivery Programme to bring forward Phase 2 of the overall programme. £0.122m approved transfer from Transportation unspent grant on East Aston RIS Highway project back to Regeneration to support the project. Both movements were approved under the Delegated Authority of the Corporate Director Economy on 21/06/2017.
		(Slippage)/Acceleration	(688)	0	A number of commercial property compensation payments remain outstanding subject to independent appraisal and potential Land Tribunal assessment. Although demolition and remediation works are continuing land acquisition payments are yet to be finalised. The budget has been slipped to reflect the anticipated expenditure profile.
		(Under) / Overspend	0	0	
		<b>Total Revised Forecast</b>	<b>1,312</b>	<b>6,102</b>	
		On Target?			No, as above
REF	ECONOMY DIRECTORATE - TRANSPORTATION		2017/18 £'000	All Years £'000	PROJECT OFFICER NARRATIVES
16	Major Projects - Other Schemes	Opening Budget	372	715	Schemes with a value of < £0.200m
		Additional / (Reduced) Resources	89	(75)	
		(Slippage)/Acceleration	0	0	
		(Under) / Overspend	541	541	Chester Road - overspend £0.223m currently funded by Integrated Transport Block Grant. This forecast is based on the rectification of completed defects, the requirement to carry out a detailed review of the project and submission to the Department for Transport to ensure funding criteria have been met and the potential cost of having to settle 39 Land Compensation Claims. The claims are being considered by BPS and once the cost of these is known a report for additional funding and the overall financial position will be submitted to the Cabinet Member. A45 Coventry Road - potential overspend £0.318m currently funded by Integrated Transport Block Grant. The scheme is now complete and the forecast is based on work being carried out to settle the remaining defects and arrange for the highway and land to be formally handed over to Solihull MBC which should be resolved by the end of October. A further update will be reported at Quarter 3.
		<b>Total Revised Forecast</b>	<b>1,002</b>	<b>1,181</b>	
		On Target?			No as above
17	Funding to be Allocated	Budget	800	7,720	ITB Funding received by BCC and uploaded onto Voyager as per the Transportation & Highways Capital Programme Reports. This also includes all prior, current and future years ITB grant which are yet to be allocated to specific projects.
		Additional / (Reduced) Resources	(442)	(326)	£0.318m ITB funding to support overspends on A45 Coventry Road (as above) and £0.021m on Minworth Unblocking as approved through the Transportation Capital & Resourcing Group.
		(Slippage)/Acceleration	0	0	
		(Under) / Overspend	0	0	
		<b>Total Revised Forecast</b>	<b>358</b>	<b>7,394</b>	
		On Target?			Not applicable as this is where the Intergrated Transport Block contingency for the current year and all future years provisional grant allocations which are yet to be allocated to specific projects.

REF	BIRMINGHAM PROPERTY SERVICES		2017/18 £'000	All Years £'000	PROJECT OFFICER NARRATIVES
18	Red Rose Shopping Centre	Opening Budget	543	543	Residual budget for purchase of Red Rose Shopping Centre, Sutton Coldfield.
		Additional / (Reduced) Resources	0	0	
		(Slippage)/Acceleration	0	0	
		(Under) / Overspend	(543)	(543)	Underspend due to savings achieved on the purchase price of the Red Rose Shopping Centre. The remaining budget, funded from service prudential borrowing, will be removed from the capital programme at Quarter 3.
		<b>Total Revised Forecast</b>	<b>0</b>	<b>0</b>	
		On Target?			Scheme complete
REF	FINANCE & GOVERNANCE DIRECTORATE		2017/18 £'000	All Years £'000	PROJECT OFFICER NARRATIVES
19	Capital Loans & Equity	Opening Budget	23,202	28,923	Capital Equity Investments £8.322m; Loans granted on behalf of West Midlands Combined Authority £3.399m; £17.202m PETPS (Birmingham) Ltd - a wholly owned company for the management of the NEC Pension Fund.
		Additional / (Reduced) Resources	1,263	1,263	£1.262m of Prudential Borrowing Resources added for Collective Investment Fund Loans paid on behalf of the West Midlands Combined Authority as approved by Cabinet on 22/03/2017.
		(Slippage)/Acceleration	0	0	
		(Under) / Overspend	0	0	
		<b>Total Revised Forecast</b>	<b>24,465</b>	<b>30,186</b>	
		On Target?			Currently on target.
20	SAP New Developments	Opening Budget	1,120	5,709	New Developments to SAP software.
		Additional / (Reduced) Resources	0	0	
		(Slippage)/Acceleration	(455)	0	Slippage £0.455m SAP Investment Plan - The approval of the Corporate ICT & D Strategy has led to consideration of the suitability of the SAP application across the business and how best to develop SAP going forward. Discussions with the Business, SAP and Service Birmingham about delivering a "Cloud" based solution for SAP Services have been pro-longed and only recently was it decided to defer the decision in order not to jeopardise the delivery of a SAP solution for the Children's Trust. Only essential maintenance, support packs and minor developments are being implemented and this has resulted in additional slippage into later years.
		(Under) / Overspend	0	0	
		<b>Total Revised Forecast</b>	<b>665</b>	<b>5,709</b>	
		On Target?			No as above
REF	STRATEGIC SERVICES DIRECTORATE		2017/18 £'000	All Years £'000	PROJECT OFFICER NARRATIVES
21	ICT Infrastructure	Opening Budget	12,577	40,541	A ten year programme for enhancements to the Core ICT across Birmingham City Council made up of various projects including replacement servers, infrastructure and enhancements to software.
		Additional / (Reduced) Resources	0	0	
		(Slippage)/Acceleration	(5,000)	0	Cabinet approved the Corporate Investment Plan (Strategic ICT&D Investment Programme) on the 18th October 2016, since this date there have been significant negotiations with Service Birmingham with regards the savings challenge for this year of £10.020m. This has resulted in some of the Capital projects been put on hold whilst the negotiations have taken place. These negotiations are now in the final stages and it is expected that the Capital projects will commence with a spend of £7.574m in 2017/18.
		(Under) / Overspend	(3)	(3)	
		<b>Total Revised Forecast</b>	<b>7,574</b>	<b>40,538</b>	
		On Target?			No as above

Capital Monitoring as at 30th September 2017						Appendix 3
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The purpose of this Appendix is to show how the total capital programme has changed and how the programme is funded.

	2017/18 £'000's	2018/19 £'000's	2019/20 £'000's	Later Years £'000's	Total Plan £'000's
<b>Expenditure</b>					
Quarter 1 Budget 2017/18	490,485	355,267	230,136	1,758,204	<b>2,834,092</b>
New Resources Quarter 2	15,996	3,538	541	32	<b>20,107</b>
<b>Revised Budget Quarter 2</b>	<b>506,481</b>	<b>358,805</b>	<b>230,677</b>	<b>1,758,236</b>	<b>2,854,199</b>
Forecast Slippage - Quarter 2	(34,101)	35,501	(3,686)	2,286	<b>0</b>
Forecast Overspend (Underspend)	1,797	(326)	0	0	<b>1,471</b>
<b>Forecast Outturn at Quarter 2</b>	<b>474,177</b>	<b>393,980</b>	<b>226,991</b>	<b>1,760,522</b>	<b>2,855,670</b>
<b>Resources</b>					
<b>Use of Specific Resources:</b>					
Grants & Contributions	140,759	160,497	63,680	86,388	<b>451,324</b>
Earmarked Capital Receipts - RTB & Revenue Reform	50,470	50,326	29,332	206,774	<b>336,902</b>
Revenue Contributions - Departmental	2,808	8,150	3,532	32	<b>14,522</b>
Revenue Contributions - HRA	71,622	72,231	66,048	512,172	<b>722,073</b>
	<b>265,659</b>	<b>291,204</b>	<b>162,592</b>	<b>805,366</b>	<b>1,524,821</b>
<b>Use of Corporate or General Resources:</b>					
Corporate Resources	0	1,184	100	20,616	<b>21,900</b>
Unsupported Prudential Borrowing - General*	35,768	0	0	0	<b>35,768</b>
Unsupported Prudential Borrowing - Corporate	18,567	0	0	0	<b>18,567</b>
Unsupported Prudential Borrowing - Directorate	154,183	101,592	64,299	934,540	<b>1,254,614</b>
<b>Forecast Use of Resources</b>	<b>474,177</b>	<b>393,980</b>	<b>226,991</b>	<b>1,760,522</b>	<b>2,855,670</b>
* General Prudential Borrowing to replace the use of receipts, revenue contributions and corporate resources to fund Equal Pay.					





# Prudential Borrowing - Additions or Reductions Quarter 2 (July to September) 2017

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.

	#	2017/18 £'000	2018/19 £'000	2019/20 £'000	Later Years £'000	Total £'000
<b>BORROWING NEEDING BUDGET SUPPORT</b>						
<b>TOTAL BORROWING NEEDING BUDGET SUPPORT</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>SELF-SUPPORTED</b>						
<b>Children &amp; Young People:</b>						
Schools Capital Maintenance	A	(953)	953	0	0	0
<b>Economy:</b>						
Enterprise Zone - Phases 1 & 2	A	(56)	364	(200)	(164)	(56)
Battery Way Extension	N	0	2,000	0	0	2,000
Longbridge Connectivity	N	0	500	0	0	500
Selly Oak New Road	N	0	0	1,000	0	1,000
Wharfdale Road Bridge	N	0	0	2,500	0	2,500
Haden Circus	A	(144)	0	0	0	(144)
Red Rose Shopping Centre	A	(543)	0	0	0	(543)
<b>Place:</b>						
Sport & Physical Activity	N	46	0	0	0	46
Waste Management Depots	A & N	(1,424)	1,491	0	0	67
Cotton Nursery Redevelopment	A	(1,150)	1,150	0	0	0
Cannon Hill Park Car Park	N	450	0	0	0	450
Community Libraries	A	(366)	366	0	0	0
Housing Private Sector - Housing Options	N	11,363	0	0	0	11,363
New Wholesale Market	A	(639)	590	0	0	(49)
<b>Strategic Services:</b>						
ICT Infrastructure	A	(5,003)	5,000	0	0	(3)
<b>Finance &amp; Governance:</b>						
Corporate IT Projects	A	78	(50)	0	0	28
Capital Loans & Equity	N	1,263	0	0	0	1,263
SAP Investments	A	(455)	280	175	0	0
<b>TOTAL SELF-SUPPORTED BORROWING</b>		<b>2,467</b>	<b>12,644</b>	<b>3,475</b>	<b>(164)</b>	<b>18,422</b>
<b>TOTAL ADDITIONS / REDUCTION IN PRUDENTIAL BORROWING</b>		<b>2,467</b>	<b>12,644</b>	<b>3,475</b>	<b>(164)</b>	<b>18,422</b>

# A - Amendment to existing project spend or resources.

N - New projects or programmes added in the quarter.

<b>CAPITAL - CAPITAL EXPENDITURE PLAN - FORECAST 2017/18 QUARTER 2</b>											APPENDIX 5
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.											
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27 & Later Years	Total
	Quarter 2 Forecast	Quarter 2 Forecast	Quarter 2 Forecast	Quarter 2 Forecast	Quarter 2 Forecast	Quarter 2 Forecast	Quarter 2 Forecast	Quarter 2 Forecast	Quarter 2 Forecast	Quarter 2 Forecast	Quarter 2 Forecast
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
<b>ADULT SOCIAL CARE &amp; HEALTH DIRECTORATE</b>	7,648	13,410	209	0	0	0	0	0	0	0	21,267
<b>CHILDREN, YOUNG PEOPLE &amp; FAMILIES DIRECTORATE</b>	54,936	80,026	1,849	1,424	0	0	0	0	0	0	138,235
<b>PLACE DIRECTORATE</b>											
Private Sector Housing	38,362	36,948	37,641	22,747	22,600	22,600	22,600	22,600	22,600	22,600	271,298
Other - General Fund	41,119	16,884	34	0	0	0	0	0	0	0	58,037
<b>HRA</b>											
Housing Improvement Programme	60,364	60,035	53,388	56,323	59,595	59,579	60,291	60,989	61,699	61,588	593,851
Redevelopment	56,559	64,203	45,018	60,494	36,164	24,911	23,861	24,913	25,513	37,780	399,416
Other Programmes	4,880	4,932	5,010	5,089	14,182	14,465	14,755	15,050	15,351	4,831	98,545
<b>Total HRA</b>	<b>121,803</b>	<b>129,170</b>	<b>103,416</b>	<b>121,906</b>	<b>109,941</b>	<b>98,955</b>	<b>98,907</b>	<b>100,952</b>	<b>102,563</b>	<b>104,199</b>	<b>1,091,812</b>
<b>TOTAL CAPITAL - PLACE DIRECTORATE</b>	<b>201,284</b>	<b>183,002</b>	<b>141,091</b>	<b>144,653</b>	<b>132,541</b>	<b>121,555</b>	<b>121,507</b>	<b>123,552</b>	<b>125,163</b>	<b>126,799</b>	<b>1,421,147</b>
<b>ECONOMY DIRECTORATE</b>											
<b>Regeneration</b>											
Paradise Circus Redevelopment	18,771	8,521	488	0	0	0	0	0	0	0	27,780
Site Development & Access	2,500	0	0	0	0	0	0	0	0	5,545	8,045
Connecting Economic Opportunities	0	0	0	0	0	0	0	0	0	9,560	9,560
Southern Gateway Site	0	1,000	6,142	11,345	1,338	14,705	0	0	0	0	34,530
LEP Investment Fund	0	0	0	0	0	0	0	0	0	20,000	20,000
HS2 - Curzon Street	0	0	0	0	0	0	0	0	0	0	0
HS2 - Interchange Site	0	0	0	0	0	0	0	0	0	20,000	20,000
Snow Hill Public Realm	218	500	1,900	220	0	0	0	0	0	0	2,838
Southside Links	86	306	0	0	0	0	0	0	0	0	392
Moor Street Queensway	0	0	0	0	0	0	0	0	0	0	0
One Station	251	0	0	0	0	0	0	0	0	0	251
Centenary Square	6,774	3,269	0	0	0	0	0	0	0	0	10,043
EZ Phase - Curzon Extension	1,000	3,314	3,000	12,386	29,550	75,550	59,100	73,900	71,200	369,300	698,300
Other Regeneration Schemes	10,224	11,501	2,615	0	0	0	0	0	0	0	24,340
<b>Total Planning &amp; Regeneration</b>	<b>39,824</b>	<b>28,411</b>	<b>14,145</b>	<b>23,951</b>	<b>30,888</b>	<b>90,255</b>	<b>59,100</b>	<b>73,900</b>	<b>71,200</b>	<b>424,405</b>	<b>856,079</b>

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27 & 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
<b>Total Employment &amp; Skills</b>	13,674	4,343	468	0	0	0	0	0	0	0	18,485
<b>Total Transportation</b>	46,285	36,884	55,159	44,316	31,346	7,270	0	0	0	0	221,260
<b>Total Highways</b>	5,664	1,659	1,659	1,575	1,575	825	0	0	0	0	12,957
<b>Total Property Services</b>	32,306	228	0	0	0	0	0	0	0	0	32,534
<b>TOTAL CAPITAL - ECONOMY DIRECTORATE</b>	137,753	71,525	71,431	69,842	63,809	98,350	59,100	73,900	71,200	424,405	1,141,315
<b>FINANCE &amp; GOVERNANCE DIRECTORATE</b>	64,983	22,475	2,987	2,723	0	0	0	0	0	0	93,168
<b>STRATEGIC SERVICES DIRECTORATE</b>	7,574	23,540	9,424	0	0	0	0	0	0	0	40,538
<b>TOTAL CAPITAL PROGRAMME</b>	474,178	393,978	226,991	218,642	196,350	219,905	180,607	197,452	196,363	551,204	2,855,670
<b>Resources</b>											
<b>Use of Specific Resources</b>											
<b>Grants &amp; Contributions</b>	140,758	160,495	63,680	62,963	15,330	8,095	0	0	0	0	451,321
<b>Use of earmarked Capital Receipts</b>	50,470	50,326	29,332	23,159	32,774	30,156	32,307	29,194	29,457	29,728	336,903
<b>Revenue Contributions - Departmental</b>	2,808	8,150	3,532	32	0	0	0	0	0	0	14,522
- HRA	71,622	72,231	66,048	80,271	77,167	68,799	66,600	71,758	73,106	74,471	722,073
- Income Generation	0	0	0	0	0	0	0	0	0	0	0
<b>Total Specific Resources</b>	265,658	291,202	162,592	166,425	125,271	107,050	98,907	100,952	102,563	104,199	1,524,819
<b>Use of Corporate or General Resources</b>											
<b>Corporate Resources</b>	0	1,184	100	20,616	0	0	0	0	0	0	21,900
<b>Unsupported Prudential Borrowing - General</b>	35,768	0	0	0	0	0	0	0	0	0	35,768
<b>Unsupported Prudential Borrowing - Corporate</b>	18,567	0	0	0	0	0	0	0	0	0	18,567
<b>Unsupported Prudential Borrowing - Directorate</b>	154,185	101,592	64,299	31,601	71,079	112,855	81,700	96,500	93,800	447,005	1,254,616
<b>Total Corporate Resources</b>	208,520	102,776	64,399	52,217	71,079	112,855	81,700	96,500	93,800	447,005	1,330,851
<b>Forecast Use of Resources</b>	474,178	393,978	226,991	218,642	196,350	219,905	180,607	197,452	196,363	551,204	2,855,670

This appendix shows how the Council's actual loan debt changed over the last year, across the main types of loan debt

## Appendix 6

### Treasury Portfolio Summary

	16/17 Q2 30-Sep-16		16/17 Q3 31-Dec-16		16/17 Q4 31-Mar-17		17/18 Q1 30-Jun-17		17/18 Q2 30-Sep-17	
PWLB	2,255,922,000	75.5%	2,255,922,000	76.0%	2,240,922,000	73.1%	2,240,922,000	67.0%	2,220,922,000	67.2%
Bonds	287,971,000	9.6%	327,971,000	11.0%	327,971,000	10.7%	372,971,000	11.2%	372,971,000	11.3%
LOBO's (note 1)	206,350,000	6.9%	166,350,000	5.6%	166,350,000	5.4%	166,350,000	5.0%	166,350,000	5.0%
Long Term Other		0.0%		0.0%		0.0%	37,200,000	1.1%	58,754,755	1.8%
Quasi Loan (Salix loans)	239,459	0.0%	239,459	0.0%	215,423	0.0%	215,423	0.0%	191,388	0.0%
Short Term	292,783,655	9.8%	277,286,049	9.3%	358,713,549	11.7%	605,965,556	18.1%	558,618,726	16.9%
<b>Gross Loan Debt</b>	<b>3,043,266,114</b>	101.8%	<b>3,027,768,508</b>	102.0%	<b>3,094,171,972</b>	101.0%	<b>3,423,623,979</b>	102.4%	<b>3,377,807,869</b>	102.3%
Less Treasury Investments	(54,310,206)	-1.8%	(58,672,617)	-2.0%	(29,400,679)	-1.0%	(78,649,147)	-2.4%	(74,876,226)	-2.3%
<b>Net Loan Debt</b>	<b>2,988,955,908</b>	100.0%	<b>2,969,095,891</b>	100.0%	<b>3,064,771,294</b> <sup>2</sup>	100.0%	<b>3,344,974,833</b> <sup>2</sup>	100.0%	<b>3,302,931,644</b>	100.0%
Year-End Budgeted Net Debt	3,450,000,000	86.6%	3,450,000,000	86.1%	3,450,000,000	88.8%	3,787,000,000	88.3%	3,787,000,000	87.2%
Prudential Borrowing Limit	3,780,000,000		3,780,000,000		3,780,000,000		4,200,000,000		4,200,000,000	

#### Notes

##### LOBO Loan

1. A Lender's Option Borrower's Option loan (LOBO) is a market loan in which typically the lender has a periodic opportunity to offer and adjust rate, and the borrower has the option to either accept this rate or repay the loan in full at par.

2. The increase in short term debt reflects on advance payment of cashflows to the pension fund, at a discounted rate.

*This appendix shows all long term transactions in the quarter (i.e. transactions of over 1 year)*

## **Appendix 7**

### **1st July 2017 - 30th September 2017**

#### **New Long Term Loans**

<b>Date of loan</b>	<b>Loan</b>	<b>Counter Party</b>	<b>Interest Rate</b>	<b>Maturity Date</b>
28 July 2017	£10,000,000	Derbyshire County Council	0.75%	29 July 2019
15 August 2017	£5,000,000	Stevenage Borough Council	0.72%	15 August 2019
25 August 2017	£10,000,000	North Yorkshire County Council	0.70%	27 August 2019

#### **Long Term Loans prematurely repaid during the quarter.**

<b>Date of repayment</b>	<b>Loan/ (Repayment)</b>	<b>Counter Party</b>	<b>Interest Rate</b>	<b>Maturity Date</b>	<b>Premia/ (Discounts)</b>
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No long term loans were prematurely repaid during the quarter.

### Short term loan debt outstanding at 30 September 2017

Institution	Average Rate %	Amount £
local authorities	0.57%	557,419,138
other lenders	0.23%	1,199,589
<b>total short term loan debt outstanding</b>	<b>0.57%</b>	<b>558,618,726</b>

Short term loans are borrowed for a period of less than 12 months. The interest rate is likely to be close to bank base and will change broadly in line with base rate changes.

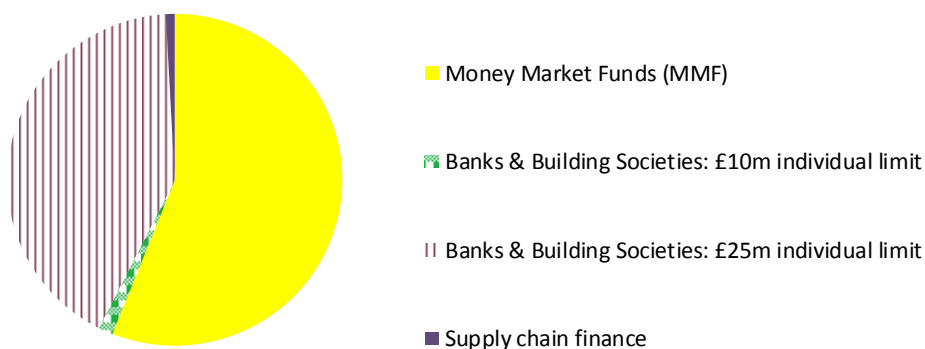
### Treasury Investments Outstanding at 30 September 2017

Investments by Institution:	Fitch Rating Short Term/ Long Term	End Date	Rate %	Amount £
Amundi MMF	AAAmf	01/10/17	0.32%	40,000,000
Federated Prime Rate MMF	AAAmf	01/10/17	0.21%	825,000
Standard Life (Ignis) MMF	AAAmf	01/10/17	0.20%	1,200,000
Svenska Handelsbanken	F1+/AA	01/10/17	0.20%	10,000,000
HSBC	F1+/AA-	01/10/17	0.30%	21,174,510
Barclays Bank	F1/A	01/10/17	0.05%	1,035,000
Supply chain finance	-	-	1.50%	641,716
<b>Total</b>				<b>74,876,226</b>

#### Investments by type:

	Current Quarter £	%
Money Market Funds (MMF)	42,025,000	56.1
Banks & Building Societies: £10m individual limit	1,035,000	1.4
Banks & Building Societies: £25m individual limit	31,174,510	41.6
Supply chain finance	641,716	0.9
<b>Total</b>	<b>74,876,226</b>	<b>100.0</b>

#### Investments as at 30 September 2017



**Treasury Management Investment Details  
1st July 2017 to 30th September 2017**

**New Investments Market Fixed Term Deposits**

<b>Date Out</b>	<b>Date In</b>	<b>Borrower</b>	<b>Amount £</b>	<b>Interest Rate</b>
No fixed term deposits in this quarter				

In addition to the above deposits with individual institutions the Council uses money market funds and other call accounts where money may be added or withdrawn usually without notice. A summary of transactions for the quarter is as follows:

**New Investments Call Accounts**

	<b><u>No of Transactions</u></b>		<b>Average Balance £</b>	<b>Average Rate Earned</b>
	<b>Investments</b>	<b>Withdrawals</b>		
Barclays Bank PLC FIBCA A/C	17	18	1,253,533	0.05%
Svenska Handelsbanken	4	5	975,000	0.20%
HSBC	11	10	5,773,537	0.30%

**New Investments Money Market Funds**

	<b><u>No of Transactions</u></b>		<b>Average Balance £</b>	<b>Average Rate Earned</b>
	<b>Investments</b>	<b>Withdrawals</b>		
Amundi Money Market Fund	2	2	39,684,783	0.25%
Deutsche Managed Sterling Fund	1	1	76,087	0.20%
Federated Money Market Fund	14	23	12,488,043	0.21%
LGIM	3	2	4,066,304	0.22%
Standard Life (Ignis) Sterling Liquidity	10	8	36,025,543	0.22%

*This appendix shows amounts invested externally by the City Council as Accountable Body. These are separate from the Council's own investments.*

## Appendix 10

### **Accountable Body Investments - 30th September 2017**

	Growing Places Fund	Advanced Manufacturing Supply Chain Initiative	Regional Growth Fund	Total
	£000	£000	£000	£000
Goldman Sachs Money Market Fund	4,984	6,872	0	<b>11,857</b>
Black Rock Government Money Market Fund	0	0	8,644	<b>8,644</b>
<b>Total Money Market Funds</b>	<b>4,984</b>	<b>6,872</b>	<b>8,644</b>	<b>20,501</b>
Debt Management Office	0	0	0	<b>0</b>
Treasury Bills	7,999	19,998	0	<b>27,997</b>
<b>Total Accountable Body investments</b>	<b>12,984</b>	<b>26,871</b>	<b>8,644</b>	<b>48,499</b>



**DEBT AND PRUDENTIAL INDICATORS**

WHOLE COUNCIL		17/18 Indicators £m	17/18 Forecast £m	18/19 Indicators £m	18/19 Forecast £m	19/20 Indicators £m	19/20 Forecast £m
<b>Capital Finance</b>							
1	Capital Expenditure - Capital Programme	464.2	474.2	277.0	394.0	177.6	227.0
2	Capital Expenditure - other long term liabilities	27.9	27.9	30.4	30.3	36.0	35.9
3	Capital expenditure	492.1	502.0	307.4	424.3	213.6	262.9
4	Capital Financing Requirement (CFR)	4,621.7	4,642.8	4,590.8	4,610.7	4,568.5	4,547.9
<b>Planned Debt</b>							
5	Peak loan debt in year	3,845.9	3,740.0	3,766.2	3,661.8	3,623.6	3,548.8
6	+ Other long term liabilities (peak in year)	471.0	471.6	448.8	449.1	432.0	432.2
7	= Peak debt in year	4,316.9	4,211.6	4,215.0	4,110.9	4,055.6	3,981.0
8	does peak debt exceed year 3 CFR?	no	no	no	no	no	no
<b>Prudential limit for debt</b>							
9	Gross loan debt	4,200.0	3,740.0	4,120.0	3,661.8	4,040.0	3,548.8
10	+ other long term liabilities	500.0	471.6	480.0	449.1	460.0	432.2
11	= Total debt	4,700.0	4,211.6	4,600.0	4,110.9	4,500.0	3,981.0
<b>Notes</b>							
1	Forecast capital expenditure has increased since the indicator was set due to additions to the capital programme, as reported in the quarterly capital monitoring reports.						
4	The Capital Financing Requirement represents the underlying level of borrowing needed to finance historic capital expenditure (after deducting debt repayment charges). This includes all elements of CFR including Transferred Debt.						
5-7	These figures represent the forecast peak debt (which may not occur at the year end). The Prudential Code calls these indicators the Operational Boundary.						
8	It would be a cause for concern if the Council's loan debt exceeded the CFR, but this is not the case due to positive cashflows, reserves and balances. The Prudential Code calls this Borrowing and the capital financing requirement.						
11	The Authorised limit for debt is the statutory debt limit. The City Council may not breach the limit it has set, so it includes allowance for uncertain cashflow movements and potential borrowing in advance for future needs.						

## DEBT AND PRUDENTIAL INDICATORS

## Appendix 11b

HOUSING REVENUE ACCOUNT		17/18	17/18	18/19	18/19	19/20	19/20
		Indicators	Forecast	Indicators	Forecast	Indicators	Forecast
		£m	£m	£m	£m	£m	£m
<b>Capital Finance</b>							
1	Capital expenditure	137.8	121.8	115.5	129.2	105.7	103.4
<b>HRA Debt</b>							
2	Capital Financing Requirement (CFR)	1,098.2	1,097.4	1,086.9	1,086.2	1,084.2	1,083.5
3	Statutory cap on HRA debt	1,150.4	1,150.4	1,150.4	1,150.4	1,150.4	1,150.4
<b>Affordability</b>							
4	HRA financing costs	96.5	96.5	96.4	96.4	97.2	96.8
5	HRA revenues	283.8	283.8	279.9	279.9	275.7	275.7
6	HRA financing costs as % of revenues	34.0%	34.0%	34.4%	34.4%	35.3%	35.1%
7	HRA debt : revenues	3.9	3.9	3.9	3.9	3.9	3.9
8	Forecast Housing debt per dwelling	£17,722	£17,710	£17,678	£17,665	£17,786	£17,774
9	Estimate of the incremental impact of new capital investment decisions on housing rents.	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00
(expressed in terms of ave. weekly housing rent)							

### Notes

- 2-3 The HRA Capital Financing Requirement (CFR) is being used by the Government as the measure of HRA debt for the purposes of establishing a cap on HRA borrowing for each English Housing authority.
- 4 Financing costs include interest and MRP (or depreciation in the HRA)
- 7 This indicator is not in the Prudential Code but is a key measure of long term sustainability. This measure is forecast to fall below 2.0 by 2026/27, which is two years later than previously forecast.
- 8 This indicator is not in the Prudential Code but is a key measure of affordability: the HRA debt per dwelling should not rise significantly over time
- 9 The cost of borrowing for the Capital Programme represents the interest and repayment costs arising from any new prudential borrowing introduced in the capital programme since the last quarter, expressed in terms of an average weekly rent. The calculation excludes the cost of borrowing which is funded from additional income or savings. As all planned HRA borrowing is funded from additional income in this way, the impact is zero. The Prudential Code calls this the Estimate of the incremental impact of capital investment decisions on housing rents.

## DEBT AND PRUDENTIAL INDICATORS

## Appendix 11c

GENERAL FUND		17/18	17/18	18/19	18/19	19/20	19/20
		Indicators	Forecast	Indicators	Forecast	Indicators	Forecast
		£m	£m	£m	£m	£m	£m
<b>Capital Finance</b>							
1	Capital expenditure (including other long term liabili	354.3	380.2	191.8	295.1	107.9	159.5
2	Capital Financing Requirement (CFR)	3,523.5	3,545.4	3,503.9	3,524.6	3,484.2	3,464.5
<b>General Fund debt</b>							
3	Peak loan debt in year	2,747.7	2,642.6	2,679.3	2,575.6	2,539.4	2,465.3
4	+ Other long term liabilities (peak in year)	471.0	471.6	448.8	449.1	432.0	432.2
5	= Peak General Fund debt in year	3,218.7	3,114.2	3,128.1	3,024.7	2,971.4	2,897.5
<b>General Fund Affordability</b>							
6	Total General Fund financing costs	265.6	259.8	273.2	272.1	266.9	267.5
7	General Fund net revenues	821.8	821.8	815.2	815.2	804.5	804.5
8	General Fund financing costs (% of net revenues)	32.3%	31.6%	33.5%	33.4%	33.2%	33.3%
9	Estimate of the incremental impact of new capital investment decisions on Council Tax.	£0.00	£0.00	£0.00	£0.00	£0.00	£0.00

Expressed in terms of Council Tax (Band D equiv)

(impact already included in Council Tax increases assumed in LTFP)

### Note

- Other long term liabilities include PFI, finance lease liabilities, and
- 4 transferred debt liabilities
  - 6 Financing costs include interest and MRP (in the General Fund), for loan debt, transferred debt, PFI and finance leases
  - 8 This indicator includes the gross revenue cost of borrowing and other finance, including borrowing for the Enterprise Zone and other self-supported borrowing.
  - 9 The incremental impact of new capital investment decisions represents the interest and repayment implications arising from any changes in forecast prudential borrowing in the capital programme since the last quarter, expressed in terms of Council Tax at Band D. Any implications are cumulative in later years as successive years' borrowing is added. Any impact has been funded within the Long Term Financial Plan and assumed Council Tax charges up to 2017/18. The calculation excludes the cost of borrowing which is funded from additional income or savings. At Quarter 1, all the changes in forecast prudential borrowing relate to self-funding projects, so there is no net incremental impact on Council Tax.

## PRUDENTIAL INDICATORS

## Appendix 11d

TREASURY MANAGEMENT		17/18	17/18	18/19	18/19	19/20	19/20
		Indicators	Forecast	Indicators	Forecast	Indicators	Forecast
<b>CIPFA Treasury Management Code</b>							
1	Has the authority adopted the TM Code?	Yes	Yes	Yes	Yes	Yes	Yes
<b>Interest rate exposures</b>		<b>Limit</b>	<b>Forecast Maximum</b>	<b>Limit</b>	<b>Forecast Maximum</b>	<b>Limit</b>	<b>Forecast Maximum</b>
2	upper limit on fixed rate exposures	130%	90%	130%	81%	130%	87%
3	upper limit on variable rate exposures	30%	29%	30%	27%	30%	18%
<b>Maturity structure of borrowing</b> (lower limit and upper limit)		<b>Limit</b>	<b>Forecast Year End</b>	<b>Limit</b>	<b>Forecast Year End</b>	<b>Limit</b>	<b>Forecast Year End</b>
4	under 12 months	0% to 30%	20%	0% to 30%	21%	0% to 30%	15%
5	12 months to within 24 months	0% to 30%	7%	0% to 30%	1%	0% to 30%	1%
6	24 months to within 5 years	0% to 30%	3%	0% to 30%	4%	0% to 30%	4%
7	5 years to within 10 years	0% to 30%	9%	0% to 30%	11%	0% to 30%	11%
8	10 years to within 20 years	5% to 40%	22%	5% to 40%	23%	5% to 40%	24%
9	20 years to within 40 years	10% to 60%	33%	10% to 60%	35%	10% to 60%	39%
10	40 years and above	0% to 40%	6%	0% to 40%	5%	0% to 40%	6%
<b>Investments longer than 364 days</b>							
upper limit on amounts maturing in:		<b>Limit</b>	<b>Forecast</b>	<b>Limit</b>	<b>Forecast</b>	<b>Limit</b>	<b>Forecast</b>
11	1-2 years	200	0	200	0	200	0
12	2-3 years	100	0	100	0	100	0
13	3-5 years	100	0	100	0	100	0
14	later	0	0	0	0	0	0

### Note

2-10 These indicators assume that LOBO loan options are exercised at the earliest possibility, and are calculated as a % of net loan debt.

**BIRMINGHAM CITY COUNCIL****PUBLIC****CABINET**

<b>Report of:</b>	<b>Corporate Director - Economy</b>
<b>Date of Decision:</b>	<b>14th November 2017</b>
<b>SUBJECT:</b>	<b>DELIVERY TEAM FOR THE ENTERPRISE ZONE, HIGH SPEED 2 CURZON AND EAST BIRMINGHAM INVESTMENT PROGRAMMES</b>
<b>Key Decision: Yes</b>	<b>Relevant Forward Plan Ref: 004162/2017</b>
<b>If not in the Forward Plan: (please "X" box)</b>	<b>Chief Executive approved <input type="checkbox"/></b>
<b>Relevant Cabinet Member(s) or Relevant Executive Member:</b>	<b>O&amp;S Chair approved <input type="checkbox"/></b>
<b>Relevant O&amp;S Chair:</b>	<b>Councillor Ian Ward – Leader</b>
<b>Wards affected:</b>	<b>Councillor Zafar Iqbal (Economy, Skills &amp; Transport) Ladywood, Nechells, Hodge Hill, Washwood Heath, Bordesley Green, South Yardley, Sheldon, Stechford and Yardley North.</b>

**1. Purpose of report:**

- 1.1 To seek authority to enter into funding agreements/Service Level Agreements with the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) and High Speed 2 Ltd to form a dedicated team and additional officer capacity within the Economy Directorate to support delivery of the Enterprise Zone (EZ), Curzon and HS2 East Birmingham investment programmes. The team and additional officer capacity will form part of the Economy Directorate and will oversee, co-ordinate and deliver a range of projects to ensure resources are maximised and the objectives and benefits of the programmes are achieved..
- 1.2 To accept £6,453,518 of Enterprise Zone Investment Plan funding from the GBSLEP.
- 1.3 To seek authority for the Corporate Director of Economy to appoint to the posts detailed in appendix 3.

**2. Decision(s) recommended:**

That the Cabinet:-

- 2.1. Approve the resource plan at a total cost of £8,839,446 over the period 2017/18 to 2021/11, as set out in Appendix 1, to support implementation of the Enterprise Zone, Curzon and HS2 East Birmingham Programmes.
- 2.2. In its capacity as the Council and as Accountable Body for the Enterprise Zone approves the allocation of £6,453,518 Enterprise Zone revenue funding over the period 2017/18 to 2021/22 to fund the Enterprise Zone Delivery Team.
- 2.3 Authorises the Corporate Director of Economy to enter into a funding agreement and accept funding of £6,453,518 of Enterprise Zone Investment Plan grant funding from the Greater Birmingham and Solihull Local Enterprise Partnership.
- 2.4 Authorises the Corporate Director of Economy to negotiate and enter into a Service Level Agreement with HS2 Ltd to fund posts up to the value of £2,153,800 required to

support the Curzon and HS2 Programmes.

- 2.5 Delegates authority to the Corporate Director of Economy to release posts to support the Council's statutory Planning and Highway functions in relation to the HS2 Programme, subject to funding being available through the HS2 Service Level Agreement between Birmingham City Council and HS2 Ltd.
- 2.6 Delegates authority to the Corporate Director of Economy to release posts to support delivery of the Enterprise Zone and Curzon programmes, funded through the Enterprise Zone.
- 2.7 Authorise the City Solicitor to negotiate, execute and complete all necessary documents to give effect to the above recommendations.

**Lead Contact Officer(s):** Richard Cowell - Assistant Director – Development  
**Telephone No:** 0121 303 2262  
**E-mail address:** Richard.cowell@birmingham.gov.uk

### **3. Consultation**

Consultation should include those that have an interest in the decisions recommended

#### **3.1 Internal**

The Leader, Cabinet Member for Jobs and Skills and the Cabinet Member for Value for Money and Efficiency have been consulted on this report and they support this proposal proceeding to executive decision. Councillors for all the wards affected by this report have been informed and no feedback has been reported. Officers from the Economy Directorate have produced this report and officers from Corporate Finance, HR and Legal Services have been involved in the report's preparation.

#### **3.2 External**

The Chair of the Enterprise Zone Executive Board has been consulted and supports the recommendations of this report.

### **4. Compliance Issues:**

#### **4.1 Are the recommended decisions consistent with the Council's policies, plans and strategies?**

- 4.1.1 The Enterprise Zone, Curzon Infrastructure Programme and HS2 East Birmingham Programme support the Council's Vision and Forward Plan. In particular, the programmes will contribute towards the City Council's priorities for jobs and skills and housing by creating a strong economy and supporting future development activity, including housing delivery, job creation and delivering transport and other improvements. The priorities for the Enterprise Zone and Curzon programmes are set out in their respective Investment Plans approved by Cabinet in 2014 and 2016 respectively. The programmes are key to delivering the City Council's Birmingham Development Plan, Big City Plan and Curzon Masterplan. The programmes also support delivery of the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP) and West Midlands Combined Authority Strategic (WMCA) Economic Plans and the Midlands HS2 Growth Strategy, which is a priority for the GBSLEP and WMCA to maximise the economic impact of HS2 and the proposed East Birmingham to Solihull Metro Extension.

#### 4.2 Financial Implications (How will decisions be carried out within existing finances and Resources?)

- 4.2.1 Within the Enterprise Zone (EZ) all business rates are collected by the City Council with any net uplift in the business rates collected within the Zone allocated to the GBSLEP for the period to 31 March 2046. It is the GBSLEP Executive who reviews how and where these funds are deployed and make recommendations on investment decisions over the resource in line with the investment plans for the EZ, subject to the City Council in its Accountable Body role for the EZ ensuring compliance with its own governance principles.
- 4.2.2 In its Accountable Body role, the City Council employs the EZ Delivery Team. The costs of all EZ projects including the Prudential borrowing charges arising from capital schemes will be fully financed by the revenue resources generated through the uplift in business rates within the EZ. There are financial risks associated with the Accountable Body role, the main one being failure of the EZ to deliver sufficient business rates uplift to cover the level of borrowing or up-front revenue expenditure incurred by the City Council. As a result the EZ Programme is subject to detailed financial monitoring both of its cost and resource base to ensure that the Programme is affordable.
- 4.2.3 In 2012 Birmingham City Council and the GBSLEP established a set of financial principles for the EZ. Accordingly, the City Council applies a safety margin whereby 15% of business rate income is held in reserve and not committed against investment proposals until there is greater certainty of future uplift in business rate income. Borrowing costs will also be kept within 65% of forecast income. The current financial modelling shows that the cost of the EZ and Curzon posts is affordable based on the expected and additional income levels that the EZ will generate. This can be accommodated within the existing EZ Investment Plan and a future update of the Investment Plan to the EZ Board and Cabinet will address the funding of Delivery Team within the context of the wider implementation programme over the next 5 years.
- 4.2.4 In addition to the posts identified to support the EZ programme, it has also been identified that additional capacity is required to enable the City Council to fulfil its statutory responsibilities associated with the HS2 programme for Planning and Highways. HS2 Ltd has agreed to meet the costs associated with fulfilling these obligations and the terms for which payment can be made is set out in the Service Level Agreement (SLA) between BCC and HS2 Ltd. The SLA states that where it is identified, and agreed between BCC and HS2 Ltd, that additional resources need to be put in place in order to fulfil the Council's obligations, funding will be provided upfront and in a timely manner by means of a separate funding agreement with HS2 Ltd. The relevant posts identified in this report will only be released at the point an appropriate funding agreement is signed with HS2 Ltd.
- 4.2.5 The overall cost for the delivery team is set out in Appendix 3. The EZ funding for the Delivery Team will utilise existing allocations within the approved EZ Investment Plans. This is affordable within the context of the whole programme. The Accountable Body function would involve chargeable time against the budget to support those activities relevant and necessary to the management of the Enterprise Zone. This budget would be managed by the Assistant Director of Development. All other costs would be aligned against resources agreed through the HS2 SLA and an allocation to be ring fenced from the Planning income resource which is generated through the programmes identified within this report and there will be no cost to the City Council.

- 4.2.6 In accordance with accounting practices, salary costs contained under the Project Development and Delivery function will be capitalised against future capital project costs where the cost can be deemed to have directly led to the creation of an asset. This practice for project management activity will be maximised over the period to reduce the short term revenue pressure on the EZ programme.
- 4.2.7 The salaries in Appendix 3 are based on City Council Grades, including NI & Superannuation contributions at top of the scale at 2017/18 prices for 4 year fixed term posts. This represents the potential full cost to the programme. Following approval of this report recruitment will take place and the posts will be in place by the start of 2018/19.
- 4.2.8 The Delivery resource will be reviewed every four years to assess whether there is sufficient capacity planned against the pipeline of future projects and development activity. The proposed EZ Investment Plan (2017) will contain a whole programme ring-fenced budget for the Programme Management/Accountable Body costs embedding this within the financial model for the lifetime of the zone to 2046.

#### 4.3 Legal Implications

- 4.3.1 The Local Government Finance Act 2012 supports the development of Enterprise Zones by enabling the City Council, on behalf of the LEP, to retain 100% of business rates income from within the Enterprise Zone.
- 4.3.2 The posts are new roles and will be job evaluated and recruited to in line with Birmingham City Council policy and procedures, including access by priority movers/lateral movers.

#### 4.4 Public Sector Equality Duty (see separate guidance note)

- 4.4.1 In overall terms the Delivery Team has been assessed as leading to a positive effect on the equality considerations through the promotion of economic activity, job creation and improving skills that will benefit local people. It has been assessed that the Delivery Team will advance equality of opportunity as a result of its promotion of development and regeneration activity (Appendix 4).

### **5. Relevant background/chronology of key events:**

- 5.1 Birmingham and the wider region are undergoing an unprecedented level of development which is bringing long term economic benefits to the area. A key focus for this growth is in the City Centre, driven by the existence of the Enterprise Zone (EZ), which commenced in 2011. The announcement of HS2 has added further to this and generated a greater focus as a catalyst for growth in the City and wider region. Allied to this, plans for the extension of the Midland Metro from Birmingham City Centre through East Birmingham and North Solihull to connect with UK Central, including the HS2 Interchange, Airport and NEC will act as a catalyst for regeneration in this part of the City.
- 5.2 The level of activity represents one of the largest infrastructure investment programmes in Europe. To effectively manage these programmes and support additional activity over and above existing commitments, further resource is needed to meet the demands of delivery and providing effective programme and performance management. This will require significant input from the City council on planning, design, project and programme management, skills, business and transport.



## **The Enterprise Zone and Curzon Programme**

- 5.3 The EZ and Curzon Programme investment plan identifies a circa £1bn programme of infrastructure investment that covers 113.5ha of land, over 39 designated sites with significant growth potential to deliver 76,000 jobs; 2.3m sqm of commercial floorspace; contribute nearly £4bn per year in GVA; and has the potential to generate in excess of £2bn per year in additional business rates to be reinvested across the area.
- 5.4 The EZ is currently managed and delivered utilising existing City council resources along with an EZ funded Programme Manager and Curzon Delivery Manager. The nature and scale of the EZ, which includes delivery of the Curzon Investment Plan and growth around the HS2 Station, now requires a dedicated team to both manage and deliver the vastly expanded programme of activity. Economy Directorate resources will continue to be utilised to provide senior leadership and also project level capacity but fully complemented by a new Delivery Team and associated technical capacity.

## **High Speed 2**

- 5.5 The arrival of HS2 in 2026 represents a once in a generation opportunity to drive economic growth and prosperity for the City and region. Delivering infrastructure on this scale requires an appropriate level of resource to address a range of functions, including regulatory capacity through the Local Planning and Highway Authority functions, such as assessing and approving proposals for traffic management and the approval of temporary and permanent Works. Other requirements include urban design and project management to ensure delivering HS2 minimises disruption to residents and business and maximises the economic benefits for Birmingham.

## **East Birmingham Programme**

- 5.6 East Birmingham is an area of the city that faces longstanding and persistent issues that have had a negative impact on the area for at least 20 years. These include, but are not limited to, high unemployment, low educational attainment and skills levels, poor health, high levels of child poverty and a weak development market. The proposal to extend the Midland Metro through the heart of the area provides a new opportunity for the Council, in partnership with Solihull MBC, to develop a new approach to tackling these entrenched problems. This work is starting with an Infrastructure and Baseline Study, which will inform the development of a Strategy and Vision, supported by work on viability, implementation, and development of a Funding and Financial Model. Capacity to support the next phases of the programme is required as the scale of activity is additional to existing available resources.
- 5.7 It is proposed that the additional resource required to meet the challenge for delivering the Enterprise Zone will be established within a new Delivery Team. Further to this the additional officer capacity required to provide relevant technical expertise across programme management, planning, property, and transport/highway infrastructure for the Curzon and HS2 East Birmingham programmes will be integrated within the existing service areas of the Economy Directorate.

## **The Enterprise Zone and Curzon Delivery Team**

- 5.8 In order to provide dedicated senior management capacity for the programme and support day to day implementation the Delivery Team will be headed by a Delivery Director. The Delivery Director will be responsible for the management and day to day

operations of the Enterprise Zone and Curzon. The post will be a senior position within the City council and have the skills, knowledge and experience to manage a substantial programme. The programme management function, headed by the Delivery Director, will contain the EZ Programme Manager, Programme Management support and Delivery Managers. The teams will focus on programme management, including governance, reporting and monitoring for the Enterprise Zone and Curzon Investment Plans. In addition the posts will develop and deliver key infrastructure projects alongside enabling and developing strategic sites.

### **High Speed 2 and East Birmingham Delivery**

- 5.9 The additional officer capacity which is required to fulfil the regulatory functions of the Local Planning and Highway Authority and other related activity connected with HS2 and the wider regeneration objectives will be integrated within the relevant service areas of the Economy Directorate. This will ensure resources are targeted appropriately to help the Council meet the challenge of delivering such large infrastructure programmes within a relatively short period of time. It will help the City maintain its resilience by keeping residents and businesses moving whilst major works are being undertaken and it will help ensure that they bring maximum economic and social benefits once they are complete.
- 5.10 Appendix 1 outlines the functions and roles of the Delivery Team and additional officer capacity. The Delivery Team will sit within the Economy Directorate reporting to the Assistant Director Development and Corporate Director Economy. The resource plan covers a four year period 2018/19 to 2021/22 and is considered appropriate to deliver a level of infrastructure investment not seen previously in the City in recent times. The posts will focus on regulatory Planning and Highway functions for the EZ, HS2 and Midland Metro and the production of planning guidance to support development. Other activity will include the interface with HS2 for the station design and planning functions and the development of East Birmingham and North Solihull Programme.

### **6. Evaluation of alternative option(s):**

- 6.1 Do Nothing –Insufficient resource to implement the programmes will jeopardise the potential to achieve inclusive economic growth and regeneration across the city and the associated benefits of job creation, improved skills and new housing.
- 6.2 Utilise the current staffing resource to implement the programmes. This isn't feasible as there isn't capacity to absorb the activity into existing workloads.

### **7. Reasons for Decision(s):**

- 7.1 To allow the Council to effectively implement the Enterprise Zone, Curzon and HS2 East Birmingham regeneration programmes and fulfil the statutory Planning and Highway functions associated with the delivery of HS2.

**Signatures**

**Date**

Councillor Ian Ward  
Leader

.....

Waheed Nazir  
Corporate Director, Economy

.....

**List of Background Documents used to compile this Report:**

- 1. Enterprise Zone Investment Plan 2014
- 2. Curzon Investment Plan 2016

**List of Appendices accompanying this Report (if any):**

- 1. EZ, HS2 Curzon, East Birmingham Delivery Resource Plan
- 2. EZ Funding Offer Letter
- 3. Delivery Team Resource Funding Breakdown
- 4. Equality Analysis

## **PROTOCOL PUBLIC SECTOR EQUALITY DUTY**

- 1 The public sector equality duty drives the need for equality assessments (Initial and Full). An initial assessment should, be prepared from the outset based upon available knowledge and information.
- 2 If there is no adverse impact then that fact should be stated within the Report section 4.4 and the initial assessment document appended to the Report duly signed and dated. A summary of the statutory duty is annexed to this Protocol and should be referred to in section 4.4 of executive reports for decision and then attached in an appendix; the term 'adverse impact' refers to any decision-making by the Council which can be judged as likely to be contrary in whole or in part to the equality duty.
- 3 A full assessment should be prepared where necessary and consultation should then take place.
- 4 Consultation should address any possible adverse impact upon service users, providers and those within the scope of the report; questions need to assist to identify adverse impact which might be contrary to the equality duty and engage all such persons in a dialogue which might identify ways in which any adverse impact might be avoided or, if avoidance is not possible, reduced.
- 5 Responses to the consultation should be analysed in order to identify:
  - (a) whether there is adverse impact upon persons within the protected categories
  - (b) what is the nature of this adverse impact
  - (c) whether the adverse impact can be avoided and at what cost – and if not –
  - (d) what mitigating actions can be taken and at what cost
- 6 The impact assessment carried out at the outset will need to be amended to have due regard to the matters in (4) above.
- 7 Where there is adverse impact the final Report should contain:
  - a summary of the adverse impact and any possible mitigating actions (in section 4.4 or an appendix if necessary)
  - the full equality impact assessment (as an appendix)
  - the equality duty (as an appendix).

## Equality Act 2010

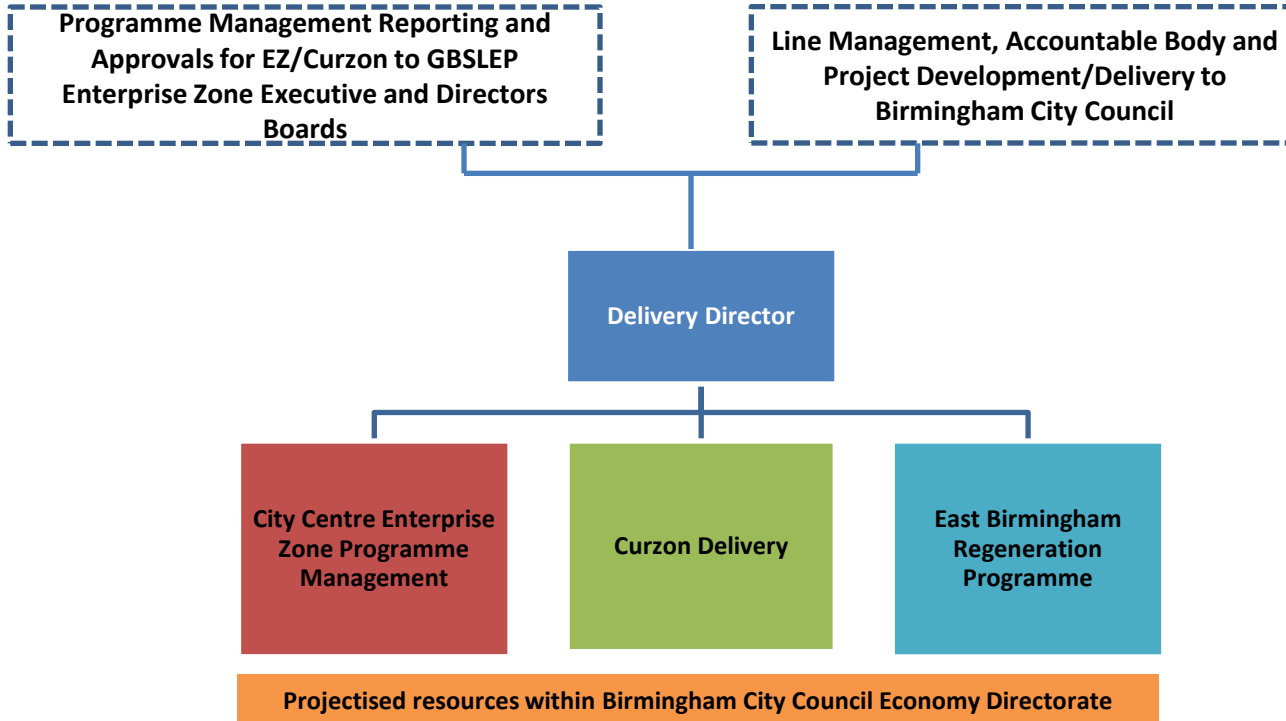
The Executive must have due regard to the public sector equality duty when considering Council reports for decision.

The public sector equality duty is as follows:

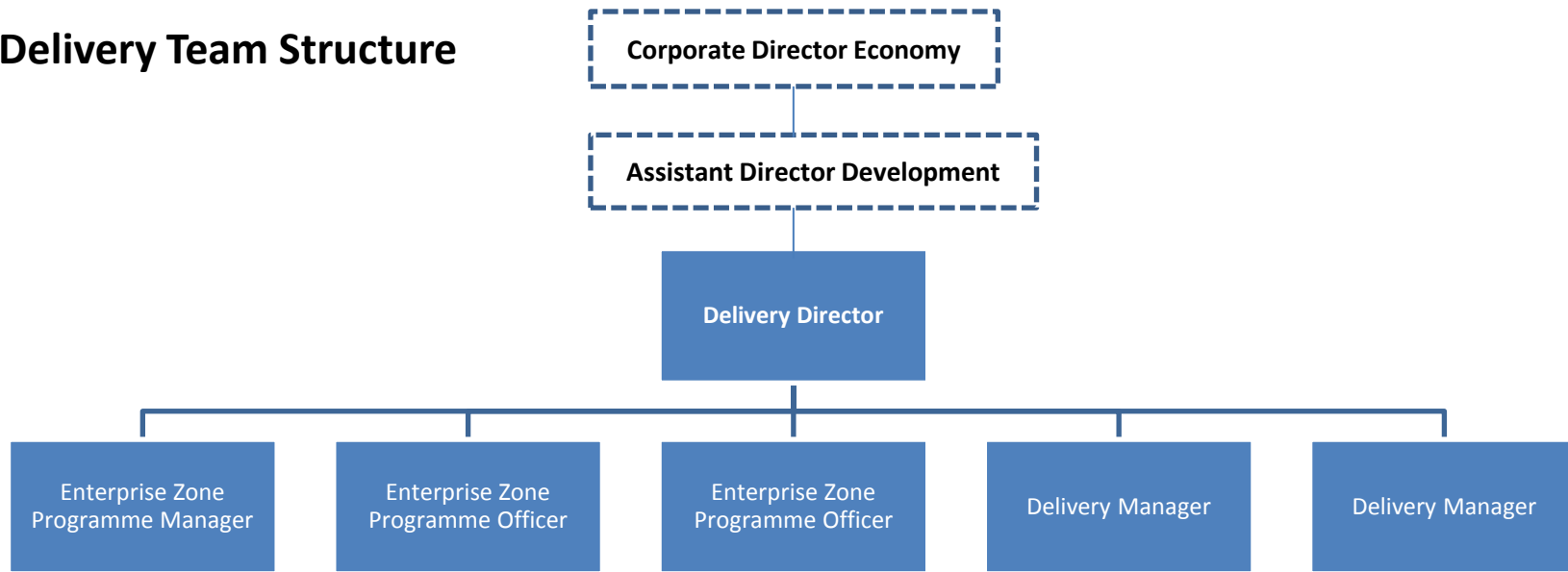
- 1 The Council must, in the exercise of its functions, have due regard to the need to:
  - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by the Equality Act;
  - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
  - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 2 Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
  - (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
  - (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
  - (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- 3 The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
- 4 Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
  - (a) tackle prejudice, and
  - (b) promote understanding.
- 5 The relevant protected characteristics are:
  - (a) marriage & civil partnership
  - (b) age
  - (c) disability
  - (d) gender reassignment
  - (e) pregnancy and maternity
  - (f) race
  - (g) religion or belief
  - (h) sex
  - (i) sexual orientation

# Reporting for the Delivery Team

Appendix 1



# Delivery Team Structure



In addition to the above programme management resource the following capacity will be created to support delivery of projects and the regulatory functions:

- Principal Development Planning Officer / Principal Planning Management Officer
- Principal City Designer
- Development Surveyor
- Graduate Officer
- Principal Project Delivery Officer/ Senior Project Delivery Officer
- Transportation Development Officer / Principal Infrastructure Delivery Officer

Accountable Body Function:

- Resources to support the discharge of Financial, Legal and Management functions of the Accountable Body



Birmingham City Council  
Planning and Regeneration  
PO Box 28  
2<sup>nd</sup> Floor Lancaster Circus  
Birmingham  
B1 1TU

Email: [jane.smith@birmingham.gov.uk](mailto:jane.smith@birmingham.gov.uk)  
Tel: 0121 464 5404

**Mr Richard Cowell**  
**Birmingham City Council**  
Planning and Regeneration  
PO Box 28  
2nd Floor Lancaster Circus  
Birmingham  
B1 1TU

**10 October 2017**

**Dear Richard**

**Enterprise Zone Funding Approval – Programme Delivery Team Resource**

Following evaluation by the Enterprise Zone Executive Board (EZEB) on 28 June 2017 for the above project, this letter confirms that the request for grant has received full approval.

As part of the approval, the Enterprise Zone (EZ) will provide a maximum capped funding contribution of **£6,453,518** over period 2017/18 to 2021/22 to fund the Delivery Team paid as revenue grant. Birmingham City Council, as the grant recipient, is solely responsible for meeting any expenditure over and above this maximum amount.

The award of **£6,453,518** will be approved under terms and conditions detailed in the forthcoming Grant Agreement. Acceptance by Birmingham City Council of the award is acceptance of those terms and conditions.

The allocation of funding has been approved in accordance with the following spending profile:

**EZ Revenue Expenditure**

Function	No. of posts	Funding Allocation (per annum)	Total Funding Allocation 2017/18* - 2021/22
Delivery Director	1	£107,178	£482,301
Programme Management	5	£339,316	£1,526,922
Project Development and Delivery**	7	£335,596	£1,510,182
Planning and Development	8	£410,914	£1,849,113
Accountable Body	N/A	£230,000	£1,035,000



## Appendix 2

Administration and Advertising	N/A	£50,000	£50,000
<b>Total EZ Revenue</b>	21	£1,473,004	£6,453,518

The EZ contribution to the project should be advertised in any publicity information you produce. Please note in particular **Clause 10** which describes in detail the publicity required.

If you have any queries about the contents of this letter or the attached grant terms and conditions then please contact Jane Smith on 0121 464 5404 or by email at:

[jane.smith@birmingham.gov.uk](mailto:jane.smith@birmingham.gov.uk).

Yours Sincerely

Simon Marks

Chair of Enterprise Zone Executive Board

## Appendix 3

Function	No. of posts	Grade	EZ Funding (£)	HS2 SLA Funding (£)	Planning Income Funding (£)	Total Funding Allocation 2018/19 - 2021/22 (£)
<b>Delivery Director</b>	1	JNC	428,712	N/A	N/A	428,712
<b>Programme Management</b>						
Enterprise Zone Programme Manager	1	GR6	298,056	0	0	298,056
Enterprise Zone Programme Officer	1	GR5	232,128	0	0	232,128
Enterprise Zone Programme Officer	1	GR5	232,128	0	0	232,128
Curzon Delivery Manager	1	GR6	298,056	0	0	298,056
Delivery Manager	1	GR6	298,056	0	0	298,056
Infrastructure Delivery Manager	1	GR6	298,056	0	0	298,056
<b>Project Development and Delivery</b>						
Principal Project Delivery Officer*	5	GR5	928,512	232,128	0	1,160,640
Principal Infrastructure Delivery Officer*	5.5	GR5	232,128	1,044,576	0	1,276,704
Principal Traffic Officer	2	GR5	0	464,256	0	464,256
Senior Project Delivery Officer*	2	GR4	365,744	0	0	365,744
Senior Infrastructure Delivery Officer*	2	GR4	180,712	180,712	0	361,424
Senior Works Supervisor	1	GR4	180,712	0	0	180,712
<b>Planning and Development</b>						
Principal Development Planning Officer	2	GR5	232,128	232,128	0	464,256
Principal Planning Management Officer	2	GR5	232,128	0	232,128	464,256
Principal City Designer	1	GR5	232,128	0	0	232,128
Development Surveyor	1	GR5	232,128	0	0	232,128
Graduate Officers	3	GR3	418,452	0	0	418,452
<b>Accountable Body</b>	N/A	N/A	920,000	0	0	920,000
<b>Administration and Advertising</b>	N/A	N/A	213,544	0	0	200,000
<b>TOTAL</b>	34.5	N/A	6,453,518	2,153,800	232,128	8,839,446

\*Salary costs will be capitalised against projects as appropriate



# Equality Analysis

## Birmingham City Council Analysis Report

<b>EA Name</b>	Delivery Team For The Curzon, EZ And HS2 East Birmingham Investment Programmes
<b>Directorate</b>	Economy
<b>Service Area</b>	Economy - P&R Planning And Development
<b>Type</b>	New/Proposed Function
<b>EA Summary</b>	Asses the equality implications for the Curzon Delivery Team
<b>Reference Number</b>	EA002350
<b>Task Group Manager</b>	james.betjemann@birmingham.gov.uk
<b>Task Group Member</b>	
<b>Date Approved</b>	2017-11-01 00:00:00 +0000
<b>Senior Officer</b>	richard.cowell@birmingham.gov.uk
<b>Quality Control Officer</b>	richard.woodland@birmingham.gov.uk

### Introduction

The report records the information that has been submitted for this equality analysis in the following format.

### **Initial Assessment**

This section identifies the purpose of the Policy and which types of individual it affects. It also identifies which equality strands are affected by either a positive or negative differential impact.

### **Relevant Protected Characteristics**

For each of the identified relevant protected characteristics there are three sections which will have been completed.

- Impact
- Consultation
- Additional Work

If the assessment has raised any issues to be addressed there will also be an action planning section.

The following pages record the answers to the assessment questions with optional comments included by the assessor to clarify or explain any of the answers given or relevant issues.

## 1 Activity Type

The activity has been identified as a New/Proposed Function.

## 2 Initial Assessment

### 2.1 Purpose and Link to Strategic Themes

#### **What is the purpose of this Function and expected outcomes?**

To utilise Enterprise Zone funding to finance the provision of a dedicated team to support delivery of the Enterprise Zone, Curzon and HS2 East Birmingham investment programmes. The team will oversee and co-ordinate all aspects of delivery to ensure resources are maximised and the objectives and benefits are achieved.

**For each strategy, please decide whether it is going to be significantly aided by the Function.**

Children: A Safe And Secure City In Which To Learn And Grow	No
Health: Helping People Become More Physically Active And Well	No
Housing : To Meet The Needs Of All Current And Future Citizens	Yes
Jobs And Skills: For An Enterprising, Innovative And Green City	Yes

### 2.2 Individuals affected by the policy

Will the policy have an impact on service users/stakeholders?	No
Will the policy have an impact on employees?	Yes
Will the policy have an impact on wider community?	Yes

### 2.3 Relevance Test

Protected Characteristics	Relevant	Full Assessment Required
Age	Not Relevant	No
Disability	Not Relevant	No
Gender	Not Relevant	No
Gender Reassignment	Not Relevant	No
Marriage Civil Partnership	Not Relevant	No
Pregnancy And Maternity	Not Relevant	No
Race	Not Relevant	No
Religion or Belief	Not Relevant	No
Sexual Orientation	Not Relevant	No

### 2.4 Analysis on Initial Assessment

Birmingham and the wider region are undergoing an unprecedented level of development which is bringing long term economic benefits to the area. A key focus for this growth is in the City Centre, driven by the existence of the Enterprise Zone (EZ), which commenced in 2011. The announcement of HS2 has added further to this and generated a greater focus as a catalyst for growth in the City and wider region. Allied to this, plans for the extension of the Midland Metro from Birmingham City Centre through East Birmingham and North Solihull to connect with UK Central, including the HS2 Interchange, Airport and NEC will act as a catalyst for regeneration in this part of the City.

The level of activity represents one of the largest infrastructure investment programmes in Europe. To effectively manage these programmes and support additional activity over and above existing commitments, further resource is needed to meet the demands of delivery and providing effective programme and performance management. This will

require significant input from the City council on planning, design, project and programme management, skills, business and transport.

Establishing a Delivery Team and developing additional officer capacity is essential for ensuring these programmes deliver their objectives and outcomes and for advancing the equality of opportunity for residents within the relevant areas through their positive regeneration activity.

The proposals within this report will also have a positive benefit for employees. A number of posts have been identified and the job descriptions and person specifications are considered commensurate for the grades. Each post will be job evaluated to ensure there no inequality issues and recruitment will be inline with the City Councils policy, including access to the post by priority movers who may be at risk of redundancy.

### **3 Full Assessment**

The assessment questions below are completed for all characteristics identified for full assessment in the initial assessment phase.

#### **3.1 Concluding Statement on Full Assessment**

In overall terms the Curzon Programme, GBSLEP Enterprise Zone and East Birmingham Regeneration Programme have been assessed as leading to a positive effect on the equality considerations through the promotion of economic activity, job creation and improving skills that will benefit local people, as well as enabling a range of housing types and renting options to meet the city's current and future needs with the creation of thriving, prosperous neighbourhoods.

It has been assessed that these programmes will advance equality of opportunity as a result of their promotion of development and regeneration activity.

In addition the proposals will have a positive effect on employees through the creation of new employment opportunities.

### **4 Review Date**

01/10/19

### **5 Action Plan**

There are no relevant issues, so no action plans are currently required.

**BIRMINGHAM CITY COUNCIL****PUBLIC REPORT**

**Report to:** **CABINET**

**Report of:** **Corporate Director Children & Young People**

**Date of Decision:** **14<sup>th</sup> November 2017**

**SUBJECT:** **CITYSERVE CLEANING SERVICE OPTIONS APPRAISAL**

**Key Decision:** **Yes** **Relevant Forward Plan Ref: 004336/2017**

**If not in the Forward Plan:** **Chief Executive approved** ☐  
**(please "X" box)** **O&S Chair approved** ☐

**Relevant Cabinet Member(s) or Relevant Executive Member:** **Cllr Brigid Jones, Deputy Leader**  
**Cllr Majid Mahmood , Cabinet Member for Value for Money and Efficiency**

**Relevant O&S Chair:** **Cllr Susan Barnett – Schools, Children and Families**  
**Cllr Mohammed Aikhlaq – Corporate Resources and Governance**

**Wards affected:** **All**

**1. Purpose of report:**

- 1.1 This report provides details of the proposed future direction for Cityserve's cleaning service to schools and children's centres.
- 1.2 The report on the private agenda contains confidential information in relation to the options appraisal. The two reports - public and private - must be read together, as this public report does not repeat information contained in the private report.

**2. Decision(s) recommended:**

- 2.1 That Cabinet notes the contents of this report.

**Lead Contact Officer(s):** Julie Young, Assistant Director Education Safeguarding  
Ken Lyon, Head of Commercialism  
Dale Wild, Head of Cityserve

**Telephone No:** Julie Young - 0121 675 8521  
Ken Lyon – 07712436640  
Dale Wild - 0121 464 5130

**E-mail address:** [Julie.H.Young@birmingham.gov.uk](mailto:Julie.H.Young@birmingham.gov.uk)  
[Ken.Lyon@birmingham.gov.uk](mailto:Ken.Lyon@birmingham.gov.uk)  
[Dale.Wild@birmingham.gov.uk](mailto:Dale.Wild@birmingham.gov.uk)

### **3. Consultation:**

#### **3.1 Internal**

- 3.1.1 The Commercialism Board were consulted on the future direction of Cityserve's business in March 2017. The board supported the recommendation that Cityserve should "improve and grow" and also explore options to focus its business on the most advantageous areas. As part of this approved direction of travel, an options appraisal was commissioned to begin June 2017 to explore the future direction of the cleaning service.
- 3.1.2 Unions and all staff were informed of the decision to undertake an options appraisal in May 2017 and informal discussions with client managers over the future direction of the service have since taken place. Following approval from Cabinet formal consultation will be undertaken with staff and unions, after which a decision will be taken via delegated approval as to whether to implement the proposals.
- 3.1.3 In addition, consultation with Trade Unions on the range of options was undertaken in October 2017. The consultation indicated that the preferred option best met the priority to protect jobs and terms and conditions. Unions also recommended the following implementation suggestions;
- A 'two model' approach to the migration of staff and communication with existing clients; one process to manage transition into schools, this would simply involve staff payroll information transferring from Cityserve's payroll to school's payroll, and another into academies, where TUPE applies (paragraph 4.3.2)
  - Effective forward planning is undertaken to mitigate the impact on those in client management roles of any reduction in posts by, for example utilising temporary staff to cover vacancies during the period that the proposal is being developed.
  - The impact on existing schools roles are understood (e.g. caretakers) and that actions are taken to quantify and minimise impact on these roles.
- 3.1.4 The Assistant Director for Education Safeguarding, Head of Commercialism and officers from Commissioning, Corporate Human Resources, Legal and Governance and City Finance have been involved in the preparation of this report.

#### **3.2 External**

- 3.2.1 Primary schools, as the largest business customer, were consulted on Wednesday 12th July 2017 at the Primary Schools Forum, to ascertain their future priorities. In addition, the presentation and questions were put onto the schools notice board on 13th July 2017 to gain wider feedback from both primary and secondary schools. A limited response was received from schools to this feedback, but views provided have been noted and incorporated into the options appraisal.
- 3.2.2. Following these responses further informal consultation was undertaken with Primary Schools forum in September 2017 by the Head of Cityserve, which indicated overall support for the proposal but highlighted concerns on the impact on schools, which are being addressed as part of the process. Further details are contained in the private report. Informal feedback from schools following these discussions has been supportive of the recommendations within this report.



- 3.2.3 Following approval of the full business case by Cabinet formal 45 day consultation with staff, and other stakeholders will take place.

#### 4. Compliance Issues:

4.1 Are the recommended decisions consistent with the Council's policies, plans and strategies?

- 4.1.1 **Council Vision and Forward Plan;** The recommendations within this report will contribute to the council's vision of being a **city of growth** where every child, citizen and place matters, in particular priority 3 – Jobs and Skills.
- 4.1.2 **Priority 3 - Jobs and Skills;** Cityserve has a competitive strength in the schools catering market. The implementation of the recommendations proposed within will help Cityserve build upon their assets, talents and capacity in catering to shape the schools education market and harness opportunities across related markets.
- 4.1.3 **Council's Financial Plan 2017+ –** Cityserve currently has a savings target contribution of over £2.1m; these contributions are generated through a trading surplus. The recommendations in this report will help ensure these contributions are protected and support Cityserve in delivering further financial contributions as part of future budget processes.
- 4.1.4 **Commercialism –** the Council is embarking on a Commercialism approach that seeks to maximise the financial value of assets that the Council holds with the aim of creating a surplus to protect and invest in services. The recommendations in the private report will support the Commercialism approach by enabling Cityserve to focus on more advantageous areas of business, which will maximise the ability for the business to make a surplus that can be reinvested in other core Council services
- 4.2 Financial Implications  
(How will decisions be carried out within existing finances and Resources?)
- 4.2.1 Financial projections indicate that the cleaning service's deficit will continue to worsen over the coming years and factors in a reducing client base based on current trends. Further details are contained within the private report.
- 4.2.2 The projected deficit is after taking into account planned remedial actions such as yearly reductions in head office expenditure, reductions in head office staff and increasing the charging rates in line with the Council's current assumptions on inflation.
- 4.2.3 It is projected that Cityserve would actually have to increase cleaning charges by a considerable margin over the next 3 years to avoid a deficit. Given the current financial constraints and pressures facing school funding it is highly unlikely this would be accepted by schools and indeed will encourage them to opt out at a greater rate than is currently the case.
- 4.2.4 If no action is taken to address the issues highlighted the service will not only place additional financial pressures on schools but also increase the financial risk of Cityserve not meeting its approved budget.

4.2.5 The bulk of the project and activity required to undertake consultation and implement the recommendations (subject to the outcome of the consultation) will be carried out within existing resources. However there is a requirement to fund additional resource for internal specialists, including Project Management, Human Resources and Legal expertise, which is estimated at £0.1m. This will be funded from existing surpluses within Cityserve.

4.2.6 There will not be any impact in relation to VAT for schools arising from this proposal, however there will be a marginal impact in relation to non-staffing costs associated with Children's Centres. This will be confirmed and addressed, subject to the outcome of consultation, as part of the implementation phase.

#### 4.3 Legal Implications

4.3.1 The Council has no legal duty, although does have the power, to offer cleaning services to schools, under section 16 of the Education Act 1996 for example.

4.3.2 There are approximately 551 (out of a total 809) cleaning service employees working in establishments where the City Council is not the employer of staff i.e. Academies, Foundation and Voluntary Aided Schools. The proposed option would involve the migration of these employees into the establishments where they are currently based. The Council will ensure compliance with the Transfer of Undertakings (Protection of Employment) Regulations 2006 (TUPE) when making the migration. The Council is experienced at undertaking TUPE transfers and will ensure that any activity is undertaken in line with the Councils best practice processes.

4.3.3 The Fair Deal for Staff Pensions guidance issued by HM Treasury in 2013 requires that where staff who are members of a public sector pension scheme move from the public sector to an independent contractor by way of transfer under TUPE, such staff should continue to be members of the public service pension scheme they were in immediately prior to the transfer. The guidance explicitly states that it applies to local authority maintained schools. All schools and academies have admitted body status (ABS) and the receiving organisations for the children's centres are currently going through the process to gain ABS.

4.3.4 The remaining employees currently work within Local Authority community schools where the Council is the employer and Birmingham City Council will remain the employer in this instance therefore staff would move from Cityserve's payroll to school's payroll – no TUPE would be required.

#### 4.4 Public Sector Equality Duty (see separate guidance note)

4.4.1 A relevance test to decide whether the planned procurement for the contract has any relevance to the equality duty contained in Section 149 of the Equality Act 2010 of eliminating unfair/unlawful discrimination and to promoting equality was conducted on 27 September 2017. The initial screening identified no impact on any group of employees.

## **5. Relevant background/chronology of key events:**

- 5.1.1 During the financial year 2013/14 Cityserve posted a trading loss of £610k. To address the situation, a service redesign was implemented between April and September 2014, consisting of a new client facing management structure, led by a commercially focused Senior Leadership Team. This structure replaced the previous one with separate Area Cleaning Managers and Area Catering Managers.
- 5.1.2 By 2014/15 the business made a trading surplus of around £1.7m; this increased in 2015/16 to just over £2.1m. The turnaround in trading surplus was solely achieved by the catering service. The cleaning element of Cityserve's business has not achieved its financial targets during this period – largely due to the relatively high costs of employment and management compared to its competitors.
- 5.1.3 During 2015/2016, Cityserve made a number of business improvements in an attempt to improve operational efficiency. The improvements included the introduction of micro fibre flat mop systems, a streamlined '3 products system' - cost comparison was completed with suppliers to ensure cost savings were secured and providing training to over 900 staff on how to use both the equipment and chemicals. Despite these efforts the cleaning business failed to generate a sustainable surplus.
- 5.1.4 The number of schools choosing to purchase cleaning from Cityserve has fallen significantly with a number of other schools indicating that they are considering withdrawing from cleaning.
- 5.1.5 Customer's expect clean establishments at a competitive price. In a sector where there is little variation in quality contracts are often won on price. Cityserve's cleaning service is more expensive than competitors; charges cannot be reduced because of Cityserve's high payroll costs. The costs to schools will be partially mitigated through avoiding council overheads and management costs associated with managing the service,
- 5.1.6 Broader Context  
Demand for cleaning services over the last five years has decreased substantially and projections have found it is likely to reduce further over the coming years whilst many of the business' operating costs will increase.
- 5.1.7 Academisation provides schools with the greater operational freedom to choose their cleaning service provider - it has enabled schools to cluster together to procure cleaning services from the wider market or bring cleaning services in-house. Since 2009, only a small number of schools who converted to Academy status still purchase cleaning from Cityserve.
- 5.1.8 The Association for Public Service Excellence's (APSE) 2016 survey into Local Authority cleaning services revealed the majority of respondents expect their cleaning budgets to either decrease (48.3%) or decrease substantially (15.5%), whilst 22.4% expected budgets to stay the same; only 13.8% expect budgets to increase.
- 5.1.9 Given APSE's independent research into the sectors' budget predictions for cleaning services and the known impact of academisation on cleaning service demand it is fair to assume this trend will continue, with a decrease in the number of establishments purchasing cleaning.

- 5.1.10 If no action is taken to address the issues highlighted above the risk of Cityserve not meeting its approved budgets will increase, as will charges to schools for their cleaning service.
- 5.1.11 A two stage options appraisal took place on 6<sup>th</sup> September 2017 in order to appraise the future direction of Cityserve's cleaning service. The options appraisal was scored by the Head of Commercialism and officers from Commissioning, Legal Services, Corporate Human Resources and City Finance.
- 5.1.12 Initially, a long list of six options was under consideration, however four options were discounted as unviable or not meeting the priorities at stage one of the appraisal. The explanation for this decision is contained in paragraph 6.0 of this report. The two options that progressed to stage two of the appraisal were the continuation of the service in-house or the migration of the service into schools. The priority outcomes identified for options under consideration were:
- a. Minimise the future exposure to losses through retaining non profitable business
  - b. Protect the employment and terms and conditions of employees currently delivering the service
  - c. Minimise the future financial risk to Cityserve and the Council through operational/staffing costs
  - d. To provide a high quality effective cleaning service to schools
  - e. Potential for schools to make financial savings on cleaning
  - f. Cityserve continue generating the required budgeted contribution of £2.1m
- 5.1.13 Trade Unions were also consulted as part of the options appraisal process on 12<sup>th</sup> October 2017 and were supportive of the recommended options as the best available options to deliver a sustainable service while protecting jobs and terms and conditions of staff, notwithstanding a number of risks that are addressed elsewhere in this report.
- 5.1.14 The option to migrate the cleaning service to schools, academies and children's centres is the preferred option. The reasons for this decision are contained in paragraph 7.0 of the private report.
- 5.1.15 There is a slight dependency on the early years report that impacts children's centres. The dependencies would be managed in scope of this project. It is to be noted that this is a very small element of the business and if required will receive bespoke management in conjunction with the early years project. Any specific challenges will be managed on a case by case basis, also in conjunction with the early years project.

## **6. Evaluation of alternative option(s):**

- 6.1.1 **Retain the current service "Do Nothing"** – This option was discounted as it exposes the business to unacceptable on going risks and will lead to increasing costs to schools. Consultation with Trade Unions concluded that this option presents as a greater risk to staff than the recommended option.
- 6.1.2 **Relocate to another trading vehicle within BCC** – This option was discounted because no other BCC vehicle was identified.
- 6.1.3 **Decommission** – This option was discounted as it would not provide any protections for staff and have a high impact on schools through a break in cleaning service. Trade Unions indicated that they were not supportive of this option during consultation.

- 6.1.4 **Outsource/sell to an external provider** – Soft market testing revealed the cleaning service would not be an attractive prospect for commercial suppliers.
- 6.1.5 **Retain the current service and improve or modernise** – This option was taken forward to stage two of the options appraisal. It has been discounted as there are considered to be no viable routes to modernising the service that would make a significant positive impact on its ongoing commercial viability and consultation with Trade Unions concluded that this option would present a greater risk to staff than the preferred option.

**7. Reasons for Decision(s):**

- 7.1 To progress formal consultation in respect of the proposed option for the delivery of cleaning services currently provided by Cityserve.

**Signatures**

**Date**

Cllr Majid Mahmood  
Cabinet Member for Value for  
Money & Efficiency:

.....

.....

Cllr Brigid Jones  
Deputy Leader:

.....

.....

Colin Diamond  
Corporate Director, Children  
& Young People:

.....

.....

**List of Background Documents used to compile this Report:**

1. Business Plan and Budget 2016+

**List of Appendices accompanying this Report (if any):**

1. Appendix 1 – Equality Impact Assessment

# Equality Analysis

## Birmingham City Council Analysis Report

<b>EA Name</b>	Cityserve Cleaning Service 2017
<b>Directorate</b>	People
<b>Service Area</b>	Children - Education & Skills
<b>Type</b>	New/Proposed Function
<b>EA Summary</b>	Equality Impact assessment to evaluate the impact of Cityserve transferring cleaning staff into schools. This is a non statutory service, schools will still require cleaning services therefore there will be no impact on local communities.
<b>Reference Number</b>	EA002348
<b>Task Group Manager</b>	samantha.richardson@birmingham.gov.uk
<b>Task Group Member</b>	
<b>Date Approved</b>	2017-10-26 00:00:00 +0100
<b>Senior Officer</b>	dale.guest@birmingham.gov.uk
<b>Quality Control Officer</b>	rupinder.buchray@birmingham.gov.uk

### Introduction

The report records the information that has been submitted for this equality analysis in the following format.

#### **Initial Assessment**

This section identifies the purpose of the Policy and which types of individual it affects. It also identifies which equality strands are affected by either a positive or negative differential impact.

#### **Relevant Protected Characteristics**

For each of the identified relevant protected characteristics there are three sections which will have been completed.

- Impact
- Consultation
- Additional Work

If the assessment has raised any issues to be addressed there will also be an action planning section.

The following pages record the answers to the assessment questions with optional comments included by the assessor to clarify or explain any of the answers given or relevant issues.

## 1 Activity Type

The activity has been identified as a New/Proposed Function.

## 2 Initial Assessment

### 2.1 Purpose and Link to Strategic Themes

#### **What is the purpose of this Function and expected outcomes?**

Priority 3 - Jobs and Skills; Cityserve has a competitive strength in the schools catering market. The implementation of the recommendations proposed within will help Cityserve build upon their assets, talents and capacity in catering to shape the schools education market and harness opportunities across related markets.

**For each strategy, please decide whether it is going to be significantly aided by the Function.**

Children: A Safe And Secure City In Which To Learn And Grow	No
Health: Helping People Become More Physically Active And Well	No
Housing : To Meet The Needs Of All Current And Future Citizens	No
Jobs And Skills: For An Enterprising, Innovative And Green City	Yes

### 2.2 Individuals affected by the policy

Will the policy have an impact on service users/stakeholders?	No
Will the policy have an impact on employees?	Yes
Will the policy have an impact on wider community?	No

### 2.3 Relevance Test

Protected Characteristics	Relevant	Full Assessment Required
Age	Relevant	No
Disability	Not Relevant	No
Gender	Relevant	No
Gender Reassignment	Not Relevant	No
Marriage Civil Partnership	Not Relevant	No
Pregnancy And Maternity	Not Relevant	No
Race	Not Relevant	No
Religion or Belief	Not Relevant	No
Sexual Orientation	Not Relevant	No

### 2.4 Analysis on Initial Assessment

Our analysis has identified that 52% of permanent Cityserve employees fall within the age range 50-64%. A concern was raised that this could have a negative impact on their pension contributions. In the event of an external provider taking on the contract it is a recommendation that they must gain Admitted Body Status.

Our analysis has also revealed that 86.5% of permanent Cityserve cleaning staff are women. The recommendations in the cabinet report will be for Cityserve to work with schools to transfer employees into schools. This would offer more protection to staff as opposed to the status quo whereby the service withers away resulting in a higher proportion of staff being TUPE'd over to private providers.

It has been identified therefore that the recommendations in the report will be more beneficial to frontline staff than

the current 'as is' position.



### **3 Full Assessment**

The assessment questions below are completed for all characteristics identified for full assessment in the initial assessment phase.

#### **3.1 Concluding Statement on Full Assessment**

Our analysis has identified that 52% of permanent Cityserve employees fall within the age range 50-64%. A concern was raised that this could have a negative impact on their pension contributions. This has been looked into by Project Board and a recommendation included in the private report that in the event of an external provider taking on the contract that they must gain Admitted Body Status.

Our analysis has also revealed that 86.5% of permanent Cityserve cleaning staff are women. The recommendations in the cabinet report will be for Cityserve to work with schools to transfer employees into schools. This would offer more protection to staff as opposed to the status quo whereby the service withers away resulting in a higher proportion of staff being TUPE'd over to private providers.

It has been identified therefore that the recommendations in the report will be more beneficial to frontline staff than the current 'as is' position and a full assessment is not required.

### **4 Review Date**

13/10/17

### **5 Action Plan**

There are no relevant issues, so no action plans are currently required.

**BIRMINGHAM CITY COUNCIL****PUBLIC REPORT**

<b>Report to:</b>	<b>CABINET</b>
<b>Report of:</b>	<b>Corporate Director Adult Social Care and Health</b>
<b>Date of Decision</b>	<b>14<sup>th</sup> November 2017</b>
<b>SUBJECT:</b>	<b>PUTTING PREVENTION FIRST: SUPPORTING THE IMPLEMENTATION OF THE VISION FOR ADULT SOCIAL CARE AND HEALTH</b>
<b>Key Decision: Yes</b>	<b>Relevant Forward Plan Ref:004372/2017</b>
	Chief Executive approved <input type="checkbox"/> O&S Chair approved <input type="checkbox"/>
<b>Relevant Cabinet Member(s)</b>	<b>Cllr Paulette Hamilton - Health and Social Care Cllr Majid Mahmood - Value for Money and Efficiency Cllr Tristan Chatfield - Transparency Openness and Equality</b>
<b>Relevant O&amp;S Chair:</b>	<b>Cllr Mohammed Aikhlaq – Corporate Resources and Governance Cllr John Cotton - Health and Social Care</b>
<b>Wards affected:</b>	<b>All</b>

**1. Purpose of report:**

- 1.1 To propose a renewed commitment by the local authority to invest in targeted prevention activity and the development of community assets. This signals a step change in prioritising funding for prevention through the improved Better Care Fund (iBCF) in order to support the implementation of the vision for adult social care and health.
- 1.2 To advise Cabinet of the strategy to be applied to deliver this vision which includes the extension of current contracts to existing organisations set out in this report in order to allow time for the re design and commissioning activity to take place.
- 1.3 To seek approval to commence the re commissioning activity outlined within paragraph 5.5 and Appendices 4 and 5 of this report. The accompanying private reports include financial information relating to this proposed procurement activity.

**2. Decision(s) recommended:**

That Cabinet:

- 2.1 Approves priority work to be undertaken in relation to the re-commissioning and investment contained within this report which include:
- Three Conversations, a strengths based approach to social work to be funded through iBCF
  - Neighbourhood Networks Service to be funded through iBCF
  - Prevention Pathway Approach for the future commissioning of housing related support and third sector grants provision
- 2.2 Notes the proposed use of Single Contractor negotiations for the following:
- Existing Youth Hub to support the delivery of the prevention pathway
  - Three Conversations Provider
  - Capacity building, monitoring and governance support for the Neighbourhood Networks Service and third sector grants provision to be funded through iBCF.
- 2.3 Approves the delegation of the approval of the procurement strategy to the Corporate Director Adult Social Care and Health, the Director of Commissioning of Procurement, the Interim Chief Finance Officer and the City Solicitor for the Neighbourhood Networks Service.
- 2.4 Notes the proposed extensions to the Third Sector Grant Funded Organisations up to 30<sup>th</sup> September 2019 and the intention to extend current Supporting People contracts for a further period of two years in order to allow time for the re commissioning activity to be undertaken.
- 2.5 To note the updated position in respect of the required savings within Supporting People & Third Sector Grant funded services.

**Lead Contact Officer(s):**

Kalvinder Kohli, Head of Service, Adult Social Care and Health  
Tel: 0121 303 6132  
Email: [kalvinder.kohli@birmingham](mailto:kalvinder.kohli@birmingham).

Louise Collett, Service Director, Adult Social Care and Health  
Tel: 0121 464 3701  
Email: [louise.collett@birminham.gov.uk](mailto:louise.collett@birminham.gov.uk)

### **3. Consultation**

#### **3.1 Internal**

Cabinet Members for Housing and Homes, Children Families & Schools have been consulted on the contents of this report and support the recommendations. Legal and Governance and Financial Services Officers have also been consulted.

#### **3.2 External**

There has been on-going dialogue through the provider forums, discussions with health partners within the CCGs, Police, BSMHFT, Probation, BVSC, Crisis UK, Homelessness Partnership Board, DCLG, Big Lottery and Citizens Panel to shape the proposed vision set out in this report. This will continue through the Commissioning process as part of the co design work. Further public consultation will be conducted as part of the commissioning proposals in order to fully understand the impacts of the proposals and to enable the Council to manage any associated risk and to minimise any disruption to service users, their families and the commissioned service providers. The responses to date have informed the initial Equality Analysis and the proposals set out in this report.

### **4. Compliance Issues:**

#### **4.1 Are the recommended decisions consistent with the Council's policies, plans and strategies?**

##### **4.1.1 This report supports the Vision and Priorities, as agreed by Cabinet on 16<sup>th</sup> May 2017 across all four priority areas:**

- Children – a great place to grow up in: Make the best of our diversity and create a safe and secure city for our children and young people to learn and grow.
- Housing – a great place to live in: Provide housing in a range of types and tenures to meet the housing needs of all the current and future citizens of Birmingham.
- Jobs and Skills – a great place to succeed in: Build on our assets, talents, and capacity for enterprise and innovation to shape the market and harness opportunity.
- Health – a great place to grow old in: Help people become healthier and more independent with measurable improvement in physical activity and mental wellbeing.

##### **4.1.2 The recommendations also clearly support the Corporate Parenting responsibilities of the local authority by ensuring that housing support services continue to be available to young people in care or leaving care that require access to supported accommodation and support to live independently within their own homes.**

- 4.1.3 The commissioning approach is compliant with the Birmingham Business Charter for Social Responsibility and the Commissioning Strategy for 2017+ with specific reference to working with Partners in order to deliver innovation and better outcomes for Citizens.

#### 4.2 Financial Implications

- 4.2.1 The investment required to progress the new proposals in relation to the Neighbourhood Networks Service, Three Conversations model and the Prevention Pathway totals £2.88m. This will be funded from iBCF resources.
- 4.2.2 In order to allow time to implement the vision and the associated commissioning activity it is necessary to extend a number of current contracts in relation to Supporting People and Third Sector grants. These proposed extensions, up to September 2019 total £34.1m and will be funded from currently approved budget provision.
- 4.2.3 The proposed usage of the iBCF has been signed off with NHS partners at the BCF Commissioning Executive Board and the STP Board and by Cabinet on 27 July 2017. It is also recognised that whilst the iBCF is time limited, it is anticipated that further funding sources may be present in the future particularly those relating to proposed future supported housing changes.
- 4.2.4 Whilst it is anticipated that these new initiatives will lead to a more efficient use of resources it is difficult at the present time to quantify this. A robust outcomes based evidencing methodology (including financial impacts) will be developed alongside the commissioning to evidence the benefits of this proposed approach.
- 4.2.5 Further commercially confidential information in relation to the proposed procurement activity is contained within the private report.
- 4.2.6 The approved budget for Supporting People & Third Sector Grant funded services required savings of £5m to be made by 2018/19. The report to Cabinet on 27<sup>th</sup> June 2017 identified a remaining savings balance of £3.8m to be achieved. This remaining saving will be delivered from identified underutilised resources of £1m within the Directorate and £2.8m from the improved Better Care Fund.

#### 4.3 Legal Implications

- 4.3.1 The relevant legal powers afforded to Birmingham City Council as Administering Authority for the Supporting People programme are contained in section 93 of the Local Government Act 2000. The Council's relevant legal powers are contained in the Care Act 2014 together with the associated legislation and guidance relating to the provision of preventative services.
- 4.3.2 Under Section 111 of the Local Government Act 1972, a local authority has the power to take action which is calculated to facilitate, or is conducive or incidental to, the discharge of any of its functions and therefore has a general power to enter into contracts for the discharge of any of its functions.

#### 4.4 Public Sector Equality Duty

- 4.4.1 An initial Equality Analysis has been completed and is attached as Appendix 1 of the Public Report. The possible high level impacts have been identified through a combination of discussions with external partner agencies contract and grant intelligence held by the service area, information and comment received via previous public consultations and specific feedback from providers and service user representation. This in turn has shaped the recommendations to the savings and proposed commissioning of future prevention services set out within this report.
- 4.4.2 It is important to note, that the on-going risks relating to the possible closure of services due to the significant historic reductions to prevention services remain. Furthermore, the proposals set out in this report set out a growth agenda for prevention services, where existing service models require change to support this agenda, the implications of that change will continue to be identified and addressed via the on-going update to the Equality Analysis.
- 4.4.3 The re commissioning for 2018/19 and beyond will include the on-going dialogue with providers, service users and key stakeholders in order to retain the Equalities Assessments and impacts and mitigations log. This will be managed through the Adults Social Care and Health Directorate reporting to the relevant Cabinet Members as appropriate.

## **5. Relevant background/chronology of key events:**

### **5.1 Vision and Strategy**

- 5.1.1 The vision and Strategy to modernise Adult Social Care approved by Cabinet on the 3<sup>rd</sup> October 2017. The vision provides a fundamental and radical shift to the way that the Council will deliver the desired outcomes for adults and older people in Birmingham. The vision has also been informed by the October 2016 Peer Review of the authority which recommended that Birmingham should develop an asset – based approach with the voluntary and community sector to transform our traditional Social Work model.
- 5.1.2 The desired outcomes for adults and older people in Birmingham are that they should be resilient, exercise choice and control, live happy healthy independent lives within communities for as long as possible. The vision and strategy for delivering the key outcomes comprises of eight key elements:
- 1) High quality information, advice and guidance to help people self – serve in the first instance.
  - 2) Community assets which enable local groups to provide the wide range of support that helps people to remain in the community.
  - 3) Prevention and early intervention services are available and can be accessed quickly at any time to help maximise people independence.
  - 4) A personalised support for social care which assesses people for the outcomes they want and the assets to achieve them.

- 5) An effective use of resources to deliver the vision and strategy for Adult Social Care including effective monitoring and review.
- 6) Partnership working between the Council and its partners.
- 7) Making safeguarding personal and understand what outcomes people want from safeguarding enquiries and actions.
- 8) Co – production of all service and responses with service users and carers.

5.1.3 In order to support delivery of the vision the proposed commissioning activity set out in this report signals the importance for Putting Prevention First and provides a step change for re-investment in prevention and community asset development.

5.1.4 A Prevention First model (Appendix 2) has been developed which has two integrated components: 1) community assets and local networks are the natural first point of contact when citizens or carers need support. 2). Where appropriate, effective and integrated pathways are available into targeted or more structured prevention activity through a prevention pathway.

5.1.5 The model will deliver against the following key prevention outcomes for Citizens;

- Reducing and overcoming isolation
- Maximisation of income
- Improved health and wellbeing
- Good quality housing and housing support
- A good quality of life for Carers

## **5.2 Three Conversations: Strengths Based Social Work**

The new vision for adult social care establishes a new approach to Social Work. This will be through a practice which is embedded in building resilience and Securing community based (Prevention First) solutions where possible to deliver better outcomes for citizens. This new approach requires a level of capacity building and training for social workers.

- 5.2.1 A strength based approach to social work practice will be commissioned through the Three Conversations Model. The model has been adopted by a number of local authorities to date. This provides a paradigm shift in how to deliver adult social care, and how it collaborates with NHS, Housing, Voluntary Sector and other colleagues to make the whole joined up system of community asset based support, work differently and better. It seeks to replace the 'contact, re-enablement, then assessment for services' culture with a new approach based on the assets, strengths and capabilities of people, families and communities.

It is built on, and has proved, the assumption that if you collaborate with and allow people to be co-designers of their support – then their outcomes go up, and their use of health and social care resources goes down.

- 5.2.2 Market intelligence available for this type of provision shows that there is only one provider with a proven track record of this type of expertise to deliver the changes required to social work practice. Therefore it is proposed that officers will enter into single contractor negotiations with the provider to secure the support to develop this model of delivery for the local authority.

### **5.3 Neighbourhood Network Services for Older People**

- 5.3.1 The new model of social work is organising its resources into 10 locality management teams that will cover the City. A Neighbourhood Networks Service (NNS), a community asset based first response (initially) for older people, is being proposed for commissioning to mirror and support social work staff in each of the 10 locality management teams.
- 5.3.2 Whilst there are a number of definitions for community based asset development, the overall emphasis is upon creating sustainable community solutions. These are based upon the strengths, potential, resources, skills and experience that is available and empowering people and communities to organise around issues and actions. The Birmingham model will be enhanced by the existing hub arrangements commissioned via BVSC.
- 5.3.3 NNS as a delivery model has been successfully commissioned by Leeds City Council since 2009. The model has robustly been able to evidence a reduction in statutory adult social care spend to older people by providing a range of community based alternatives to supporting older people locally within their own neighbourhoods. The model has also demonstrated to effectively deliver good outcomes in relation to reducing isolation, income maximisation, support within the home and health and wellbeing.
- 5.3.4 In order to ensure the success of this model and the re design of existing third sector grant funded services, some developmental support will also be commissioned see Appendix 4 to this report and details contained within the Private Report Appendix .



#### **5.4 Prevention Pathways: Commissioning of future Housing Related Support Third Sector Grant funded prevention services**

- 5.4.1 The draft Homelessness Prevention Strategy 2017+ which is due to be presented to Cabinet December 2017 and Full Council January 2018 also highlights the strong linkages between homelessness and poor health throughout the life course. This includes poor child development, mental health, isolation and long term debilitating illnesses. There is therefore a strong connection between the homelessness prevention agendas and the vision for adult social care and health.
- 5.4.2 The future commissioning of housing support and third sector grant based prevention services will apply the pathway methodology for prevention services as set out within appendix 2, 3, 4 and 5 of this report. The pathway model (Appendix 3) has been developed by Birmingham in partnership with the housing and homelessness sector providers and national partner agencies. The model has also been recognised as best practice and adopted by DCLG and the Mayoral Homelessness Task Force.
- 5.4.3 Some third sector grant funded activity will be aligned to the wider work of the Adult Social Care and Health Directorate. For example all day opportunities services will be aligned to the future Day Opportunities Strategy and associated commissioning for the City over the next two years.

#### **5.5 Procurement Strategy**

- 5.5.1 The intention is to apply a combination of grant based and contracting strategies to secure the most appropriate procurement strategy for the different elements of the commissioning activity set out within this report. This will enable innovation and a greater focus upon flexibility, partnerships with service providers to drive the desired outcomes and changes required to manage demand away from statutory services.
- 5.5.2 A more collaborative and flexible approach to procurement of future housing related support services is being sought. Following a period of consultation and engagement with the market, as well as other key stakeholders, a procurement strategy will be developed. We are considering the possibility of using Innovation Partnerships which is detailed within Appendix 5 of this report; more market engagement is needed to understand if this is the most appropriate procurement route.
- 5.5.3 In order to enable the commissioning activity to be undertaken to deliver the vision, it will be necessary to secure the existing market so that there is the appropriate platform upon which this will be built.

- 5.5.4 The Supporting People social inclusion services currently expire on 30<sup>th</sup> November 2017. It is proposed to extend these existing contracts for up to two Years as allowed for and delegated in the contract award report approved by Cabinet 18<sup>th</sup> September 2014. This decision is on the basis that there is no increase in the financial commitment as per the original award and the contracted providers are performing satisfactorily in line with the contractual requirements. Details of extensions by organisation and service are set out in Appendix 7
- 5.5.5 The grants for the Third Sector funded organisations expire on 31<sup>st</sup> March 2017 and the Mental Health services expire on 30<sup>th</sup> September 2018. It is proposed that Cabinet agree a further extension of Third Sector Grants from 1 April 2018 for up to 18 months and Mental Health services for 12 months in order to allow for review, re design and re commissioning to take place. The extension of these contracts will ensure all of the expiry dates align to the 30<sup>th</sup> September 2019
- 5.5.6 Voluntary sector capacity building support will be commissioned to help providers with service development and capacity building as well as providing support to define and evidence outcomes.
- 5.5.7 During this period of time, Value For Money, performance and strategic relevance reviews of all contracted and grant services will continue to be carried out. This may result in the variations to some services and in some instances possible decommissioning.
- 5.5.8 The procurement options and indicative timelines are set out in Appendix 5 and 6 of this report.

## **6. Evaluation of alternative option(s):**

The identification of alternative savings to achieve the approved budget would not support the vision for Adult Social Care and Health. This could also generate greater burdens on the Council's Adult Social Care and Health and Homelessness services. This option also significantly reduces the local authority's aspiration to work more closely with the third sector in order to deliver the priorities for the City.

## **7. Reasons for Decision(s):**

- 7.1 To ensure continued investment in preventative services, community assets and the third sector in order to enable people to live independently within their communities
- 7.2 To give time to the commissioning and re design work in partnership with the key partners and providers to agree and deliver the Prevention First investment model.
- 7.3 To support the delivery of the strength based social work model and the delivery of the homelessness positive pathway model as set out within the draft Homelessness Strategy.
- 7.4 To optimise current and future funding for the purpose of delivering value for money solutions and reduce the strain on adult and children social care, health and homelessness systems.

**Signatures**

**Date**

Cllr Paulette Hamilton  
Cabinet Member for Health  
and Social Care .....

.....

Cllr Majid Mahmood  
Cabinet Member for  
Value for Money and Efficiency .....

.....

Cllr Tristan Chatfield  
Cabinet Member for Transparency  
Openness and Equality .....

.....

Graeme Betts  
Corporate Director  
Adult Social Care & Health .....

.....

**List of Background Documents used to compile this Report:**

- 1) Cabinet Report Vision and Strategy for Adult Social Care and Health October 2017
- 2) Commissioning Strategy 2017+
- 3) Cabinet Report: Contract Award Report Supporting People Services 18 September 2014
- 4) Equality risk impacts monitoring log Budget Reductions 2017
- 5) Public Consultation Findings Report June 2017
- 6) Public Cabinet Report Neighbourhood Networks Services (Leeds City Council 2009)
- 7) Three Conversations Model (2017)
- 8) Housing and Health Scrutiny Review (2016)
- 9) Homelessness Review Findings Report (2016)
- 10) Homelessness Prevention Strategy (Draft) 2017

**List of Appendices accompanying this Report (if any):**

1. Equality Analysis
2. Prevention First Model
3. Positive Pathway
4. Further Background information Three Conversations, Neighbourhood Networks and Pathway model for housing related support and third sector grant funded services
5. Procurement strategy and evaluation of options
6. Indicative Time lines table for:
  - Three Conversations
  - Neighbourhood Networks Model
  - Positive pathway including Third Sector Grants
  - Day opportunities
7. Supporting People extensions by organisation/service

## Equality Act 2010

The Executive must have due regard to the public sector equality duty when considering Council reports for decision.

The public sector equality duty is as follows:

- 1 The Council must, in the exercise of its functions, have due regard to the need to:
  - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by the Equality Act;
  - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
  - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 2 Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
  - (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
  - (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
  - (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- 3 The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
- 4 Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
  - (a) tackle prejudice, and
  - (b) promote understanding.
- 5 The relevant protected characteristics are:
  - (a) marriage & civil partnership
  - (b) age
  - (c) disability
  - (d) gender reassignment
  - (e) pregnancy and maternity
  - (f) race
  - (g) religion or belief
  - (h) sex
  - (i) sexual orientation

# Equality Analysis

## Birmingham City Council Analysis Report

<b>EA Name</b>	Putting Prevention First: A New Investment Model For Birmingham
<b>Directorate</b>	People
<b>Service Area</b>	Adults - Joint Commissioning
<b>Type</b>	New/Proposed Policy
<b>EA Summary</b>	<p>1) Any impacts of the delivery of further savings (£1m) identified towards the HW1 ( Supporting People and Third Sector Grants savings requirements of £5m)</p> <p>2) Impact for investment in a Putting Prevention First - An ambitious new approach to investment in prevention services and community assets which facilitates:</p> <p>a) delivery of the new vision for Adult Social Care and Health</p> <p>b) prevention of homelessness or crisis through the delivery of a positive pathway</p> <p>3) Extensions to existing contracts and grants to allow for the new models to be commissioned and put in place</p> <p>4) Investment will be sought through the use of Improved Better Care Funding to balance the remaining savings for HW1 and also additional funding for the new commissioning proposals. These include Three Conversations Support to assist with the Asset Based approach to Social Work and Neighbourhood Networks commissioning to develop a community asset based offer for older people. There will also be some development and capacity support to deliver the Networks models and also to work with third sector organisations to assist with their business model transition into the new commissioning models.</p>
<b>Reference Number</b>	EA002323
<b>Task Group Manager</b>	max.vaughan@birmingham.gov.uk
<b>Task Group Member</b>	kalvinder.kohli@birmingham.gov.uk
<b>Date Approved</b>	2017-11-01 00:00:00 +0000
<b>Senior Officer</b>	kalvinder.kohli@birmingham.gov.uk
<b>Quality Control Officer</b>	max.vaughan@birmingham.gov.uk

### Introduction

The report records the information that has been submitted for this equality analysis in the following format.

#### **Initial Assessment**

This section identifies the purpose of the Policy and which types of individual it affects. It also identifies which equality strands are affected by either a positive or negative differential impact.

#### **Relevant Protected Characteristics**

For each of the identified relevant protected characteristics there are three sections which will have been completed.

- Impact
- Consultation
- Additional Work

If the assessment has raised any issues to be addressed there will also be an action planning section.

The following pages record the answers to the assessment questions with optional comments included by the assessor to clarify or explain any of the answers given or relevant issues.

## 1 Activity Type

The activity has been identified as a New/Proposed Policy.

## 2 Initial Assessment

### 2.1 Purpose and Link to Strategic Themes

#### **What is the purpose of this Policy and expected outcomes?**

Putting Prevention First: A new investment model for Birmingham makes the case for investing in prevention services in order to avoid, reduce and delay demands for greater cost statutory responses. The model works on the principle that Citizens are supported to live happy healthy independent lives within communities.

The delivery of this investment model has two integrated components:

- 1) Community Assets and local networks are the natural first point of contact when Citizens or Carers need support.
- 2) Where appropriate, effective and integrated pathways are available into targeted or more structured prevention activity.

In order to deliver this vision the following actions are being proposed:

- 1) With the exception of a further £1m performance contribution identified for the HW1 savings total (£5m) now totaling £2.2m. The remaining balance will be provided via investment in preventative services from the iBCF.
- 2) New commissioning which includes:
  - \* Neighbourhood Networks to support the community asset based social work model will be implemented to support older people within their own homes and communities.
  - \* Three conversations to support the asset based social work model
  - \* capacity building support to the third sector providers affected by the remodeling of third sector grants to support the new vision for adult social care
  - \* development and support to lead providers in order to ensure delivery of outcomes, appropriate performance, generation and support for local community assets and additional income generation
  - \* Commissioning using a positive pathway approach in order to deliver effective preventative housing related support services.

**For each strategy, please decide whether it is going to be significantly aided by the Function.**

Children: A Safe And Secure City In Which To Learn And Grow	Yes
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#### **Comment:**

The recommendations support the corporate parenting responsibilities of the local authority by ensuring that housing related support services continue to be available to young people in care or leaving care that require access to supported accommodation and support to live independently within their own communities.

The outcomes expected for young people include:

- 1) Access to EETV
- 2) Income Maximization
- 3) Live safe and independent lives
- 4) Have a connection to their local communities and networks

Health: Helping People Become More Physically Active And Well	Yes
---	-----

#### **Comment:**

There is a clear focus upon improve health and wellbeing as a key outcome for all of the commissioning proposed under the putting prevention first model of delivery; including specifically for older people, young people and families, people with physical and sensory disabilities including mental health, people with offending backgrounds and diverse

groups of people affected by homelessness. This includes women, children and male survivors of domestic abuse.

Housing : To Meet The Needs Of All Current And Future Citizens	Yes
--	-----

**Comment:**

The Positive Pathway model supports the preventative vision set out within the Homelessness Prevention Strategy (to be presented to Cabinet Dec 2017). There is a statutory duty on local authorities to undertake a review of there area and produce a Homeless Strategy.

Jobs And Skills: For An Enterprising, Innovative And Green City	Yes
---	-----

**Comment:**

Income maximisation is a key outcome for this commissioning. This includes:

- >support to ensure that all benefit entitlements are accessed for older people and other vulnerable groups
- > Support to access paid work but also volunteering, training and education opportunities as part of the journey into paid work.

## 2.2 Individuals affected by the policy

Will the policy have an impact on service users/stakeholders?	Yes
---	-----

**Comment:**

There are currently approx. 11,000 citizens supported through the existing supporting people and third sector grant funded organisations. The new commissioning of Neighbourhood Networks has the potential to deliver support to a further 22,000 older adults. Plus wider community based support to Citizens with Adult Social Care Packages who will be directed more towards community based solutions as part of their care package. Note this approach does not replace any statutory duties on the part of the Council relating to social care, but rather it works to enhance the quality of life for citizens and allows the Council to achieve better VFM through a prevention and community asset approach .

Will the policy have an impact on employees?	Yes
--	-----

**Comment:**

Approx 800 employees currently work within the existing commissioned services. The majority of these are front line posts with the majority of the workforce originating locally from Birmingham.

The investment in prevention and community assets will minimize the impact of lost employment. It must be noted that quality, performance and strategic relevance reviews of existing services will continue during the period of commissioning. This may result in some decommissioning of services and associated loss of employment.

Will the policy have an impact on wider community?	Yes
--	-----

**Comment:**

Vulnerable people will be supported to live independently within communities with safeguarding risks to themselves and the wider community being minimized.

This also supports the diversity and inclusion in communities for the most vulnerable.

## 2.3 Relevance Test

Protected Characteristics	Relevant	Full Assessment Required
Age	Relevant	No
Disability	Relevant	No

Gender	Relevant	No
Gender Reassignment	Relevant	No
Marriage Civil Partnership	Relevant	No
Pregnancy And Maternity	Relevant	No
Race	Relevant	No
Religion or Belief	Relevant	No
Sexual Orientation	Relevant	No

## **2.4 Analysis on Initial Assessment**

The initial analysis is that the Putting Prevention First: An investment model for the city will have a positive impact upon Citizens, Communities and organizations. However the full detail of this and any unintended negative consequences are difficult to identify at this stage.

The intention is to undertake a full EA alongside the commissioning activity and proposed contract and grant award processes.



### **3 Full Assessment**

The assessment questions below are completed for all characteristics identified for full assessment in the initial assessment phase.

#### **3.1 Concluding Statement on Full Assessment**

The initial analysis is that the Putting Prevention First: An investment model for the city will have a positive impact upon Citizens, Communities and organizations. However the full detail of this and any unintended negative consequences are difficult to identify at this stage.

The intention is to undertake a full EA alongside the commissioning activity and proposed contract and grant award processes.

### **4 Review Date**

30/03/18

### **5 Action Plan**

There are no relevant issues, so no action plans are currently required.

## Appendix 2

### Prevention First

**Has two integrated components:**

- Community assets and local networks are the natural first point of contact when citizens or carers need support

**Where appropriate:**

- Effective and integrated pathways are available into targeted or more structured prevention activity



## Appendix 3 Our Approach: The Positive Pathway Model

- The positive pathway has 5 key areas:



## **Appendix Four**

### **Three Conversations**

Social Work staff will be trained to adapt three conversations into their practice:

- 1) How can I connect you to the things that will help you get on with your life based on your strengths, your assets and those of your family and neighbourhood?
- 2) When people are at risk – What needs to change to make you safe and regain control? How do I make this happen, what offers do I have at my disposal, including small amounts of money and using my knowledge of the community to support you? How can I pull them together in an emergency plan and stay with you (like glue) to make sure it works?
- 3) What is a fair personal budget and where do the sources of funding come from? What does good look like and how can I help you use your resources to support your chosen life and who do you want to be involved in good support planning?

The expertise and input from the provider being commissioned will include: 12 months of network support in order to co-design and run initial innovation sites, collect data and expand the areas of innovation until all staff are working differently. The local authority also will have access to a learning network with other authorities that have also adopted this model. The details of the provider are contained within the private report.

### **Neighbourhood Networks Model**

At a high level the component parts of the delivery model or specification include:

- 10 local lead organisations that will hold responsibility for working within their area.
- To identify and support the development of sustainable community and place based assets.
- To identify and support the development of sustainable community and place based assets.
- Incorporating learning from recent and similar community development and related activity to identify and include good practices, as well as potential issues and challenges.
- Acknowledging and connecting to emerging and existing practices and initiatives in the City which are interested in the support and development of community assets.
- Engage with in the region of 22,000 older people by year 3 of the grant.

- Recruit and train a number of willing volunteers to form part of the asset base.
- Encourage older people peer networks develop as a means of supporting each other within communities.
- Act as an effective pathway for both social workers and citizens to match people into alternative community based activity or effectively into commissioned prevention activity or adult social care where appropriate.
- Deliver effective local messaging campaigns which encourage older people and their carers to access community based assets as a means of keeping independent and improving their health and wellbeing.
- Work with GPs to deploy the community assets as a means to social prescribing.
- The requirement to bring in additional income and social value match offers in order to create longer term greater self – sustainability for the model.
- A robust evidencing methodology to demonstrate a reduction particularly in adult social care and health spend and cost avoidance or benefit.
- The model will be aligned to the existing available resources within the City which include Place Directorate initiatives developed through community centres, libraries and leisure centres. This may include building based support provisions through other commissioned services including Supporting People, Third Sector Grants and ESF funded initiatives. BVSC have offered to bring a partner match to this model through their £6m Aging Better Fund.
- Discussions are also taking place with Big Lottery and other funders with regards to aligning additional match resource to support the delivery of this model.
- In order to support the governance, performance management framework and outcomes validation and capacity building of third sector providers affected by this commissioning and re modelling of existing third sector grant funded services, some external support will be commissioned via a single contractor negotiation with the provider outlined within the Private Report.

### **Positive Pathway - five key domains and associated commissioning activity**

1. Universal Prevention – By ensuring a wide range of timely, accurate information and advice about housing options and financial issues is available to everyone to prevent issues with housing occurring in the first place.
2. Targeted Prevention – to ensure a holistic response to at risk groups including young people, leaving prison, domestic abuse, troubled families, people with disabilities or complex needs.

3. Crisis Prevention and Relief - to assist people as soon as possible if they do become homeless so that their homelessness can be relieved by securing sufficient accommodation and support.
4. Homeless Recovery – To support people to recover from their experience and stay out of homelessness by focusing upon the overall improved wellbeing of adults and children in the household.
5. Sustainable Housing – to enable people to secure homes they can afford to maintain.

The model is transferable to a number of client groups or preventative commissioning activities and provides a whole systems approach based upon collaboration, best practice and service integration. The Pathway works to provide a range of flexible responses for citizens requiring Support. Citizens are able to access the pathway at different points (or domains) according to their needs. The intention is that the services or responses within the domain work to build the resilience of individuals to avoid repeat vulnerabilities.

The flexibility of the model offers adaptability to a range of prevention commissioning activity. The pathway approach is proposed for the re commissioning of housing related support services and some services via the current third sector grants programme.

### **Pathway Commissioning Activity**

- Citywide information, advice and guidance services for vulnerable adults which enable Citizens to make informed decision in relation to their care and support requirements.
- A key part of the Care Act is a focus on preventing or delaying the need for more complex adult social care along with the need to provide comprehensive information and advice about care and support in the local areas.
- The use of community hub models for learning disabilities, mental health and physical and sensory disabilities to deliver a combination of preventative support and access to a broader range of wellbeing services including social prescribing opportunities.
- Domestic abuse services including refuge provision, support within the home and the community, a women's safety unit and the rape and sexual violence project.
- Homeless intervention services including emergency supported accommodation and step down, semi supported accommodation and resettlement support to maintain own home and avoid repeat homelessness.

- Supported accommodation options for young people, ex – offenders, people with mental health issues, learning disabilities and physical and sensory disabilities.
- From hospital. This includes transitions support into more community based settings.
- A remodelled asset based floating support model for vulnerable people that require support to either resettle into a new home or those requiring support to remain living independently.

### **Review and Remodelling**

- There are 14 existing day opportunities currently funded through the Third Sector Grants Programme that will be reviewed and re commissioned in line with the future day opportunities strategy. The facilities available within any future commissioned services will also be aligned where appropriate to the Neighbourhood Networks Model as outward facing community based resources.
- Third Sector Grant based Mental Health Support Services will be reviewed, remodelled and re commissioned, some services will be aligned to the day opportunities strategy and some will have a greater focus upon improved employment outcomes for vulnerable adults with mental health issues. Work will be undertaken with the CCG Mental Health Commissioning Team in order to ensure alignment with the recent recovery and employment tender process.

The indicative time lines are included in **Appendix 6**

## Commissioning and Procurement Approach for the Positive Pathway

The scale, complexity and ongoing development of the supported housing and homelessness service requires careful consideration of the approach taken to commission and procure the right services against the **Putting Prevention First Positive Pathway**.

Impending national changes to Supported Exempt Accommodation benefit regulations time lined for April 2019 means that the landscape for existing services is going to change. Local authorities are still awaiting further guidance from central government in terms of how local authorities will be expected to respond.

In addition the development of the **Prevention Positive Pathway** will require a high degree of co-design and shaping by well established providers and leaders in the market. The combination of these issues means that there is a need for an innovative and flexible approach to commissioning and procuring the appropriate services; some elements of which are not currently available.

There is an established market in Birmingham for Adult Support and Supported Accommodation; both providers and Council officers believe that a more collaborative and partnership based approach is needed to further develop and implement the Prevention Positive Pathway. There are two procurement routes that allow flexibility and we will consider which route(s) best meet the needs of the service during the pre-approved 2 year extension period of the Supporting People Contracts. These routes are: Competitive Dialogue and Innovation Partnership. We will consider applying some of the procurement methodology during the extension period in order to develop the pathway as well as a possible further extension of 3 years which would allow flexibility for co-design and time to model and test elements of the pathway further and adjust it accordingly; there will be an element of trial and error which requires flexibility and innovation within the contracted route.

Innovation Partnerships is a new option within Public Contracts Regulations 2015 and allows the opportunity to commission in a more innovative and collaborative way inviting the market to develop a new or significantly improved product, service or process with the purpose of helping solve societal challenges; it seems ideal to facilitate the changes outlined in the report.

This approach allows the local authority to team up with a single or multiple partners to research and develop innovative solutions. The process would allow the call for tender bids based upon some general requirements without pre-determining the solution enabling the providers to work with us to develop the solution. It also allows us the flexibility to commission as part of a staged process meaning that if the desired solution did not seem possible to achieve we could end the Innovation Partnership completely or at that stage. It is likely that there could potentially be a combination of the use of an Innovations Partnership and Competitive Dialogue to achieve the overall outcome as set out in the report.

Similar to Competitive Dialogue the knowledge and experience of those involved in the partnership in respect of the requirement of the service area are critical to success and the maturity and expertise of the current market lends perfectly to this option. Indicative Timelines are outlined below:

Phase	Action(s)	Purpose/outputs	Timelines	Involved Parties
Preliminary	Define the Problem as the Council Understands it to be	Sets the scope as the Council understands it to be following Cabinet Approval	December 2017	Project Board
Consultation & Engagement	Share the problem and seek feedback on the problem, outcomes, possible solutions, challenges and opportunities	Comprehensive Understanding of: the problem, outcomes needed, the challenges and the opportunities. This phase may also provide some solutions	January 2018 – June 2018	Service Users and Carers, Providers, Partners

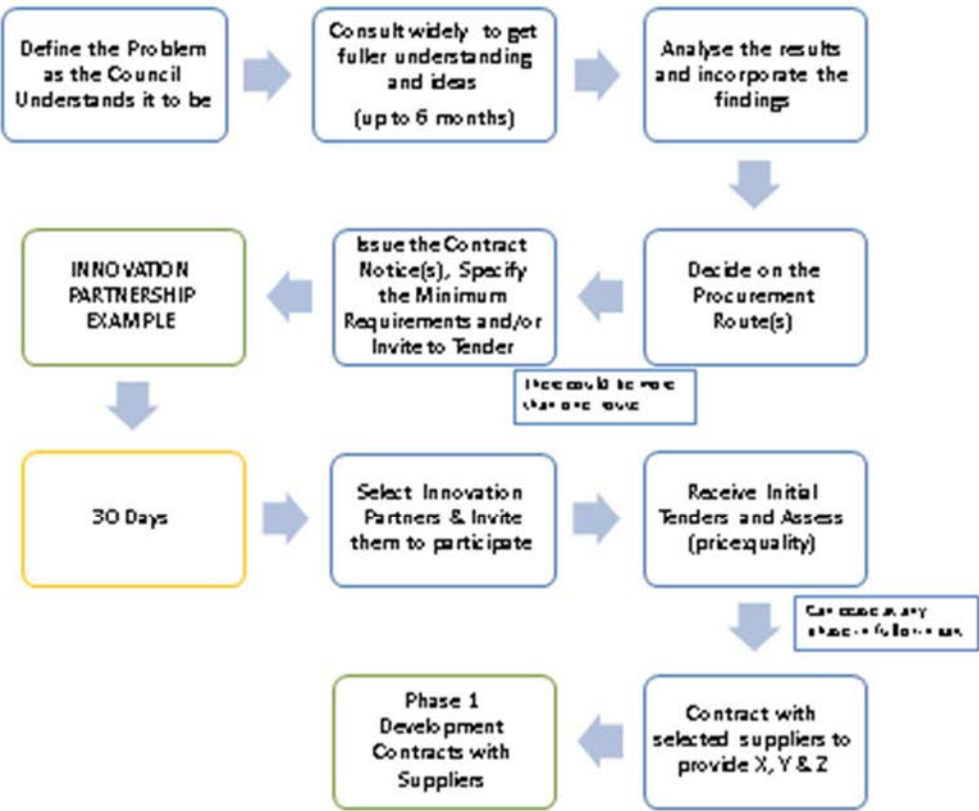


## Appendix Five Public Report

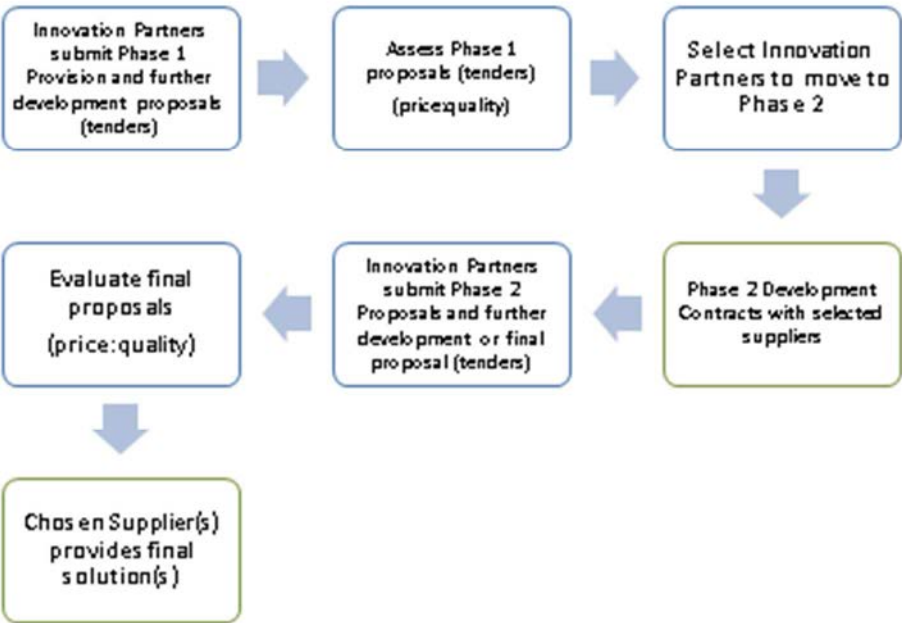
Analysis and Commissioning	1) Analyse the results of the engagement and incorporate the findings 2) Decide on the Procurement Route(s)	An informed decision on how best to procure the solution including the value and length of potential contracts. It is anticipated that this will be either a Competitive Dialogue or Innovation Partnership.	July 2018	Project Board
Commissioning & Procurement	1) Issue the Contract Notice(s) Re-state the Problem and/or Specify the Minimum Requirements and or Invite to Tender 2) Award the Contract(s)	Sets the scope of this phase and engages with the market to deliver and potentially develop solutions (or part of)	August 2018 – July 2019	Project Board & Procurement
Contract Management	1) Manage the Contract(s)	Ensure effective delivery and monitor against outcomes	August 2019 ongoing	Service

PROCUREMENT EXAMPLE - PREVENTION – POSITIVE PATHWAY

Prevention Pathway Example - Phase 1



Prevention Pathway Example - Phase 2



## Milestone Plan for: Putting Prevention First

ID	Key Milestones	Proposed Completion Dates
<b>Neighbourhood Networks Model (NNM)</b>		
NNM	Cabinet decision	November 2017
NNM	Single contractor negotiations for NNS central function and coordination	December 2017
NNM	Cabinet: Planned Procurement Activity Report (PPAR)	December 2017
NNM	Market development and engagement	January 2018
NNM	Procurement strategy to Delegated Officers	January 2018
NNM	Contract award for NNS central function and coordination	January 2018
NNM	Tender exercise completed	April 2018
NNM	Contract award report	May 2018
NNM	Contract awards to preferred providers	May 2018
NNM	Mobilisation	June 2018 onwards
<b>Homelessness Prevention Positive Pathway (PPP)</b>		
PPP	Preliminary work	December 2017
PPP	Consultation & Engagement	June 2018
PPP	Analysis of engagement and review of procurement options	July 2018
PPP	Procurement Exercise and Contract Awarded	July 2019
PPP	Contract Management	August 2019 ongoing
<b>Day Opportunities (DO)</b>		
DO	Day Opportunity strategy in place	December 2017
DO	Policy and Process that supports the day opportunity strategy developed	December 2017
DO	Coproduction approach for delivering the strategy	January 2018
DO	Day Opportunity model and development plan in place	January 2018
DO	Market Development to deliver Day Opportunity strategy	March 2018
DO	Produce and deliver the Commissioning plan	May 2018 onwards
<b>Three Conversations</b>		
TC	Cabinet decision	November 2017
TC	Single Contract of Negotiation and Strategy approval to Delegated Officers	December 2017
TC	Award report	May 2018
TC	Implementation plan and mobilisation	May 2018 onwards

Third Sector Grants Redesign (TSG)		
TSG	Cabinet decision	November 2017
TSG	Award report for transition support provider	December 2017
TSG	Review 2018/19 outcomes framework application for individual providers	March 2018
TSG	Transition support for shifting to 2018/19 outcomes framework	March 2018
TSG	Co-production of transition strategies for TSG providers	September 2018
TSG	Transition strategy in place for provision groupings and themes	September 2018
TSG	Transition strategy in place for individual organisations	September 2018
TSG	TSG programme in its current form come to an end	September 2019

## Public Report – Appendix 7

Extension of Supporting People – Social Inclusion Services – Appendix 7	
Provider	Type of Service
	<b><u>Domestic Violence</u></b>
Ashram HA	Refuge
Ashram HA	Floating Support
Birmingham & Solihull Womens Aid	Refuge
Birmingham & Solihull Womens Aid	Floating Support
Birmingham Crisis Centre	Refuge
Gilgal Birmingham	Refuge
The Salvation Army	Refuge
Shelter	Floating Support
Trident Reach	Refuge
Trident Reach	Floating Support
Trident Reach	Male Floating Support

## Public Report – Appendix 7

Extension of Supporting People – Social Inclusion Services – Appendix 7	
Provider	Type of Service
	<b><u>Homelessness</u></b>
Midland Heart Ltd	Single Accommodation
Midland Heart Ltd	Short-term complex needs
Midland Heart Ltd	Long-term complex needs
Midland Heart Ltd	Places of Change
Midland Heart Ltd	Single Floating Support
Midland Heart Ltd	Families Floating Support
Shelter	Families Floating Support
Swanswell	Single Floating Support
The Salvation Army	Single Accommodation
Trident Reach	Single Accommodation
Trident Reach	Single Floating Support
Trident Reach	Families Floating Support
BCC - Internal	Hostels

Extension of Supporting People – Social Inclusion Services – Appendix 7	
Provider	Type of Service
	<b><u>Ex-offenders</u></b>
Fry Housing Trust	Accommodation
Fry Housing Trust	Floating Support
Nacro	Accommodation
Swanswell	Floating Support
Trident Reach	Accommodation
Trident Reach	Floating Support

## Public Report – Appendix 7

Extension of Supporting People – Social Inclusion Services – Appendix 7	
Provider	Type of Service
	<b><u>Young People</u></b>
Accord HA	Step Down Accommodation
Birmingham YMCA	Places of Change
Midland Heart Ltd	Immediate Access
Midland Heart Ltd	Step Down Accommodation
Midland Heart Ltd	Floating Support
St Basils	Immediate Access
St Basils	Step Down Accommodation
St Basils	Supported Lodgings
St Basils	Places of Change
St Basils	Floating Support
Trident Reach	Step Down Accommodation
Trident Reach	Young Offenders
Trident Reach	Floating Support
Trident Reach	Young People Exiting Gangs

Extension of Supporting People – Disability Services – Appendix 7	
Provider	Type of Service
	<b><u>Mental Health</u></b>
Birmingham Mind	Accommodation
Birmingham Mind	Floating Support
Home Group Ltd	Accommodation
Home Group Ltd	Floating Support
Mr Reilly – Anvil House	Accommodation
Mr Reilly – Anvil House	Floating Support
Swanswell	Floating Support
Trident Reach	Floating Support

## Public Report – Appendix 7

Extension of Supporting People – Disability Services – Appendix 7	
Provider	Type of Service
	<b><u>Learning Disability</u></b>
Accord HA	Accommodation
Accord HA	Floating Support
Birmingham Rathbone	Accommodation
Birmingham Rathbone	Floating Support
Friendship Care & Housing	Accommodation
Friendship Care & Housing	Floating Support
Midland Mencap	Floating Support
Sanctuary HA	Accommodation
Trident Reach	Accommodation
BCC Internal	Enablement
	<b><u>Physical Disability</u></b>
BID Services	Floating Support



**BIRMINGHAM CITY COUNCIL**  
**PUBLIC REPORT**

**Report to:** **CABINET**

*Exempt  
information  
paragraph  
number – if  
private report:*

**Report of:** **Chief Operating Officer**  
**Date of Decision:** **14 November 2017**  
**SUBJECT:** **Budget savings proposals, ending the Joint Venture (JV) with Capita for Service Birmingham and proposing new contractual arrangements up to 2020 / 2021**  
**Key Decision:** **Yes** **Relevant Forward Plan Ref:**  
**Public: 004301/2017**

**If not in the Forward Plan:** **Chief Executive approved** ☐  
**(please "X" box)** **O&S Chair approved** ☐  
**Relevant Cabinet Member(s) or** **Councillor Jones – Deputy Leader**  
**Relevant Executive Member:** **Councillor Mahmood - Cabinet Member for Value for Money and Efficiency**  
**Relevant O&S Chair:** **Councillor Mohammed Aikhlaq – Chair of Corporate Resources and Governance Overview and Scrutiny Committee**  
**Wards affected:** **All**

**1. Purpose of report:**

- 1.1 To advise Cabinet of the outcome of negotiations with Capita to deliver the budgeted savings for 2017/8 and up to 2020/21 under the Service Delivery Agreement (SDA) for ICT services with Service Birmingham Limited (SB).
- 1.2 To advise Cabinet as to how the Joint Venture arrangement (JV) with Capita for Service Birmingham Ltd will be ended and propose the new contractual arrangements that will be put in place.
- 1.3 To advise Cabinet of the findings from the due diligence work conducted since the submission of a report approved by Cabinet on 27 June 2017
- 1.4 The accompanying private report contains commercially confidential information.

**2. Decision(s) recommended:**

**That Cabinet:**

- 2.1 That Cabinet notes the report.

**Lead Contact Officer(s):** Peter Bishop, Chief Information Officer and Assistant Director for Information, Technology and Digital Services, Strategic Services  
**Telephone No:** 07864 926819  
**E-mail address:** peter.bishop@birmingham.gov.uk  
**Lead Contact Officer(s):** Nigel Kletz, Director of Commissioning & Procurement  
 Corporate Procurement Services, Strategic Services  
**Telephone No:** 0121 3093 6610  
**E-mail address:** nigel.kletz@birmingham.gov.uk

### 3. Consultation

#### 3.1 Internal

Senior officers in Finance, Legal, HR and Procurement have been involved in detailed negotiations with Capita and Trade Union engagement in the preparation of this report..

The Cabinet Member for Value for Money, the Chair of Corporate Resources Overview and Scrutiny Committee, the Deputy Leader of the Conservative Party, the member with responsibility for ICT matters from the Liberal Democratic Party and the Council Directors of Service Birmingham have been consulted regarding the contents of this report and support it progressing to an executive decision.

Service Birmingham has undertaken informal and formal communication with the council staff that are seconded to the service.

#### 3.2 External

PWC were appointed to review and provide external financial advice to the council on the negotiations with Capita on ending the Joint Venture and 2017/18 savings proposals.

Gowling WLG are externally appointed legal advisors who have reviewed the current SB contract and its various schedules in support of the development of the various negotiation options and have advised on the process, issues and risks around ending the JV contract.

Socitm Advisory has provided commercial negotiation support, technology and services advice and guidance, programme management and assisted with the financial support.

### 4. Compliance Issues:

#### 4.1 Are the recommended decisions consistent with the Council's policies, plans and strategies?

The Council's objectives and priorities as detailed in the Vision and Forward Plan approved by Cabinet on the 16 May 2017 will be supported by the adoption of this proposal which is consistent with the ICT & Digital Strategy (2016 - 2021) approved by Cabinet in October 2016.

#### 4.2 Financial Implications (How will decisions be carried out within existing finances and Resources?)

The negotiated offer has been reviewed and compared to the current savings within the Council's Long Term Financial Plan (LTFP).

**Table 1 - ICT & Digital Savings – LTFP 2017 - 2021**

Description	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	Total £m
ICT savings in FP 2017+	10.020	9.650	11.770	11.770	<b>43.210</b>
Add: Budgeted charity profit share – to be made up by the Council	1.100	1.100	1.100	1.100	<b>4.400</b>
<b>Revised total after adjustment for profit share</b>	<b>11.120</b>	<b>10.750</b>	<b>12.870</b>	<b>12.870</b>	<b>47.610</b>

Less: Payment for Council stake in SB and 2017 distributed profit share	-11.500				<b>-11.500</b>
<b>Saving still to be achieved</b>	<b>-0.380</b>	<b>10.750</b>	<b>12.870</b>	<b>12.870</b>	<b>36.110</b>

The proposed sale of the Council's stake in SB is tied in with agreement on an approach to delivering the further savings required within Financial Plan 2017+. This approach includes:

- a. principles which will underpin transition of services from SB to the Council over the next three years;
- b. a roadmap which sets out the proposed phasing of transition;
- c. a governance structure for overseeing the process of transition and the delivery of savings
- d. indicative savings from the transition.

Work carried out so far has identified indicative savings that will bridge the budget gap up to 2020/21; however, there remains a gap of £1m in 2018/19. Further work is needed to validate the savings, find measures to address the gap in 2018/19, and put in place a programme to deliver the savings.

Indicative costs of technology projects required to deliver the savings are in line with amounts approved by Cabinet in October 2016 for the Technical Refresh and Investment Programme (TRIP). However, a number of the projects involve delivery of new cloud based solutions instead of installation of computer hardware which will alter the balance in the TRIP between capital and revenue and the funding implications of this will have to be reviewed as the programme develops.

There will be two further cost pressures for which funding will need to be identified:

- a. Staff transition/exit costs (redundancy and Pension Fund Strain)
- b. Costs that the Information, Technology and Digital Services team would incur to ensure smooth transition of services from SB and delivery of the service and financial benefits expected.

Officers will be continuing to refine the savings and cost figures in advance of budget setting in February 2018 with a view to ensuring there are robust plans to deliver the savings, the gap in 2018/19 is addressed, and the funding implications of a change in balance between capital and revenue projects in the TRIP programme are understood and addressed.

#### 4.3 Legal Implications

The Council are under a duty under Section 3 of the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. The implementation of the Savings Plan will deliver economy. The ending of the Joint Venture will be implemented on the basis that it demonstrates best value to the council for the remaining term of the SDA.

Under Regulation 72, Public Contract Regulations 2015, contracting authorities are permitted to procure contracts where the modifications, irrespective of their value, are not substantial. Whilst there are risks in any change to contract terms post completion, it is considered that the risks of

implementing changes to the SDA to deliver the Savings Plan and to end the Joint Venture, will not materially change the economic balance of the contract and therefore are considered to be low.

#### **4.4 Public Sector Equality Duty**

In October 2016 Birmingham City Council Cabinet approved the ICT & Digital Strategy for the period 2016 -2021. The work to implement the strategy has two major projects:

1. An Investment Programme - implementing replacement and new, enabling ICT assets in line with the strategy and in support of the Council's new Business Architecture.
2. An ICT Transition Programme to take BCC up to and beyond the end of the Service Birmingham partnership with Capita and the ending of the Joint Venture with Service Birmingham.

An Equality Analysis was completed during the development of the ICT & Digital Strategy (2016-2021 and for the Cabinet report of the 27<sup>th</sup> June (see Appendix 1). There has been no change to that analysis.

#### **5. Relevant background / chronology of key events:**

- 5.1 The Council's contract with Capita for ICT services from Service Birmingham commenced in 2006 for a ten year period with an option to extend for a maximum of a further five years. This extension was exercised in 2011 as the 4<sup>th</sup> Deed of Variation.
- 5.2 In March 2014 the Council agreed a series of savings for the remaining seven years of the contract to the total value of £140m. These savings have been achieved or plans are already in place to deliver the savings over the life of the contract.
- 5.3 In October 2016 Cabinet approved the Information & Communications Technology & Digital Strategy (2016 - 2021) to guide the prudent use, maintenance and development of the Councils ICT assets to and beyond the end of the existing Service Birmingham contract in 2021. The strategy described the need for investment and to transition to a new ICT Operating Model to enable the Council to deliver the savings associated with the service between 2017 and 2021. In January 2017 the Council formed the "SB Transition Programme" and initiated contract negotiations with Capita, with key objectives to:
  - Save £10.02M revenue from the Core ICT Contract cost in 2017-2018 and deliver revenue savings totalling £43M in total across 4 years as set out in the Financial Plan 2017+
  - Reach a negotiated position with Service Birmingham that;
  - Allows the Council moving forward to gradually take back full control of its ICT & Digital from Capita/Service Birmingham.
  - Allows the Council to deliver the ICT & Digital projects in a manner that represents value for money and meets the needs of the Directorates and the wider Council.
  - Gives the Council flexibility to deliver an ICT & Digital Service and future Operating Model that can flex as the wider Council transforms.
  - Gives the Council the right to go to the market as it selects solutions or implements new capability to test that it always getting real value for money.
  - Potentially allows the Council to select multiple suppliers, and in doing so avoid penalty

charges.

- Avoids extending the current contract for any further additional years.
- 5.4 A joint team between Capita, Service Birmingham and the Council under the leadership of the Chief Operating Officer were tasked to work together to agree how these savings could be delivered in a manner consistent with the ICT&D Strategy. The Council sought technical support through procured arrangements with Socitm Advisory and legal support through Gowling WLG.
- 5.5 In April 2017 substantive agreement was achieved between the Council, Capita and SB on how to deliver the savings, which was confirmed in a Without Prejudice Letter from Capita dated 2nd May 2017 and attached to the June Private report. Since 27 June 2017 to October 2017, negotiations to translate the Without Prejudice Letter of Intent into a formal contractual Agreement have concluded.
- 5.6 Capita and the Council have also agreed principles for working together to deliver savings required in the LTFP over the remaining term of the contract. There remains a risk that these principles will not be agreed but Officers and Capita are working in partnership to see a way through these risks so that Council can achieve its objectives. An implementation plan was prepared to deliver the actions required following approval of the June Cabinet report which included:
- 5.6.1 Detailed legal, HR and financial due diligence of the offer leading to a new set of contractual arrangements has taken place. The contractual changes are:
- Ending the and amending the Joint Venture Agreement to become an Overarching Agreement to ensure any rights enshrined within the above are not lost to the Council (the revised contract structure is shown in Appendix 9)
  - Deed of Variation 10 to the Service Delivery Agreement.
  - Agreement to a series of Transaction Documents covering:
    - Share Purchase Agreement
    - Termination Deed
    - Charitable Donation Letter
  - New contractual governance arrangements which simplifies how the Council will oversee the performance of the service delivered by SB
- 5.6.2 Assessing any employment issues and impact on staff through Trade Union and staff consultation. No change is planned immediately but as the services are changed consultation will be carried out in the normal way.
- 5.6.3 External communication for the Council, Capita and supporting partners.
- 5.6.4 Establishment of new Terms of Reference for the SB Transition Programme to implement the desired changes and mobilise the necessary programme structure, project governance and required resources.
- 5.7 A revised governance framework was approved by Cabinet in June 2017 and this has been implemented to maintain oversight to ensure:
- Strategic Alignment: Linking the Council and ICT & Digital services so they work together.
  - Maintaining Control: Identifying business requirements correctly, choosing the right ICT solution, reusing what we have and working against a roadmap towards a future design.
  - Value Delivery: Making sure that the Council's ICT& Digital service delivers the benefits promised at the beginning of a project or investment.
  - Resource Management: Manage resources more effectively, deploying resources on a

demand driven basis.

- Risk Management: Instituting a formal risk framework that manages and reports risk
- Performance Measures: Measuring business performance against achieving business goals.

5.9 The proposed future ICT& Digital service is based around a multi supplier Service Integration and Management (SIAM) model which will be progressively implemented over the next three years. The shape and objectives of the Council are changing and the ICT& Digital service needs to support and lead in achieving those objectives, whilst providing flexibility, added value and having the ability to continue delivering a 'day-to-day' Information, Technology & Digital service whilst making this transition. The Service Birmingham Transition programme will be a major undertaking for the Council. It will be the biggest transition of ICT services in the Local Government Sector and will present a significant risk to the Council, both in terms of the changes in operational services, the achievement of a step change to improve how the council uses Technology and deliver the savings, if it is not appropriately supported.

5.10 Each major project or service migration will be covered via a business case. Other costs such as termination costs of third party contracts or redundancy/pension strain costs will be considered by the Council via the ICT&D governance to ensure robustness in planning, financial support and execution.

## 6. Evaluation of alternative options:

Refer to Private Report.

## 7. Reasons for Decision(s):

To authorise officers to proceed with ending of the Joint Venture arrangement, the delivery of a Deed of Variation to the Service Delivery Agreement (SDA) and continue to deliver the ICT savings for 2017/18 – 2020/ 2021.

### Signatures

### Date

Councillor Brigid Jones  
Deputy Leader

.....

Angela Probert  
Chief Operating Officer , Strategic Services

.....

Councillor Majid Mahmood  
Cabinet Member for Value for Money and  
Efficiency

.....

**List of Background Documents used to compile this Report:**

1. Birmingham City Council Information & Communications Technology & Digital Strategy (2016 - 2021)
2. Birmingham City Council Strategic ICT & Digital Investment Programme (2016 - 2021)
3. Report to Cabinet of 27 June 2017 Delivery of Savings against Service Birmingham ICT Contract

**List of Appendices accompanying this Report:**

1. Equality Impact Analysis

**Report Version**

**Dated**

## **PROTOCOL PUBLIC SECTOR EQUALITY DUTY**

- 1 The public sector equality duty drives the need for equality assessments (Initial and Full). An initial assessment should, be prepared from the outset based upon available knowledge and information.
- 2 If there is no adverse impact then that fact should be stated within the Report section 4.4 and the initial assessment document appended to the Report duly signed and dated. A summary of the statutory duty is annexed to this Protocol and should be referred to in section 4.4 of executive reports for decision and then attached in an appendix; the term 'adverse impact' refers to any decision-making by the Council which can be judged as likely to be contrary in whole or in part to the equality duty.
- 3 A full assessment should be prepared where necessary and consultation should then take place.
- 4 Consultation should address any possible adverse impact upon service users, providers and those within the scope of the report; questions need to assist to identify adverse impact which might be contrary to the equality duty and engage all such persons in a dialogue which might identify ways in which any adverse impact might be avoided or, if avoidance is not possible, reduced.
- 5 Responses to the consultation should be analysed in order to identify:
  - (a) whether there is adverse impact upon persons within the protected categories
  - (b) what is the nature of this adverse impact
  - (c) whether the adverse impact can be avoided and at what cost – and if not –
  - (d) what mitigating actions can be taken and at what cost
- 6 The impact assessment carried out at the outset will need to be amended to have due regard to the matters in (4) above.
- 7 Where there is adverse impact the final Report should contain:
  - a summary of the adverse impact and any possible mitigating actions (in section 4.4 or an appendix if necessary)
  - the full equality impact assessment (as an appendix)
  - the equality duty (as an appendix).



## Equality Act 2010

The Executive must have due regard to the public sector equality duty when considering Council reports for decision.

The public sector equality duty is as follows:

- 1 The Council must, in the exercise of its functions, have due regard to the need to:
  - (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by the Equality Act;
  - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
  - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
- 2 Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
  - (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
  - (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
  - (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- 3 The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
- 4 Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
  - (a) tackle prejudice, and
  - (b) promote understanding.
- 5 The relevant protected characteristics are:
  - (a) marriage & civil partnership
  - (b) Age
  - (c) disability
  - (d) gender reassignment
  - (e) pregnancy and maternity
  - (f) Race
  - (g) religion or belief
  - (h) Sex
  - (i) sexual orientation

# Equality Analysis

## Birmingham City Council Analysis Report

<b>EA Name</b>	ICT & Digital Strategy (2016 - 2021)
<b>Directorate</b>	Corporate Resources
<b>Service Area</b>	Information Technology - Change And Support Services
<b>Type</b>	New/Proposed Policy
<b>EA Summary</b>	<p>Birmingham City Council is in the process of developing a new/refreshed ICT &amp; Digital Strategy for the period 2016 -2021. The work to implement the strategy has two major projects:</p> <ol style="list-style-type: none"> <li>1. An Investment Programme - implementing replacement and new, enabling ICT assets in line with the strategy and in support of the council's new Business Architecture.</li> <li>2. An ICT Transition Programme to take BCC up to and beyond the end of the Service Birmingham partnership with Capita.</li> </ol>
<b>Reference Number</b>	EA001412
<b>Task Group Manager</b>	simon.hall@birmingham.gov.uk
<b>Task Group Member</b>	
<b>Date Approved</b>	2016-09-29 01:00:00 +0100
<b>Senior Officer</b>	Jackie.Woollam@birmingham.gov.uk
<b>Quality Control Officer</b>	Helen.Burnett@birmingham.gov.uk

### Introduction

The report records the information that has been submitted for this equality analysis in the following format.

### **Overall Purpose**

This section identifies the purpose of the Policy and which types of individual it affects. It also identifies which equality strands are affected by either a positive or negative differential impact.

### **Relevant Protected Characteristics**

For each of the identified relevant protected characteristics there are three sections which will have been completed.

- Impact
- Consultation
- Additional Work

If the assessment has raised any issues to be addressed there will also be an action planning section.

The following pages record the answers to the assessment questions with optional comments included by the assessor to clarify or explain any of the answers given or relevant issues.

## 1 Activity Type

The activity has been identified as a New/Proposed Policy.

## 2 Overall Purpose

### 2.1 What the Activity is for

What is the purpose of this Policy and expected outcomes?	This Equalities Analysis is being carried out to support the development of Birmingham City Council's ICT & Digital Strategy (2016 - 2021). The aim of the strategy is to provide a set of guiding principles and plans that steer the ICT & Digital support services of the council so that they: > Are aligned with the needs of the Future (Birmingham City) Council > Can make the transition past the end of the current Service Birmingham Contract > Continue to deliver new and improved replacement services in to the business -as-usual environment over the next five years
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For each strategy, please decide whether it is going to be significantly aided by the Function.

Public Service Excellence	Yes
A Fair City	Yes
A Prosperous City	Yes
A Democratic City	Yes

### 2.2 Individuals affected by the policy

Will the policy have an impact on service users/stakeholders?	Yes
Will the policy have an impact on employees?	Yes
Will the policy have an impact on wider community?	Yes

### 2.3 Analysis on Initial Assessment

Our analysis has identified that two out of nine protected characteristics are potentially affected by this ICT & Digital Strategy. We can't see any direct impact on:

1. Gender
2. Gender Re-assignment
3. Marital Status
3. Pregnancy & Maternity
5. Religion
6. Sexual Orientation
7. Age - but see (age-related) Disability below:

However - we are looking at the following characteristics from these perspectives:

8. Disability      Accessibility of services: The ability to easily read digital interfaces on screens of computers, tablets and smartphones: interface design: font sizes, colour schemes, colour-blindness, ability to use text readers, etc.
9. Race            Less race - more specifically - language and exclusion of non-English speakers and readers

### 3.1 Disability

#### 3.1.1 Disability - Differential Impact

Disability	Relevant
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#### 3.1.2 Disability - Impact

Describe how the Policy meets the needs of Individuals with a disability?	The strategy will primarily affect people with disabilities as a result of their use and possible exclusion through the use of ICT & Digital services - specifically: "screens" (User Interface designs) and keyboards and pointing devices (Mice). People with visual impairment will be the most commonly affected group. Wherever practicable, the council will ensure that these user interfaces meet, or can be user-configured to meet usability standards. Specifically to quote the council website: "We comply with the W3C/WAI AA standard for accessibility as a minimum." We provide the most widely/easily used input devices, with large lettering where necessary.
Do you have evidence to support the assessment?	Yes
Please record the type of evidence and where it is from?	Consultation via the Be Heard website asked specific questions of individuals about their disability status and whether they thought their disability would be a barrier to accessing council services via ICT channels. 19% of respondents said they were registered disabled and 10% of respondents thought that their disability would be a possible barrier. The reasons for this were cited as: "Ageing process" "Phone calls can make me very tired as I suffer from chronic fatigue syndrome" "They tend to be very difficult to use and hard to get to the right person or department a lot of older people are not that up to date with the technology know available."
Have you received any other feedback about the Policy in meeting the needs of Individuals with a disability?	No
You may have evidence from more than one source. If so, does it present a consistent view?	Not applicable
Is there anything about the Policy and the way it affects Individuals with a disability which needs highlighting?	No

#### 3.1.3 Disability - Consultation

Have you obtained the views of Individuals with a disability on the impact of the Policy?	Yes
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If so, how did you obtain these views?	Be Heard Consultation - publicised to over 100,000 people through: > Your Weekly News > Keep in Touch > Birmingham Bulletin > Social media: corporate accounts on: >> Twitter >> Facebook >> LinkedIn
Have you obtained the views of relevant stakeholders on the impact of the Policy on Individuals with a disability?	Yes
If so, how did you obtain these views?	Be Heard Consultation - publicised to over 100,000 people through: > Your Weekly News > Keep in Touch > Birmingham Bulletin > Social media: corporate accounts on: >> Twitter >> Facebook >> LinkedIn
Is there anything about the Policy and the way it affects Individuals with a disability which needs highlighting?	No

### 3.1.4 **Disability - Additional Work**

Do you need any more information to complete the assessment?	No
Please explain how individuals may be impacted.	Poor design of citizen interfaces via phones (contact centre call handling software) and websites. NOTE: The council Web Team do use industry design standards to comply with disability accessibility requirements. (We comply with the W3C/WAI AA standard for accessibility as a minimum).
Is there any more work you feel is necessary to complete the assessment?	No
Do you think that the Policy has a role in preventing Individuals with a disability being treated differently, in an unfair or inappropriate way, just because of their disability?	Yes
Do you think that the Policy could help foster good relations between persons who share the relevant protected characteristic and persons who do not share it?	No
Do you think that the Policy will take account of disabilities even if it means treating Individuals with a disability more favourably?	No
Do you think that the Policy could assist Individuals with a disability to participate more?	Yes
Do you think that the Policy could assist in promoting positive attitudes to Individuals with a disability?	Yes

## 3.2 Race

### 3.2.1 Race - Differential Impact

Race	Relevant
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### 3.2.2 Race - Impact

Describe how the Policy meets the needs of Individuals from different ethnic backgrounds?	The ICT & Digital Strategy (2016 -2021) has no specific relation to ethnicity - rather it can support inclusion of people who do not have English as a first language.
Do you have evidence to support the assessment?	Yes
Please record the type of evidence and where it is from?	From the council website: "You can translate our website into 60 different languages using Google Translate".
Have you received any other feedback about the Policy in meeting the needs of Individuals from different ethnic backgrounds?	No
You may have evidence from more than one source. If so, does it present a consistent view?	Not applicable
Is there anything about the Policy and the way it affects Individuals from different ethnic backgrounds which needs highlighting?	No

### 3.2.3 Race - Consultation

Have you obtained the views of Individuals from different ethnic backgrounds on the impact of the Policy?	Yes
If so, how did you obtain these views?	Be Heard Consultation - publicised to over 100,000 people through: > Your Weekly News > Keep in Touch > Birmingham Bulletin > Social media: corporate accounts on: >> Twitter >> Facebook >> LinkedIn
Have you obtained the views of relevant stakeholders on the impact of the Policy on Individuals from different ethnic backgrounds?	No
If not, why not?	There are no plans to consult relevant stakeholders
Is there anything about the Policy and the way it affects Individuals from different ethnic backgrounds which needs highlighting?	No

### 3.2.4 Race - Additional Work

Do you need any more information to complete the assessment?	No
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Is there any more work you feel is necessary to complete the assessment?	No
Do you think that the Policy has a role in preventing Individuals from different ethnic backgrounds being treated differently, in an unfair or inappropriate way, just because of their ethnicity?	No
Do you think that the Policy could help foster good relations between persons who share the relevant protected characteristic and persons who do not share it?	No

### **3.3 Concluding Statement on Full Assessment**

#### Disability

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78% of respondents said they were not registered as disabled

19% of respondents said they were registered as disabled

3% preferred not to say

Those that gave reasons as to why disability might be a barrier to accessing the council's services via ICT & Digital channels cited age (and a lack of capability based on age), as well as chronic fatigue syndrome (a barrier to contact via telephony). These concerns are largely cultural and governed by individual attitude and choice, rather than based on disability. Age is not necessarily a barrier (viz. the phenomenon of the "Silver Surfer") and we have demonstrated that the council's website(s) comply with the appropriate visual design standards for use by people with visual impairment.

With regard to the comments around disability and telephony (above) and the reluctance to use ICT & Digital channels provided by the council - if people choose to not use these, they have stepped outside the scope of the strategy. For those that would like to be included in the Digital arena, but can't participate due to a lack of capability, the strategy is clear about council support for those people:

#### "3.2.1 Digital Agenda

We will ensure that individuals or groups are not unfairly disadvantaged by the "Digital Divide created by technology, by committing to deliver all of our services in a fair and equitable manner."

ALSO:

"Digital City - we will help, mentor and advise communities and businesses with the technology they need to enhance their lives, enabling stakeholders and businesses in the City to use Digital technologies to improve their lives, providing them with access to our business services / ICTD via expected supported devices, as well as developing their Digital skills, from the children and young people in our schools to our elderly and vulnerable residents."

#### Ethnicity

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81% of respondents said they were White British

10% of respondents said they were White

3% of respondents preferred not to say

3% of respondents said they were Indian

3% of respondents said they were Chinese

None of respondents thought the strategy would present a barrier to them due to their ethnicity.

For the concerns over language rather than ethnicity, we would repeat the text for [www.birmingham.gov.uk](http://www.birmingham.gov.uk) that states:

"You can translate our website into 60 different languages using Google Translate."

From <https://www.birmingham.gov.uk/accessibility>

### **4 Review Date**

18/09/17

### **5 Action Plan**

There are no relevant issues, so no action plans are currently required.



## PUBLIC REPORT

**Report to:** CABINET  
**Report of:** Director of Commissioning and Procurement  
**Date of Decision:** 14 November 2017  
**SUBJECT:** VARIATION OF OUTDOOR ADVERTISING CONTRACT (S19)  
**Key Decision:** Yes  
**Relevant Forward Plan Ref:** 004378  
**If not in the Forward Plan:** Chief Executive approved ☐  
 (please "X" box) O&S Chairman approved ☐  
**Relevant Cabinet Member(s):** Cllr Majid Mahmood, Cabinet Member for Value for Money and Efficiency  
 Cllr Ian Ward, Leader of the Council  
**Relevant O&S Chairman:** Councillor Cllr Mohammed Aikhlaq, Corporate Resources and Governance O & S Committee  
**Wards affected:** All

### 1. Purpose of report:

- 1.1 Seek approval to a 3 year extension to the existing Outdoor Advertising contracts (S19).
- 1.2 This report should be read in conjunction with the report on the private agenda as information contained herein is not repeated in the private report

### 2. Decision(s) recommended:

That Cabinet:

- 2.1 Notes the contents of this report

**Lead Contact Officer(s):** Helen Burnett, Head of Business and Commercial Development  
Commissioning and Procurement, Strategic Support Services

**Telephone No:** 07867 469883

**E-mail address:** Helen.burnett@birmingham.gov.uk

### 3. Consultation

#### 3.1 Internal

Officers from Corporate Procurement, Legal and Governance and City Finance have been involved in the preparation of this report.

#### 3.2 External

Ongoing conversations have been held with the contracted provider to deliver growth of income through the portfolio.

#### **4. Compliance Issues:**

##### **4.1 Are the recommended decisions consistent with the Council's policies, plans and strategies?**

These contracts support the Council's priority to be a great city to learn, work and invest in. Income generated by this contract will help the Council to invest in its services, and the advertising will provide services to both private businesses and the local visitor economy.

Utilising the functional lifetime of the advertising assets that have been built aligns with the Council's vision for sustainability.

##### **Birmingham Business Charter for Social Responsibility**

The current provider, Signature Outdoor Limited has received accreditation to the Birmingham Business Charter for Social Responsibility and their action plan will continue to be monitored for the duration of the extension period.

##### **4.2 Financial Implications**

Details are set out in the Private Report.

Extension of the existing Outdoor Advertising contracts will maximise income to the Council from the full lifetime of the advertising assets being developed and obtain further value from the contract.

##### **4.3 Legal Implications**

4.3.1 The 3 advertising contracts with Signature Outdoor Limited are considered to be public works concession contracts.

4.3.2 Section 43 of the Concession Contract Regulations 2016 ("CCR") permits a variation to a concession contract for a range of circumstances. This is termed a Permitted Variation for the purposes of this report. Under regulation 43 (c) this includes where:

- the need for the variation has been brought about by circumstances which a diligent contracting authority (i.e. the Council) could not foresee;
- the variation does not alter the overall nature of the concession contract; and
- any increase in value is not higher than 50% of the value of the concession contract.

4.3.3 Where a contract is varied in these circumstances a notice to that effect must be published in the Official Journal of the European Union.

4.3.4 The requirements of regulation 43(c) are satisfied as:

*With respect to diligence:*

Following restrictions on the assets which can be built and an associated reduction in the number of locations which can be developed there have been significant delays in building advertising assets in all of the three contract portfolios. With a lack of market interest following the procurement exercise at the end of 2016 (all of which were unforeseen by the Council), it has only now become apparent that the 3 advertising contracts will not realise the expected return on the initial investment by BCC or Signature Outdoor Limited; and

BCC will not be able to make best use of the life of the advertising assets in all 3 portfolios if all contracts expire in 2024;

*With respect to the overall nature of the contracts:*

The proposed extensions to the contracts do not alter the overall nature of each of the agreements. The extension is for a 3 year period only and the profit share arrangements are to remain the same.

*With respect to the value of the contracts:*

The change in value of the contracts will not exceed 50%.

#### 4.4 Public Sector Equality Duty

The original procurement project was subject to an Equality Impact and Needs Assessment procedure. This was referred to in the report to Cabinet Committee (Procurement) on 2 August 2011. The stage 1 assessment did not highlight the need to progress to a more detailed assessment. The proposed variations to the contracts do not require a further assessment.

The existing Outdoor Advertising contracts require Signature Outdoor Limited to comply with the Equalities Act 2010.

### 5. **Relevant background/chronology of key events:**

- 5.1 Following a decision by Cabinet Committee (Procurement) on 2 August 2011, Signature Outdoor Limited entered into three 10 year contracts with the Council on 22nd August 2011 to develop 35 outdoor advertising locations. .
- 5.2 The proposal to extend the existing Outdoor Advertising Contract by 3 years will increase revenue generated for the City Council from the contract by allowing the provider to offset capital expenditure over a longer period.
- 5.3 The estimated forecast of this additional income is set out in the Private report. The accuracy of the revenue forecast is subject to market conditions.
- 5.4 At the end of the contracts, a tried and tested portfolio of both large and small format pavement advertising will go out to EU tender at the same time in 2027. This potentially will increase the overall value of the portfolio to a contractor and future income to the Council.

5.5 Following approval of this report the Director of Commissioning and Procurement will seek to extend the three contracts for outdoor advertising with Signature Outdoors Ltd in accordance with EU and Council governance.

**6. Evaluation of alternative option(s):**

6.1 The alternative option is not to extend the existing S19 Outdoor Advertising contracts which would otherwise expire in August 2024. The implications of this option would be the lost opportunity to maximise profit share on a fully developed advertising portfolio with assets that still have remaining lifecycle.

6.2 The capital investment for the remaining build programme will be compressed over the remainder of the contract with the consequence that the annual revenue to the Council will be reduced for each of the remaining years.

**7. Reasons for Decision(s):**

7.1 To enable the Director of Commissioning and Procurement to conclude and agree negotiations for the improved terms and conditions of this contract set out in the Private Cabinet Report

**Signatures**

**Date**

Nigel Kletz .....  
Director of Commissioning and Procurement

Councillor Ian Ward .....  
Leader of the Council

Councillor Majid Mahmood .....  
Cabinet Member for Value for Money and Efficiency

**List of Background Documents used to compile this Report:**

Cabinet Committee (Procurement) 2 August 2011

**List of Appendices accompanying this Report (if any):**

1. None
- 2.
- 3.
- 4.

Report Version		Dated	
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## BIRMINGHAM CITY COUNCIL

## PUBLIC REPORT

<b>Report to:</b>	<b>CABINET</b>
<b>Report of:</b>	<b>DIRECTOR OF COMMISSIONING &amp; PROCUREMENT</b>
<b>Date of Decision:</b>	<b>14 NOVEMBER 2017</b>
<b>SUBJECT:</b>	<b>PLANNED PROCUREMENT ACTIVITIES (JANUARY 2018 – MARCH 2018)</b>
<b>Key Decision:</b> No	<b>Relevant Forward Plan Ref:</b> n/a
<b>If not in the Forward Plan:</b>	<b>Chief Executive approved</b> <input type="checkbox"/>
<b>(please "tick" box)</b>	<b>O&amp;S Chair approved</b> <input type="checkbox"/>
<b>Relevant Cabinet Member(s) or</b>	<b>Cllr Majid Mahmood – Value for Money and Efficiency</b>
<b>Relevant Executive Member</b>	
<b>Relevant O&amp;S Chair:</b>	<b>Cllr Mohammed Aikhlaq, Corporate Resources and Governance</b>
<b>Wards affected:</b>	<b>All</b>

**1. Purpose of report:**

- 1.1 This report provides details of the planned procurement activity for the period January 2018 – March 2018. Planned procurement activities reported previously are not repeated in this report.

**2. Decision(s) recommended:**

That Cabinet

- 2.1 Notes the planned procurement activities under officer delegations set out in the Constitution for the period January 2018 – March 2018 as detailed in Appendix 1.

**Lead Contact Officer (s):**

Nigel Kletz  
Corporate Procurement Services  
Strategic Services Directorate

**Telephone No:**

0121 303 6610

**E-mail address:**

[nigel.kletz@birmingham.gov.uk](mailto:nigel.kletz@birmingham.gov.uk)

### **3. Consultation**

#### **3.1 Internal**

This report to Cabinet is copied to Cabinet Support Officers and to Corporate Resources and Governance Overview & Scrutiny Committee and is the process for consulting with relevant cabinet and scrutiny members. At the point of submitting this report Cabinet Members/ Corporate Resources and Governance Overview & Scrutiny Committee Chair have not indicated that any of the planned procurement activity needs to be brought back to Cabinet for executive decision.

#### **3.2 External**

None

### **4. Compliance Issues:**

#### **4.1 Are the recommended decisions consistent with the Council's policies, plans and strategies**

4.1.1 Details of how the contracts listed in Appendix 1 support relevant Council policies, plans or strategies, will be set out in the individual reports.

#### **4.1.2 Birmingham Business Charter for Social Responsibility (BBC4SR)**

Compliance with the BBC4SR is a mandatory requirement that will form part of the conditions of the contracts. Tenderers will submit an action plan with their tender that will be evaluated in accordance with the agreed evaluation criteria and the action plan of the successful tenderers will be implemented and monitored during the contract period. Payment of the Living Wage, as set by the Living Wage Foundation, is a mandatory requirement of the BBC4SR and will apply for all contracts in accordance with the Council's policy for suppliers to implement the rate.

#### **4.2 Financial Implications**

Details of how decisions will be carried out within existing finances and resources will be set out in the individual reports.

#### **4.3 Legal Implications**

Details of all relevant implications will be included in individual reports.

#### **4.4 Public Sector Equality Duty**

Details of Risk Management, Community Cohesion and Equality Act requirements will be set out in the individual reports.

## **5. Relevant background/chronology of key events:**

- 5.1 At the 1 March 2016 meeting of Council changes to procurement governance were agreed which gives Chief Officers the delegated authority to approve procurement contracts up to the value of £10m over the life of the contract. Where it is likely that the award of a contract will result in staff employed by the Council transferring to the successful contractor under TUPE, the contract award decision has to be made by Cabinet.
- 5.2 In line with the Procurement Governance Arrangements that form part of the Council's Constitution, this report acts as the process to consult with and take soundings from Cabinet Members and the Corporate Resources and Governance Overview & Scrutiny Committee.
- 5.3 This report sets out the planned procurement activity over the next few months where the contract value is between the EU threshold (£164,176) and £10m. This will give members visibility of all procurement activity within these thresholds and the opportunity to identify whether any procurement reports should be brought to Cabinet for approval even though they are below the delegation threshold.
- 5.4 Individual procurements may be referred to Cabinet for an executive decision at the request of Cabinet, a Cabinet Member or the Chair of Corporate Resources and Governance Overview & Scrutiny Committee where there are sensitivities or requirements that necessitate a decision being made by Cabinet.
- 5.5 Procurements below £10m contract value that are not listed on this or subsequent monthly reports can only be delegated to Chief Officers if specific approval is sought from Cabinet. Procurements above £10m contract value will still require an individual report to Cabinet in order for the award decision to be delegated to Chief Officers if appropriate.
- 5.6 A briefing note including financial information is appended to the Private report for each item on the schedule.

## **6. Evaluation of alternative option(s):**

- 6.1 A report approved by Council Business Management Committee on 16 February 2016 set out the case for introducing this process. The alternative option is that individual procurements are referred to Cabinet for decision.

## **7. Reasons for Decision(s):**

- 7.1 To enable Cabinet to identify whether any reports for procurement activities should be brought to this meeting for specific executive decision, otherwise they will be dealt with under Chief Officer delegations up to the value of £10m, unless TUPE applies to current Council staff.

**Signatures:**

**Date:**

.....  
Nigel Kletz – Director of Commissioning & Procurement

.....

.....  
Councillor Majid Mahmood - Value for Money and Efficiency

.....

**List of Background Documents used to compile this Report:**

**List of Appendices accompanying this Report (if any):**

Appendix 1 - Planned Procurement Activity January 2018 – March 2018

**Report Version**    1                    **Dated**    31/10/2017



## APPENDIX 1 – PLANNED PROCUREMENT ACTIVITIES (JANUARY 2018 – MARCH 2018)

Type of Report	Title of Procurement	Ref	Brief Description	Contract Duration	Directorate	Portfolio Value for Money and Efficiency Plus	Finance Officer	Contact Name	Planned CO Decision Date
Approval To Tender (SCN)	Joint Data Team Contract	P0187	Provide strategic planning and transportation planning data and forecasting for the seven West Midland Metropolitan District Councils and West Midlands Combined Authority including Transport for West Midlands.	2 years	Economy	Transport and Roads	Simon Ansell	Philip Edwards / Andrea Webster	18/12/2017
Approval to Tender (SCN)	Specialist Support for a Heritage Lottery Funding Bid	TBC	A major capital development of the Birmingham Museums and Art Gallery (BMAG) is being proposed aligned to the major infrastructure works required to the Council House complex. The Council is leading on the development of schemes for both the Council House and the Extension in relation to the infrastructure works project and re-visioning of the Birmingham Museum and Art Gallery (BMAG).	10 months	Place	Deputy Leader	Parmjeet Jassal	Symon Easton	18/12/2017
Approval to Tender (SCN)	Carers Hub: Carers' Assessments and Grants	TBC	The service will be responsible for undertaking statutory care assessments for carers on behalf of the Council. It will also administer grants to carers, according to eligible needs identified through those assessments, also on behalf of the Council.	1 year, 3 months	Adults Social Care & Health	Health and Social Care	Shabir Ladak	Austin Rodriguez / Gina Dimarco	18/12/2017
Approval To Tender Strategy	The renewals of the following insurances: Employer's Liability Policy and Motor Vehicle Policy	TBC	Replacement of 2 contracts below: • Employer's Liability - Provides the Council with an indemnity against its legal liability to compensate those employees who sustain either a personal injury or contract an illness or disease during the course of their employment. • Motor Insurance - Provides cover on a comprehensive basis for both damage to Council motor vehicles, together with an indemnity in respect of the Council's legal liability to compensate motorists or third parties for any personal injury or damage to their property as a result of motor vehicle accidents.	3 years	Strategic Services	Deputy Leader	Sukvinder Kalsi	Charlie Short / Dave Evans	18/12/2017
Approval To Tender Strategy	Provision of Education Improvement Services	P0431	The Council commissions school improvement services to raise standards in schools and to improve outcomes for all children and young people in the city. The service will extend across statutory school age provision and include a focus on improving outcomes for vulnerable populations.	1 year plus 1 year option to extend	Children and Young People	Children, Families and Schools	Anil Nayyar	Julie Young / Debbie Husler	18/12/2017
Approval to Tender (SCN)	Provision of nursing beds for use for citizens with unmet eligible care and support needs awaiting discharge from hospital	TBC	To create a number of block contract arrangements under Single Contractor Negotiation for the long term placement of citizens with unmet eligible care and support needs and also the short term (interim) assessment of citizens awaiting discharged from hospital.	Up to 7months	Adults Social Care & Health	Health and Social Care	Margaret Ashton Gray	Alison Malik / Gina Dimarco	20/11/2017
Strategy / Award	Employer's Agent Service for the Development of Housing for the Commonwealth Games Village (CWGV)	P0426	An Employer's Agent may be required to deliver full project management services for the development of housing for the Commonwealth Games Village and the post-games legacy OR	5 years	Place	Deputy Leader	Martin Easton	Charlie Short	12/12/2017
		P0427	An Employer's Agent may be required to deliver full project management services for the development of housing	5 years	Place	Deputy Leader	Martin Easton	Charlie Short	12/12/2017

## BIRMINGHAM CITY COUNCIL

## PUBLIC REPORT

**Report to:** CABINET  
**Report of:** City Solicitor  
**Date of Decision:** 14 November 2017  
**SUBJECT:** APPOINTMENTS TO OUTSIDE BODIES

**Key Decision:** No  
**If not in the Forward Plan:** Relevant Forward Plan Ref:  
 (please "X" box) Chief Executive approved ☐  
 Relevant Cabinet Member(s): O&S Chairman approved ☐  
 Relevant O&S Chairman: Cllr Ian Ward, Interim Leader of the Council  
 Cllr Mohammed Aikhlaq, Chairman of Corporate  
 Resources and Governance Overview and Scrutiny  
 Committee  
**Wards affected:** City Wide

### 1. Purpose of report:

The report seeks the approval of the Cabinet to the appointment of representatives to serve on outside bodies detailed in the appendix to this report.

### 2. Decision(s) recommended:

That Cabinet agrees to appoint representatives to serve on the Outside Bodies detailed in the appendix to this report.

**Lead Contact Officer(s):** Celia Janney  
 Committee Services  
**Telephone No:** Tel: 0121 303 7034  
**E-mail address:** e-mail: [celia.janney@birmingham.gov.uk](mailto:celia.janney@birmingham.gov.uk)

### **3. Consultation**

#### **3.1 Internal**

Councillor Ian Ward, Interim Leader of the Council.

For appropriate items, the Secretaries to the Political Groups represented on the Council.

#### **3.2 External**

There has not been a requirement to consult with external parties in respect of matters set out in this report.

### **4. Compliance Issues:**

#### **4.1 Are the recommended decisions consistent with the Council's policies, plans and strategies?**

The appointments are consistent with the legal and constitutional requirements of the City Council.

#### **4.2 Financial Implications (Will decisions be carried out within existing finances and Resources?)**

There are no additional resource implications.

#### **4.3 Legal Implications**

As set out in paragraph 4.1 above.

#### **4.4 Public Sector Equality Duty**

The main risk of not making appointments might lead to the City Council not being represented at meetings of the bodies concerned. It is always important in making appointments to have regard to the City Council's equal opportunities policies.

**5. Relevant background/chronology of key events:**

At a meeting of all Councillors on 11 July 2017, the City Council approved changes to the Constitution that set out those appointments that are reserved to the full City Council to determine. All other appointments of Members and officers to outside bodies shall be within the remit of Cabinet to determine and the proportionality rules will not automatically apply.

**6. Evaluation of alternative option(s):**

These appointments are a matter for the Cabinet to determine, in accordance with the City Council's current Constitution.

**7. Reasons for Decision(s):**

To approve the appointment of representatives to serve on Outside Bodies.

**Signatures**

**Date**

Interim Leader of the Council .....

City Solicitor .....

**List of Background Documents used to compile this Report:**

1. Report of the Council Business Management Committee to City Council on 11 July 2017 "Revised City Council Constitution"; along with relevant e-mails/ file(s)/correspondence on such appointments.

**List of Appendices accompanying this Report (if any):**

1. Appendix to Report to Cabinet 14 November 2017 – Appointments to Outside Bodies

**APPENDIX TO REPORT TO CABINET 14 November 2017**  
**APPOINTMENTS TO OUTSIDE BODIES****1. Summary of Decisions**

On 15 August 2017, Cabinet resolved under decision number 004096/2017 that the practice be continued of contacting each representative when their term of office is due to expire to ascertain whether they are willing to be re-appointed and that, unless indicated otherwise in the report to Cabinet, it will be understood that such representatives are not willing to be re-appointed.

**2. The Fields Green Millennium Trust**

Two Nominative Trustees who may be, but need not be, Members of the City Council and are appointed for two years. The term of office of Cllr Peter Griffiths expires on the 11 December 2017. The other appointment is a vacancy.

Therefore, it is

**RECOMMENDED:-**

- i) That Cabinet agrees to the re- appointment of Cllr Peter Griffiths (Lab) from 12 December 2017 until 11 December 2019 as Nominative Trustee.
- ii) That Cabinet agrees to the appointment of Cllr Simon Jevon (Con) from 14 November 2017 until 13 November 2019 as Nominative Trustee.

**3. Muntz Trust**

Four Nominative Trustees who may be, but need not be, Members of the City Council and are appointed for one year. The terms of office of Honorary Hon Theresa Stewart (Lab) and Mr Alistair Dow (Lib Dem) expires on 1 December 2017. Mr Gordon Franks (Con) and Mrs M Bartley (Lab) are the other Nominative Trustees and both have served on this body in the past.

Therefore, it is

**RECOMMENDED:-**

- i) That Cabinet agrees to the re-appointment of Hon. Ald. Theresa Stewart (Lab) from 1 December 2017 until 1 December 2018 as Nominative Trustee.
- ii) That Cabinet agrees to the re-appointment of Mr Alistair Dow (Lib Dem) from 1 December 2017 until 1 December 2018 as Nominative Trustee.
- iii) That Cabinet agrees to the re-appointment of Mr Gordon Franks (Con) from 1 December 2017 until 1 December 2018 as Nominative Trustee.
- iv) That Cabinet agrees to the re-appointment of Mrs M Bartley (Lab) from 1 December 2017 until 1 December 2018 as Nominative Trustee.

4. **Clara Martineau Trust**

Cllr Lynda Clinton has advised she does not want to continue. Nominative Trustee who may be, but need not be, Members of the City Council and are appointed for four years.

Therefore, it is

**RECOMMENDED:-**

That Cabinet agrees to the appointment of Cllr Diane Donaldson (Lab) from 14 November 2017 until 13 November 2021 as Nominative Trustee.

5 **Bournville Village Trust**

One official trustee, who may be but need not be a Member of the City Council and are appointed for nine years. Cllr Peter Griffiths (Lab) to replace Cllr Mary Locke (Lab). As the appointment is a replacement, therefore it is for the remainder of the period.

Therefore, it is

**RECOMMENDED:-**

That Cabinet agrees to the appointment of Cllr Peter Griffiths (Lab) from 14 November 2017 until 14 August 2026.

6. **The Charles Lane Trust**

Two nominative Trustees appointed by the Council for a period of four years who may be but need not be members of the Council. There is a vacancy. The other Nominative Trustee is Cllr Roger Harmer (Lib Dem).

Therefore, it is

**RECOMMENDED:-**

That Cabinet agrees to the appointment of Cllr Victoria Quinn (Lab) from 14 November 2017 until 13 November 2021.