

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

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

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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 £m</b>	<b>Year End Projection (Month 4) £m</b>	<b>Year End Projection (Month 6) £m</b>	<b>Change £'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 &amp; 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>