

CORPORATE REVENUE BUDGET MONITORING REPORT 2017/18 MONTH 8

(up to 30th November 2017)

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1. Executive Summary

- 1.1 Birmingham City Council (BCC) set its net revenue budget of £821.8m on 28th 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 8, a high level forecast projection indicates underspends of £19.0m in the base budget delivery and £22.1m of savings that are not fully achieved in 2017/18, giving a combined net pressure of £3.1m at year end on the budget of £821.8m. The overall position is summarised in Table 1 overleaf.
- 1.3 The net overspend of £3.1m is primarily related to the Future Operating Model (FOM) (£14.6m), Children and Young People Directorate (£2.7m), Place Directorate (£3.4m) and Acivico (£1.8m). These have been offset by planned mitigations of £18.1m.
- 1.4 There are forecast underspends in Economy of £0.2m and in Finance & Governance of £1.1m.
- 1.5 Adult Social Care and Health (ASC&H) and Strategic Services are forecasting a balanced position. Delays in delivering the savings in ASC&H 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 £10.5m in the overall forecast position since Month 6. This relates largely to corporately funded Pension Fund Strain (PFS) of £9.6m, additional income in Planning and Development of £0.9m.
- 1.7 It is recognised that this position still presents a 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/(Underspend) as at			Savings not Deliverable (after mitigations) as at			Total Forecast Overspend as at		
		Month 8 £m	Month 6 £m	Movement £m	Month 8 £m	Month 6 £m	Movement £m	Month 8 £m	Month 6 £m	Movement £m
Adult Social Care & Health Directorate	335.733	(3.103)	(1.088)	(2.015)	3.103	1.088	2.015	0.000	0.000	0.000
Children & Young People Directorate	210.895	0.723	0.112	0.611	2.034	2.034	0.000	2.757	2.146	0.611
Place Directorate	141.552	1.783	2.114	(0.331)	1.632	1.632	0.000	3.415	3.746	(0.331)
Economy Directorate	71.135	(0.969)	0.000	(0.969)	0.775	0.695	0.080	(0.194)	0.695	(0.889)
Strategic Services Directorate	20.873	0.012	0.012	0.000	(0.016)	(0.016)	0.000	(0.004)	(0.004)	0.000
Finance & Governance Directorate	23.862	(1.114)	(0.818)	(0.296)	0.000	0.000	0.000	(1.114)	(0.818)	(0.296)
Sub-total Directorates	804.050	(2.668)	0.332	(3.000)	7.528	5.433	2.095	4.860	5.765	(0.905)
Policy Contingency	(9.779)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Corporately Funded Pension Fund Strain	0.000	(9.600)	0.000	(9.600)	0.000	0.000	0.000	(9.600)	0.000	(9.600)
Other Corporate Items	27.532	(6.728)	(3.428)	(3.300)	14.610	11.310	3.300	7.882	7.882	0.000
City Council General Fund	821.803	(18.996)	(3.096)	(15.900)	22.138	16.743	5.395	3.142	13.647	(10.505)

Notes:

1. The total forecast overspend position at Month 8 is £3.1m, an improvement of £0.4m compared with Month 7 (£3.5m).

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 6). This is made up of net savings deemed to be not fully achieved in 2017/18 of £8.1m offset by base budget underspends of £3.1m and additional income including the use of £5.0m from the iBCF, which had not been budgeted for. The increases in income from the Base Budget mean that the requirement for use of the iBCF in 2017/18 has reduced by 3.3m since Month 6. The conditions for iBCF allow this funding to be carried forward to 2018/19 and this will be available to support the Directorate's Vision and Strategy development.

Although the overall net position has remained the same since Month 6, there have been movements within the overall position. These are largely due to a reduction in the base budget pressure relating to external placement as a result of reviewing cost sharing arrangements with health on a package by package basis offset by additional income on Mental Health Joint Funding and other underspends across the Directorate.

Base Budget forecast

There is a forecast year-end underspend of £3.1m at Month 8 (Month 6 £1.1m underspend). This relates to the following:

- Mental Health Joint Funding – £2.1m additional income (Month 6 £1.6m)
This relates to Health contributions in relation to Mental Health care packages that are exceeding the budgeted level. There has been a further increase in Mental Health joint funded arrangements for Month 8
- Direct Payments (DP) – Recoupment of surplus income £1.5m (no movement since Month 6)
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 – £1.2m underspend (Month 6 £1.1m underspend)
This relates largely to underspend on staff vacancies across the service
- Mitigation from iBCF Fund – £1.2m (no movement since Month 6)
In addition to mitigating savings, iBCF funding of £1.2m is being used at Month 8 to offset the continuing increasing demand for Older Adult Services from both the Acute settings and Enhanced Assessment Beds (EAB) and Community settings
- Commissioning Centre of Excellence – £1.2m underspend (Month 6 £0.8m underspend)

This underspend is mainly due to staff vacancies across the service.

- Review of Non-pay costs – £0.5m underspend (no movement since Month 6)
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 (no movement since Month 6)
The Directorate is reviewing all charging policies across the full range of service areas. Further work is being done to clarify the benefit from this work and it continues to be work in progress.
- Care Packages/External Placement – £2.8m overspend (Month 6 £3.8m)
There continues to be a significant pressure on external placements budgets, particularly in relation to residential and nursing placements for Older Adults. Additional pressures in recent months have been due to increasing prices for services particularly for clients with Learning Disabilities

Other cost pressures continue, including a higher than anticipated increase in average prices across all of Adult Social Care for all client groups.

The Directorate has been successful in mitigating some of these increases through reviewing cost sharing arrangements with health on a package by package basis.

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 and this has been continued in Month 8.

- Extra Care Block Contract – £1.8m overspend (no movement since Month 6)
The current arrangements for providing care where additional services are required are leading to these unbudgeted costs. The Directorate Budget Board has commissioned a review of this area which will report back in future monitoring report.
- Deprivation of Liberty Safeguards (DoLS) – £0.3m overspend (Month 6 £0.5m)
In Period 8 there has been a reduction in the pressures associated with DoLS due to a number of factors. The service area has changed the emphasis and prioritised cases most at risk rather than the blanket approach used previously following guidance from Association of Directors of Adults Social Services (ADASS). As a result of this the service area has been able to decommission an external service and show a reduction in costs.
- Other Minor Variations – £0.2m overspend (Month 6 nil)
There are other minor variations of £0.2m across the Directorate

Savings Programme forecast

There is a net forecast of £3.1m savings not achievable in 2017/18 at Month 8 (Month 6 £1.1m). This is made up of £8.1m of savings considered not fully achieved in

2017/18 offset by the use of £5.0m from the iBCF as identified in Appendix 3. These unachievable savings are summarised below:

- £1.5m Enablement (no movement since Month 6) – A refreshed business case has been produced and the main risk associated with this saving continues to be challenge from the unions. Changes to the service delivery model are due to be implemented from February 2018 onwards. Corporate VR should contribute significantly towards the savings and the total value is being worked up based on likely pension strain cost. Given the risks associated with this saving, £1.5m of the £2.0m saving has been identified as part of £5.0m iBCF mitigation funding.
- £4.3m Integrated Community Social Work and Review (Month 6 £4.5m) – There is a risk that the anticipated in year savings may be overly ambitious. Mitigations have been identified from the iBCF to enable a 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.

- £0.9m Supporting People (Month 6 £2.0m) – The budget savings target for Supporting People / Third Sector is £3.2m for 2017/18. A review has identified £2.3m of savings (£1.2m at Month 6). Proposals have been agreed to utilise the balance from the iBCF towards this pressure. Wider plan is being developed as part of the iBCF to build community capacity and utilise community assets to support to enable vulnerable adults to live healthy, happy and independent lives.
- £0.8m External Day Centres (no movement since Month 6) – A plan is in place to deliver £0.2m. Actions are being taken to explore other ways to deliver the remaining savings of £0.6m. 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. Work is progressing on introducing the Interim Contract.
- £0.2m Residential Care (Residential Block Contracts) (no movement since Month 6) – 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. The existing gap in EAB is now being funded via the iBCF.
- £0.4m Internal Care Review (Care Centres) (no movement since Month 6) – This is unlikely to make savings in 2017/18. The closure of one centre has been completed and work is underway to lease the building. A short term lease has been agreed and plans are being progressed with regards to the longer term

lease arrangement. Further work is being carried out to generate efficiencies across the remaining care centres. Audit has identified recharge arrangements, staffing costs and review of the use of facilities as areas for further potential savings.

The unachieved savings have been offset by the use of £5.0m from the iBCF to stabilise the current Adult Social Care position which is a reduction of £3.2m since Month 6 as a result of underspends in base budget pressures. 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, reconfigures the 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 8 position.

2.2 Children & Young People

The Directorate is forecasting an overspend of £2.7m. (Month 6 £2.1m) The adverse movement of £0.6m since Month 6 primarily relates to increased costs in Travel Assist.

Base Budget forecast

The base budget pressure of £0.7m (Month 6 £0.1m) relates to the following:

- Education General Fund – £1.4m pressure (Month 6 £0.7m)
 - PFI / BSF contracts £0.1m (no movement since Month 6) – There is a forecast net deficit of £0.1m after taking into account mitigations from specific contingencies for inflation.
 - Travel Assist 0.6m (Month 6 nil) – The mitigations that were put in place to manage the deficit have not had the impact expected as a result of an increase in the number of transport placements. There is a rise in costs related to agency guides and issues with the main contractor for transport. Any new transport provision arranged increases the cost of delivery.
 - Unattached Playing Fields £0.1m (no movement since Month 6)– Progress has been slow due to the complex legal and regulatory issues which need to be taken into account and these can vary by playing field. Earmarked resources have now been identified to accelerate the work on an invest to save 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

- Early Years £0.3m (Month 6 £0.1m) – There is net unfunded costs in day nurseries of £0.3m, residual pressures arising from a four month delay in implementing the new Health and Well Being Contracts of £0.1m partly offset by staffing savings of £0.1m
- Education Infrastructure Team £0.1m (Month 6 nil)– The overspend arises from a combination of less income from a reduced level of academisation than anticipated and buy back of the Education Infrastructure Team traded offer being less than expected.
- Other Minor Overspends £0.2m (Month 6 £0.4m)– A net deficit of £0.2m arising from a mixture of minor variations
- Early Help & Children's Social Care - £0.7m underspend (Month 6 £0.6m)
 - No Recourse to Public Funds (NRPF) £0.7m pressure (no movement since Month 6) - 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 the 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 £1.1m pressure (Month 6 £1.0m) - 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 each of 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 £1.0m pressure (Month 6 £0.9m)

This relates to the budget allocation not being adequate to cover the actual costs of disbursements following an exercise to re-base budgets. This exercise is being revisited as part of the budget setting for 2018/19. In addition there is an increase in costs relating to several cases in court.

○ Disabled Children's Services £0.6m pressure (Month 6 £0.5m)

There are cost pressures of £0.6m 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 (no movement since Month 6)
- The overall costs of all current fostering, residential, supported accommodation and secure welfare placements currently indicate a forecast underspend of £1.0m (Month 6 £0.7m underspend). Additional income of £0.4m (Month 6 £0.3m) will be received in respect of contributions to specific complex care packages
- There is a delay in planned staffing recruitment within the Youth Offending service which will result in an underspend of £0.5m (no movement since Month 6) 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 (no movement since Month 6)
- There has been a reduction in the costs of commissioned training activities of £0.4m (no movement since Month 6)
- Additional income of £0.5m (no movement since Month 6) 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 £0.6m (Month 6 £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 £0.2m (Month 6 £0.1m underspend)

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 (no movement since Month 6) as summarised below.

- £1.9m Travel Assist (no movement since Month 6) – 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. 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 (no movement since Month 6) – 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’ 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 overspend of £3.4m (Month 6 £3.7m). This includes base pressures of £1.8m (£2.1m at month 6) after taking into account a corporate mitigation of £6.6m that has been reported previously. There is also forecast non-delivery of savings of £1.6m (no movement since Month 6).

There has been a net decrease of £0.3m since Month 6 as a result of anticipated improvements in Regulatory Services (£0.2m) and Neighbourhood & Community Services (£0.1m).

Base Budget forecast

A net base budget pressure of £1.8m (Month 6 £2.1m) is forecast at Month 8 relating to pressures of £3.2m offset by mitigations/underspends of £1.4m as outlined below:

- Waste Management Services - £1.8m pressure (no change since Month 6 when pressures of £8.4m were reported before £6.6m of corporate funding).
Following the conclusion of the industrial dispute the overall estimated cost of this is £6.6m which has been wholly offset by corporate funding. However, the new operating model is not expected to be fully implemented until February 2018 and so there is a potential risk of further pressures that are not yet quantifiable. The residual pressure of £1.8m relates primarily to operational costs on the transport fleet (mainly lower income and additional repairs and maintenance expenditure) and is unchanged since month 6.
- Community Sport & Events- £0.7m net pressure (no movement since Month 6)
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- £0.4m net pressure (Month 6 £0.6m)
There is a £0.3m pressure on the Coroners' Service, a net pressure of £0.2m relating to Environmental Health (underspend £0.4m) and Pest Control (overspend £0.6m) and an underspend of £0.1m relating to Trading Standards.
- Other variations- £0.3m pressure (no movement since Month 6)
There are other variations on a range of services including Markets of £0.1m and Equalities and Community Cohesion of £0.2m.
- Net Mitigations- £1.4m
A number of mitigations/underspends are anticipated to offset the above pressures including:
 - Parks self-funded borrowing savings of £0.1m (no movement since Month 6)
 - Bereavement Services maintenance savings plus additional income from car parking and grave sales of £0.4m (no movement since Month 6)
 - Use of non-grant reserves in Adult Education of £0.2m (no movement since Month 6)
 - Use of Culture and Visitor Economy Reserves of £0.3m (no movement since Month 6)
 - Resilience and Other Services £0.4m

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 8 (no movement since Month 6). 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 a net underspend of £0.2m at Month 8 (Month 6 £0.7m overspend). The improved position is primarily due to higher than anticipated income in planning applications and identification of one off mitigations for savings not yet in place.

Base Budget forecast

The Directorate is reporting an underspend of £1.0m on the base budget position (Month 6 balance position) which includes:

- £0.9m underspend in Planning and Development in relation to additional income from planning applications and other underspends
- £0.3m Highways and Infrastructure underspend
- £0.2m Other minor underspends

Partly offset by:

- £0.4m pressure within Birmingham Property Services (BPS).

Savings Programme forecast

Savings not anticipated to be fully achievable in 2017/18 are set out below:

- InReach £0.8m (£0.7m at Month 6) for whom the responsibility has been transferred from Place to Economy Directorate.
- BPS £0.3m (nil Month 6) delayed implementation of the service restructure.

These are offset by:

- £0.3m use of the BPS FOM reserve

2.5 Strategic Services

The Directorate is forecasting a balanced position at Month 8, no change from the position reported at Month 6.

Base Budget forecast

A break-even position has been forecast on the base budget. (no movement since Month 6).

Savings Programme forecast

The savings which are not expected fully achievable of £2.8m in 2017/18 are identified below (no movement since Month 6).

- £0.2m – Residual Human Resource 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 the 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. This is being funded from reserves in 2017/18 to be repaid from the associated Council Tax surplus

2.6 Finance & Governance

The Directorate is forecasting an underspend position of £1.1m at Month 8 (Month 6 £0.8m underspend). There is a favourable movement of £0.3m since Month 6 relating to Shared Services of £0.2m and other minor underspends in the base budget of £0.1m.

Base Budget forecast

There is a forecast underspend of £1.1m on the base budget (Month 6 £0.8m underspend). This relates largely to an underspend of £1.0m on the SAP Development budget and £0.1m other minor underspends.

Savings Programme forecast

The forecast savings are expected to be fully achieved (no movement since Month 6).

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 Table 2 below:

Table 2: HRA Current Budget and Forecast Position

Service	Current Budget £m	Year End Projection (Month 6) £m	Year End Projection (Month 8) £m	Change £'m
Rent/Service Charges (Net of Voids)	(281.7)	-	-	-
Repairs and Maintenance	64.5	(3.0)	(4.1)	(1.1)
Contributions for Capital Investment	54.0	-	-	-
Capital Financing Costs	76.5	4.4	4.3	(0.1)
Local Office / Estate Services / Equal Pay	86.7	(1.4)	(0.2)	1.2
Net Position	0.0	0.0	0.0	0.0

A balanced position is projected for the year-end, although the projections have been reviewed and updated at Month 8. In summary, the position on repairs has improved (lower expected contractual claims from contractors and performance related payments

are expected to be lower) and reduced on local housing/estate services (due to additional expenditure on voluntary redundancy costs).

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 £5.7m 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 £2.0m (£2.2m in year less £0.2m deficit brought forward from 2016/17), which will be taken into account in setting the budget for 2018/19. This is a small reduction on the position reported previously of £2.1m. The in year surplus of £2.2m is made up of £0.8m 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 Service 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 Business Rates Pilot that came into effect on 1st 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 has previously been reported of which the Council's share is £0.2m. However, the latest data set from the Valuation Office Agency (VOA) indicates that the majority of anticipated appeals against the 2017 Valuation list will not be lodged until future years, although it is expected that these will eventually be lodged as originally forecast. As a result the Council anticipates a smaller provision for appeals will be created in 2017/18 and so it is now expected that a further surplus of £17.7m will be realised relating to the Council's share. However, it is expected that this resource will be needed in future years.

As previously reported, a further £3.7m of in year resource is anticipated to be received relating to additional compensatory grants from Central Government as a result of policy decisions that would otherwise reduce Business Rates income such as additional support for small businesses due to the effects of revaluation.

The overall in year forecast position on Business Rates related resources is a surplus of £21.6m (£0.2m in year surplus reported previously plus £17.7m for appeals and a further £3.7m of additional government grants).

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.

Therefore, an overall forecast surplus of £19.8m relating to the Council's share of Business Rates related resources is anticipated to be taken into account in setting the Budget for 2018/19 (£21.6m in year surplus less £1.8m deficit brought forward).

3. Corporate Summary of the Savings Programme

- 3.4 The Month 8 analysis of the Savings Programme shows that Directorates consider £54.6m (64.0%) of the savings forecast will be delivered in 2017/18 and £118.1m (68.9%) is still considered to be a reasonable estimate of savings by 2020/21. At this stage, £30.7m (36.0%) is not fully achieved in 2017/18, with £8.6m of mitigations identified. The overall Directorate position at Month 8 is summarised for the Council in Tables 3 and 4.

Table 3 – Analysis of 2017/18 Savings Programme

	On Track £m	One Off £m	At Risk £m	Delayed £m	Undeliverable £m	Total £m
Adults Social Care & Health	6.189	2.218	1.230	0.000	8.103	17.740
Children and Young People	8.528	0.000	0.836	0.000	2.034	11.398
Economy	8.233	0.230	0.000	0.000	0.775	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
Total Savings	49.536	2.998	2.066	0.000	30.738	85.338
Mitigations					8.600	
Net delayed and undeliverable after mitigations					22.138	

Table 4 – Savings not fully achieved

	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m
Adults Social Care & Health	3.103	2.466	5.300	2.280
Children and Young People	2.034	1.676	11.796	10.815
Economy	0.775	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	14.610	33.021	36.813	36.740
Net undeliverable and delayed savings after mitigations	22.138	40.667	57.072	53.685

- 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.

4. Resource Allocations and Other Corporate Updates

4.1 General Policy Contingency

The balance on the General Policy Contingency at Month 8 is £1.7m.

4.2 Other Corporate Mitigations

Corporate mitigations on the base budget of £8.5m include:

- £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.
- £1.5m underspend on Specific Policy Contingency following a detailed review of commitments.
- £3.3m of savings represented as a corporate item rather than being directly attributed to the FOM.

These have been partly offset by a £1.8m pressure relating to Acivico, which includes non-distributable profit of £1.5m, a shortfall in profit share of £0.1m and pressures relating to Highbury Hall £0.1m and the Security / Portering Service £0.1m. 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 FOM.

4.3 Combined Authority Borrowing Powers

West Midlands Combined Authority (WMCA) was established in June 2016 following a Parliamentary Order which effectively dissolved the West Midlands Passenger Transport Executive (WMPTE) and the West Midlands Integrated Transport Authority (WMITA), both of which were replaced by the newly established West Midlands Combined Authority, but which had wider legal powers than the two predecessor transport bodies.

The two statutory bodies which preceded the Combined Authority existed to promote and deliver public transport. As such, those entities held the necessary powers to undertake borrowing for transport related purposes. When WMCA was established, the borrowing powers were not extended to align with the newly acquired functions.

Whilst currently WMCA has powers across a broad range of areas, it only has the legal ability to borrow in relation to transport related expenditure. This issue manifests itself in a number of ways, predominantly relating to the investment programme, with individual authorities having to borrow on behalf of the WMCA (including Birmingham for the Collective Investment Fund) and some schemes being prevented from being approved.

The Cities and Devolution Act 2016 amends previous legislation so that in addition to borrowing for transport functions, a Combined Authority may borrow in relation to “any other functions of the authority that are specified ... in regulations made by the Secretary of State”. Such functions include Mayoral and non-Mayoral functions. Such regulations may only provide borrowing powers for a particular function of the Mayoral WMCA if all the Constituent Councils consent.

The Government now intends to introduce the necessary regulations, subject to the introduction of a debt cap and securing the necessary approvals. Agreement has been reached whereby WMCA will be able to borrow for all of its functions.

This will facilitate the more efficient conduct of the WMCA’s financial affairs, including facilitating the financing of the investment programme, and will also avoid the need for Constituent Councils to increase their debt by borrowing on behalf of the WMCA. It puts its borrowing powers on a par with those of other local authorities. Therefore, it is recommended that approval is granted on behalf of the City Council to this extension to the WMCA’s borrowing powers.

4.4 ICT Landing Team

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. It is not unreasonable therefore for the Council to expect to spend an assumed £4.7m through to 2020/21. This expenditure would cover the following activities:

- Costs of consultancy support - specialist advisory support (which cannot be funded from capital funded investments)
- Costs of specialist legal, commercial, finance and procurement support - there is no specialist ICT procurement support available to the Council and there may be other support required to negotiate the various contracts that cannot be handled by the available resources.
- Team training and support – to provide additional training and support to the in-house team as they take on the full responsibilities of the service
- Programme management of the transition itself

The costs in 2017/18 are anticipated to be £0.547m and these will be funded by the Organisational Transition Reserve.

4.5 Regional Growth Fund – Accountable Body Role

The City Council currently acts as accountable body for a number of loan and grant funds which are managed by our partner Fund Manager (Finance Birmingham Group). This includes a Tooling Loan Fund and Debt/Mezzanine Funds.

Permission has been received from the Department of Business, Energy and Industrial Strategy (DBEIS) to continue the delivery of these two Regional Growth Funded award, being Tooling Fund (£12m) and Debt/Mezzanine Fund (£16m), to an extended defrayal date of 31 Jan 2021. The Council will continue to act as the accountable body for these funds and Finance Birmingham Group will continue to act as Fund Manager.

Demand continues for the schemes with the original funds having been fully utilised by successful applicants. Both schemes will continue to provide funding to applicants through recycling of the repaid commercial awards. Council approval is sought to accept extensions of the two awards to 31 Jan 2021 with the possibility of a further continuation from DBEIS beyond this date.

The Council is able to recover some costs of accountable body role, including treasury management costs from the fund. Such costs are charged annually. There are no financial implications for the Council as a result of the recommendation to redeploy the returning funds, including interest. The retention of the funds for general council use has been explored but is not allowable within the original award letter. This view has been endorsed by DBEIS.

Cabinet is recommended to endorse the Council continuing its accountable body role for this extended period

4.6 Increase in Planning Application Fees

In February 2017, as a response to their White Paper “Fixing our broken housing market”, the Department for Communities and Local Government asked all Planning Authorities if they would consider a 20% increase in Planning Application fees, subject to the proviso that the additional income was ringfenced to increase the existing Planning service revenue budget from an agreed baseline, in order to increase service capacity and performance. This income was anticipated in the ongoing affordability of the new Economy Directorate Future Operating Model (FOM). Planning Authorities in favour were required to make a formal certification and in February 2017, the Acting Section 151 Officer confirmed that the Council would accept the proposal, subject to executive authority, and approved the base line budget.

The Town and Country Planning Act 2017 was amended on 20th December 2017 to this effect by Statutory Instrument 2017 No. 1314, The Town and Country Planning (Fees for Applications, Deemed Applications, Requests and Site Visits) (England) (Amendment) Regulations 2017. This came into force on the twenty eighth day after the day the regulations were made; in this case the 17th January 2018. The ability to require the revised fees from this day was confirmed in a letter to local authorities from the Department for Communities and Local Government dated 21 December 2017. Whilst the increase has been delayed from the originally anticipated date, arrangements have been put in place to implement the revised fees from the due date in line with government advice.

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	(1.688)		(1.688)
Adult Packages of Care	166.167	7.675	173.842	(1.372)	2.703	1.331
Assessment & Support Planning	37.358	(0.187)	37.171	0.279		0.279
Specialist Care Services	40.972	(1.300)	39.672	2.034	0.400	2.434
Commissioning Centre of Excellence	40.621	0.029	40.650	(1.207)	0.000	(1.207)
Business Change	40.929	0.065	40.994	(1.230)		(1.230)
Public Health	0.000	0.000	0.000	0.080	0.000	0.080
Adults Social Care & Health Directorate Total	335.924	(0.191)	335.733	(3.103)	3.103	0.000
Education and Skills	65.455	9.876	75.330	1.464	2.034	3.498
Schools Budgets	(152.219)	(9.116)	(161.335)	(0.000)	0.000	(0.000)
Children With Complex Needs	107.589	0.692	108.280	0.000	0.000	0.000
Early Help & Childrens Soc Care	162.753	(0.105)	162.648	(0.739)	0.000	(0.739)
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
Children and Young People Directorate Total	209.929	0.965	210.895	0.723	2.034	2.757
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	1.800	0.167	1.967
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)	0.451	(0.475)	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	0.410	0.000	0.410
Private Sector Housing	(1.239)	0.956	(0.284)	0.000	0.000	0.000
Neighbourhood Community Services	28.594	0.333	28.927	(0.063)	0.030	(0.033)
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
Place Directorate Total	138.405	3.147	141.552	1.783	1.632	3.415
Planning & Development (City Centre, EZ & BDI)	2.452	0.450	2.902	0.000	0.000	0.000
Planning & Development (Strategy & Planning)	4.793	(0.291)	4.502	(0.878)	0.000	(0.878)
Business and Customer	9.459	1.772	11.230	0.000	0.000	0.000
Transportation and Connectivity	47.949	0.706	48.655	0.000	0.000	0.000
Housing Development	(0.026)	0.462	0.436	(0.094)	0.775	0.681
Highways and Infrastructure	37.831	(0.793)	37.039	(0.284)	0.000	(0.284)
Birmingham Property	(1.933)	(0.329)	(2.262)	0.374	0.000	0.374
Employment Services	4.005	2.316	6.321	(0.087)	0.000	(0.087)
GBSLEP Executive	0.177	(0.199)	(0.022)	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
Economy Directorate Total	67.041	4.094	71.135	(0.969)	0.775	(0.194)

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	0.148	0.351	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
Strategic Services Total	20.102	0.771	20.873	0.012	(0.016)	(0.004)
City Finance	8.053	(0.626)	7.427	(1.100)	0.000	(1.100)
Birmingham Audit	2.158	(0.056)	2.102	(0.014)	0.000	(0.014)
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	0.000	0.000	0.000
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	0.000	0.000	0.000
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
Finance & Governance Total	24.342	(0.480)	23.862	(1.114)	0.000	(1.114)
Total Directorate Spending	795.743	8.306	804.049	(2.668)	7.528	4.860
Policy Contingency	(1.980)	(7.799)	(9.779)	0.000	0.000	0.000
Other Corporate Items	28.040	(0.507)	27.533	(16.328)	14.610	(1.718)
Centrally Held Total	26.060	(8.306)	17.754	(16.328)	14.610	(1.718)
Proposed Transfers to / (from) reserves				0.000	0.000	0.000
Net Budget Requirement	821.803	(0.000)	821.803	(18.996)	22.138	3.142
						0.000
Housing Revenue Account	0.000	0.000	0.000	0.000	0.000	0.000

Policy Contingency Month 8 Monitoring to 30th November 2017

Table 1

	Original Budget 2017/18	Approvals / Adjustments in Voyager	Revised Budget 2017/18	Approvals / Allocations not yet in Voyager as at 30th Nov	Proposals awaiting approval at 30th Nov	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
Total Contingency excluding Future Operating Model savings	12,630	(1,152)	11,478	(356)	(1,354)	(1,500)	8,268
Future Operating Model - savings to be allocated	(14,610)		(14,610)				(14,610)
Total Contingency including Future Operating Model savings	(1,980)	(1,152)	(3,132)	(356)	(1,354)	(1,500)	(6,342)

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)
Sub-total revised budget	1,686

Directorate Savings Programme – Position at Month 8**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	(5.000)	(9.300)	(2.000)	0.000
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	4.342	5.500	5.020	0.000
HW1	Supporting People	0.873	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
Grand Total		3.103	2.466	5.300	2.280

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
P22*	Step up of previous Early Years savings	0.000	(0.270)	(0.150)	(1.131)
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
Grand Total		2.034	1.676	11.796	10.815

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
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
Grand Total		1.632	3.138	2.913	3.639

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	1.983	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)	0.204	0.212	0.447	0.587
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	(1.983)	(2.400)	(2.400)
HN11 Mitigation	TBC	0.000	(0.212)	(0.447)	(0.587)
Grand Total		0.775	0.366	0.250	0.250

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)
Grand Total		0.000	0.000	0.000	0.000

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
WOC1*	Workforce proposals requiring changes to terms and conditions	0.000	0.333	0.466	0.571
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	32.688	36.347	36.169
Grand Total		14.610	33.021	36.813	36.740

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 mitigations in 2017/18	(2.550)	(0.216)	(0.216)	(0.216)
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
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 mitigations in 2017/18	(0.110)	(0.138)	(0.138)	(0.138)
E22 mitigation	Proposed mitigations	(0.150)	(0.150)	(0.150)	(0.150)
Subtotal		(0.016)	2.100	2.100	2.061
	Review of Single Person Discount to generate income from Council Tax Collection Fund		(2.100)	(2.100)	(2.100)
Grand Total		(0.016)	0.000	0.000	(0.039)

1. Write Offs

1.1 Sundry Debt Write-off

Cabinet is requested to approve the writing off of debts greater than £0.025m due to the Council, totalling £0.475m. Table 1 details the nature of the debt and the actions undertaken to seek its recovery.

Table 1: Sundry Debt Write-off

Directorate/ Service Area	Invoice Date(s) or Liability period	Amount (£)	Nature of the Debt
Adult Social Care and Health / Client Financial Services	Oct 2010 – Jan 2014	75,925.03	Social care charges for residential care supplied.
Adult Social Care and Health / Client Financial Services	July 2009 – Oct 2013	84,981.26	Social care charges for residential care
Adult Social Care and Health / Client Financial Services	Aug 2006 – Apr 2013	54,954.54	Social care charges for residential care
Adult Social Care and Health / Client Financial Services	Sept 2009 – Jan 2011	26,852.15	Social care charges for residential care
Adult Social care and Health / Client Financial Services	April 2002 – Dec 2003	69,156.50	Social care charges for residential care
Adult Social Care and Health / Client Financial Services	April 2013 – Dec 2017	54,870.63	Social care charges for home support
Place Directorate / Trade Waste	April 2015 – Mar 2016	82,165.20	Collections: waste compactor; general waste and mixed multi material over 46 weeks
Economy /Birmingham Property Services	Mar 2015- Sep 2016	26,280.24	Commercial rent arrears

1.2 Write-off of Irrecoverable Housing Benefit, Council Tax and Business Rates

a. Irrecoverable Housing Benefit

In circumstances where Housing Benefit overpayments are identified as not being recoverable, or where recovery is deemed uneconomic, the City Council's Financial Regulations and delegated powers allow for these overpayments and income to be written off. All possible avenues must be exhausted before such write offs are considered. Amounts already written off will still be pursued should those owing the Council money eventually be located or return to the city.

The cost to the Council of writing off these irrecoverable sums will be charged to the City Council's provision set up for this purpose, which includes sums set aside in previous years to meet this need. There is no direct effect on the revenue account.

In 2017/18, from 1st October 2017 to 30th November 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.

Age analysis	Up To 2011/12	2012/13 to 2014/15	2015/16 to 2017/18	Total
	£m	£m	£m	£m
Benefit Overpayments	0.010	0.049	0.252	0.311
Total	0.010	0.049	0.252	0.311

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.

Cabinet are requested to approve the writing off of business rates debts to the Council which are greater than £0.025m, totalling £2.0m as detailed in Section (c) of this Appendix. Further information in respect of these is available on request.

In 2017/18, from 1st October 2017 to 30th November 2017, further items falling under this description in relation to Council Tax have been written off under delegated authority. The table below details the total approved gross value of these amounts written off of £2.0m, which Members are asked to note.

Age analysis	Up To 2011/12	2012/13- 2014/15	2015/16- 2017/18	Total
	£m	£m	£m	£m
Council Tax	1.994	-	-	1.994
TOTAL	1.994	-	-	1.994

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) Property 1 - Business Rates due for the period 29/12/04 to 08/04/06 – 6003727799 - £35,972.24 Property 2 - Business Rates due for the period 06/01/08 to 30/09/08 – 6004318896 - £7,355.30	£43,327.54
2	Liability Period(s)/Account Ref Number(s) Business Rates due for the period 04/01/08 to 30/03/11 - 6004665018	£26,700.39
3	Liability Period(s)/Account Ref Number(s) Property 1 - Business Rates due for the period 01/01/06 to 31/12/10 – 6005755786 - £3,534.08 Property 2 - Business Rates due for the period 13/07/07 to 31/08/10 – 6005309540 - £64,101.33	£67,635.41
4	Liability Period(s)/Account Ref Number(s) Business Rates due for the period 19/03/08 to 04/03/12 - 6005320734	£37,849.29
5	Liability Period(s)/Account Ref Number(s) Business Rates due for the period 17/03/08 to 24/10/14 – 6005331322	£40,812.47
6	Liability Period(s)/Account Ref Number(s) Business Rates due for the period 28/06/07 to 21/11/12 - 6005398678	£30,708.72
7	Liability Period(s)/Account Ref Number(s) Business Rates due for the period 02/08/08 to 23/08/11 - 6004882051	£25,616.34
8	Liability Period(s)/Account Ref Number(s) Property 1 - Business Rates due for the period 01/04/07 to 31/03/09 – 6004329315 - £110,620.00 Property 2 - Business Rates due for the period 01/04/07 to 31/12/08 – 6004332921 - £28,999.00	£139,619.00
9	Liability Period(s)/Account Ref Number(s) Business Rates due for the period 01/04/07 to 02/08/10 - 6004366243	£43,966.06
10	Liability Period(s)/Account Ref Number(s) Business Rates due for the period 21/12/07 to 21/08/08 - 6004384585	£40,471.11
11	Liability Period(s)/Account Ref Number(s) Business Rates due for the period 25/12/07 to 28/09/09 - 6004407634	£27,588.64
12	Liability Period(s)/Account Ref Number(s) Business Rates due for the period 14/01/2008 to 31/08/09 - 6004535077	£32,769.75
13	Liability Period(s)/Account Ref Number(s) Property 1 - Business Rates due for the period 01/08/07 to 24/03/11 – 6004367973 - £33,136.76 Property 2 - Business Rates due for the period 01/04/07 to 31/12/08 – 6004686484 - £59,571.92	£92,708.68
14	Liability Period(s)/Account Ref Number(s) Property 1 - Business Rates due for the period 23/07/07 to 30/11/12 – 6004372472 - £4,216.44 Property 2 - Business Rates due for the period 01/04/08 to 30/11/12 – 6003453658 - £18,865.89 Property 3 - Business Rates due for the period 11/08/10 to 04/04/13 – 6004676639 - £6,071.72 Property 4 - Business Rates due for the period 01/03/11 to 30/09/13 – 6004733297 - £9,185.38	£38,339.43

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15	Liability Period(s)/Account Ref Number(s) Business Rates due for the period 01/03/2008 to 05/12/13 - 6004355337	£64,775.62
16	Liability Period(s)/Account Ref Number(s) Business Rates due for the period 11/11/04 to 19/09/05 - 6003655041	£51,333.19
17	Liability Period(s)/Account Ref Number(s) Business Rates due for the period 01/04/05 to 07/01/09 - 6004334325	£49,808.21
18	Liability Period(s)/Account Ref Number(s) Business Rates due for the period 01/04/05 to 04/04/10 - 6004503886	£67,530.93
19	Liability Period(s)/Account Ref Number(s) Business Rates due for the period 10/01/06 to 08/01/09 - 6004552123	£37,988.12
20	Liability Period(s)/Account Ref Number(s) Business Rates due for the period 02/12/05 to 31/03/10 - 6004737028	£47,097.22
21	Liability Period(s)/Account Ref Number(s) Business Rates due for the period 01/04/06 to 18/10/06 - 6003567251	£27,421.73
22	Liability Period(s)/Account Ref Number(s) Business Rates due for the period 16/11/06 to 31/03/18 - 6004144396	£33,675.48
23	Liability Period(s)/Account Ref Number(s) Business Rates due for the period 29/09/06 to 24/06/08 - 6004163891	£32,535.59
24	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
25	Liability Period(s)/Account Ref Number(s) Business Rates due for the period 12/11/05 to 11/01/11 - 6004740178	£33,788.05
26	Liability Period(s)/Account Ref Number(s) 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 Liability 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
27	Liability Period(s)/Account Ref Number(s) Business Rates due for the period 18/07/06 to 03/03/09 - 6004134585	£29,642.96
28	Liability Period(s)/Account Ref Number(s) Business Rates due for the period 01/03/07 to 05/02/09 - 6004233372	£32,727.41
29	Liability Period(s)/Account Ref Number(s) Property 1 - Business Rates due for the period 01/04/07 to 16/03/10 – 6004242340 - £52,190.55 Property 2 - Business Rates due for the period 01/03/07 to 03/11/08 – 6004242339 - £11,152.16	£63,342.71
30	Liability Period(s)/Account Ref Number(s) Property 1 - Business Rates due for the period 09/03/07 to 08/01/09 – 6004406891 - £30,691.24 Property 2 - Business Rates due for the period 16/08/08 to 08/01/09 – 6004380630 - £437.44	£31,128.68

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31	Liability Period(s)/Account Ref Number(s) Business Rates due for the period 05/03/07 to 31/01/09 - 6004439778	£35,930.02
32	Liability Period(s)/Account Ref Number(s) Business Rates due for the period 10/01/07 to 09/01/09 - 6004683430	£25,514.69
33	Liability Period(s)/Account Ref Number(s) Business Rates due for the period 16/06/06 to 12/06/14 - 6004709555	£34,006.92
34	Liability Period(s)/Account Ref Number(s) Property 1 - Business Rates due for the period 01/11/07 to 15/05/14 – 6004584267 - £106,426.81 Property 2 - Business Rates due for the period 01/04/13 to 20/06/13 – 6004477654 - £445.99	£106,872.80
35	Liability Period(s)/Account Ref Number(s) Business Rates due for the period 20/08/07 to 21/09/11 - 6005274015	£131,305.15
36	Liability Period(s)/Account Ref Number(s) Business Rates due for the period 18/02/08 to 31/07/10 - 6005532778	£122,187.41
37	Liability Period(s)/Account Ref Number(s) Business Rates due for the period 01/04/08 to 19/10/09 - 6004508643	£37,662.01
38	Liability Period(s)/Account Ref Number(s) Business Rates due for the period 01/10/08 to 31/08/09 - 6004523624	£29,625.31
39	Liability Period(s)/Account Ref Number(s) Business Rates due for the period 18/06/08 to 04/07/09 - 6004342696	£35,978.56
TOTAL		£1,989,674.84

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	£0	£5	£2,002	£0	£359	£7,570	£15,414	£6,578	£27,343	£41,161	£80,367	£129,937	£310,736	699

Debt Size							
Small		Medium		Large		Total	
Cases	>£1,000	Cases	£1,001- £5,000	Cases	£5,000- £25,000	Cases	
627	£133,925	66	£131,564	6	£45,247	699	£310,736

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	-	-	-	-	£1,031,877	£961,978	-	-	-	-	-	£1,993,855
TOTAL	-	-	-	-	£1,031,877	£961,978	-	-	-	-	-	£1,993,855

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	£1,678,612	18,256	£315,243	1,703	-	-	£1,993,855	19,959
TOTAL	£1,678,612	18,256	£315,243	1,703	-	-	£1,993,855	19,959