

**CORPORATE REVENUE BUDGET
MONITORING REPORT 2017/18
MONTH 2**

(up to 31st May 2017)

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1. Executive Summary

- 1.1 Birmingham City Council 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 £12.5m 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 £83.4m.
- 1.2 This is the first report to Cabinet for the 2017/18 financial year. At Month 2, a high level forecast projection indicates underspends of £2.4m in the base budget delivery and £15.8m of savings that are not fully achieved in 2017/18, giving a combined net pressure of £13.4m at year end on the budget of £821.8m. The overall position is summarised in Table 1.

Table 1

Directorate	Current Budget £m	Base Budget Overspend as at Month 2 £m	Savings not Deliverable (after mitigations) as at Month 2 £m	Total Forecast Overspend as at Month 2 £m
Adult Social Care & Health Directorate	336.980	(3.774)	3.774	0.000
Children & Young People Directorate	211.068	0.727	2.588	3.315
Place Directorate	137.245	1.270	2.374	3.644
Economy Directorate	68.259	0.000	0.000	0.000
Transformation Directorate	24.158	0.000	0.537	0.537
Finance Directorate	18.053	(0.601)	0.090	(0.511)
Sub-total Directorates	795.763	(2.378)	9.363	6.985
Policy Contingency	(1.980)	0.000	0.000	0.000
Other Corporate Items	28.020	0.000	6.400	6.400
City Council General Fund	821.803	(2.378)	15.763	13.385
Housing Revenue Account	0.000	0.000	0.000	0.000

- 1.3 The net overspend of £13.4m is primarily related to Place Directorate (£3.6m), Children and Young People Directorate (£3.3m) and the Future Operating Model (£10.4m), offset by planned mitigations from Budget Planning work of £4.0m. In the case of the first two, this relates to savings delivery challenges and base budget pressures.
- 1.4 There are small forecast overspends in Transformation Directorate and a small net underspend in Finance.

- 1.5 Economy and Adult Social Care and Health are forecasting a balanced position. In relation to Adult Social Care and Health, delays in delivering the savings 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 It is recognised that this 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.
- 1.7 Further analysis of the Base Budget position can be seen in Appendix 1 and the Savings Programme in Appendix 3.
- 1.8 Section 2 of this report details the overall position on the Base Budget and Savings Programme by Directorate.
- 1.9 Section 3 of this report details the summary position on the Savings Programme.

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. This is made up of net savings deemed to be not fully achieved in 2017/18 offset by base budget underspends and additional income including the use of £8.3m from the Improved Better Care Fund, which had not been budgeted for.

The new interim Director of Adult Social Care and Health has been in post since April 2017. He has undertaken a review of the budget, savings programmes and the use of resources in the Directorate. He has identified a number of changes which are required to balance the budget in the short term and to establish a sustainable adult social care service in the long term. Inevitably, some of these changes will take time to deliver but actions are being taken to make progress at pace.

Base Budget

There is a forecast year end underspend of £3.8m at Month 2. This relates to the following:

- Mental Health Joint Funding – £1.0m additional income
This relates to Health contributions in relation to Mental Health care packages that are exceeding the budgeted level
- Care Packages - £1.0m underspend
Early indications are that the commitment relating to Home Support and Residential Care Packages is reducing slightly. Further work is required to identify how this relates to the Directorate savings projects and how far it will be sustained during the year.
- Business Change - £0.5m underspend
This relates to an underspend of £0.8m for staff vacancies across the service, offset by a forecast overspend on Children's Social Work recruitment of £0.3m.
- Equipment and Adaptations - £1.4m underspend
This arises through charging a higher amount of equipment expenditure relating to adaptations to capital.
- Deprivation of Liberty Safeguards - £0.3m pressure
There continue to be pressures arising from the numbers of cases requiring review in this area.
- Other Variations £0.2m underspend
There are other minor underspends across the Directorate totalling £0.2m.

Savings Programme

There are £12.1m of savings considered not fully achieved in 2017/18 at Month 2 as identified in Appendix 3. These are summarised below:

- £1.5m Enablement – A refreshed business case is currently being produced and will be available in early July; the main risk associated with this saving continues to be challenge from the unions. Given the risks associated with this saving, £1.5m has been identified as part of £8.1m Improved Better Care Fund (iBCF) mitigation funding.
- £1.7m Better Care at Home (Single Access Points) – There is a risk that the in-year saving will not be met in 2017/18. The original pilot initiative has now become business as usual. Work is taking place with the Occupational Therapy workers in acute settings to ensure new recipients to Social Care have one carer rather than two which is now starting to have some success.
- £4.5m Integrated Community Social Work and Review – There is a risk the anticipated in year savings may be overly ambitious. There are a number of distinct savings lines that make the overall savings target of £5m. It is anticipated the savings of £0.5m on the Care First audit will be met, other savings lines are subject to cabinet reports and approvals.
- £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 are being considered to utilise the balance from the iBCF to retain preventative services whilst a longer term strategic approach is developed.
- £0.8m External Day Centres – There are risks linked to the ambitious nature of proposals and timelines for consultation. A plan is in place to deliver £0.2m. Actions are being taken to explore other ways the shortfall of £0.8m could be delivered. These require a new plan and link to proposals which will require full public consultation and will not therefore be deliverable in 2017/18.
- £0.3m Residential Care (Residential Block Contracts) – There are risks of delays due to legal issues. The review of the five residential / nursing care contracts has been put on hold due to legal advice which is subject to further discussion. Work to deliver the savings associated with EAB beds and use of voids is proceeding on course.
- £0.4m Internal Care Review (Care Centres) – This is unlike to make full savings in 2017/18. New work has been commenced to explore to what extent the savings shortfall can be delivered by making savings across the other three homes. It should be noted that the £0.3m saving carried forward from 2016/17 is on track to be delivered.
- £0.2m Internal Care Review (Learning Disability Short Breaks) – There is a potential shortfall against the saving carried forward from 2016/17.

- £0.7m Internal Care Services (Younger Adults Day Care) – There is currently a projected shortfall of £0.7m against the saving carried forward from 2016/17.

These have been offset by the use of £8.3m from the Improved Better Care Fund 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 Hub, with associated support embedded within communities. It will also develop a more citizen centred approach to social work that develops the community model and 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 Directors of Children's and Adults' services have agreed to establish a project to review services and expenditure in the area of transitions. The first step is to prepare a baseline position which will be undertaken by officers in commissioning and operational services and officers in performance and finance. Meetings to initiate this project are underway.

2.2 Children & Young People

The Directorate is forecasting an overspend of £3.3m. This relates to £0.7m pressures on the base budget and savings not fully achieved in 2017/18 of £2.6m.

Base Budget

The base budget pressure of £0.7m relates to the following:

- Education General Fund – £0.2m pressure
 - Travel Assist - while at this point no forecast deficit is being declared, the challenges are significant and have not been helped by delays in, for example, securing a fit for purpose IT system. Further work also still needs to be done by the service on analysing the commitments incurred on Guides. This position will be reported further on in the Month 4 report.
 - Education Services Grant – the final allocation is £0.2m less than budgeted. Compensatory one-off savings have been identified to fully fund the shortfall, in the form of projected net savings on areas such as School Governor Support.
 - PFI / BSF contracts – the increase in indexation costs is presenting an unfunded pressure of £0.6m which the Directorate is expected to consume / absorb. At this point, potential mitigations of £0.5m have been identified, leaving a net pressure of £0.1m.
 - Unattached 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. 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 Help & Children's Social Care- £0.5m
 - No Recourse to Public Funds (NRPF) £0.8m - 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 Birmingham City Council (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 likely financial impact of these actions is still to be determined and is not reflected in the forecast above.

- Secure Remand Custody Cost £0.5m - 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 YOI's. Any under 15 is remanded to an STC or SCH as is any over 15 assessed as vulnerable.

The forecast pressure arises due to:

- A further decrease in the Youth Justice Board 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 STC's and SCH's, thus at higher costs.
- Legal Disbursement Pressure £0.6m
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.

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

- A delay in the opening of a specialist 3 bedded remand home, not now expected to open until December will result in an underspend of £0.4m.
- There will be delay in planned staffing recruitment within the Youth Offending service which will result in an underspend of £0.4m if all vacancies are held vacant for remainder of the year. This situation will be reviewed on a month to month basis based on the emerging risks and activities within the service.
- The implementation of a new supported accommodation framework contract from April is expected to reduce costs of existing care packages by £0.1m.
- There has been a reduction in the number of externally commissioned residential and community based assessments resulting in an expected underspend of £0.1m.
- Additional income of £0.2m 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 £0.2m is expected in relation to Interagency Adoption costs.

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

Savings Programme

There are forecast savings not fully achieved in 2017/18 of £2.6m as summarised below.

- £2.5m Early Years – In terms of implementing the new Health & Wellbeing Contracts and reconfiguration of the Early Years and Childcare Team – both of which are programmed for September. The consultation took longer than expected and this led to a delay in implementation of at least two months, which will impact on delivery of the required savings target – specifically a forecast shortfall of £2.5m.
- £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. The full year benefit will only, however, be realised in 2018/19. As such for 2017/18 unfunded net costs will still be incurred.

2.3 Place Directorate (excluding Housing Revenue Account)

The Directorate is reporting a forecast variation of £3.7m, made up of pressures on the base budget of £1.3m and savings not fully achieved in 2017/18 of £2.4m.

Base Budget

A base budget pressure of £1.3m is forecast at Month 2 relating to pressures of £4.3m offset by mitigations of £3m as outlined below:

- **Waste Management Services £2.0m pressure**
This is as a result of the impact of the revised implementation plan for the new structure due to the slowing down in consultation (now planned for the end of September) and the proposed property numbers per collection round.
- **Neighbourhood and Community Services £0.5m pressure**
There are pressures on the Neighbourhood Advisory Information Service (NAIS) of £0.3m, Community Libraries of £0.3m and Community Development of £0.2m. These are offset by savings of £0.3m on Legal Entitlement Advisory Service (LEAS) and Management Services.
- **Community Sport £0.7m net pressure**
This relates to the externalisation of Alexander Stadium of £1.1m, offset by £0.4m additional management fee income from Sparkhill Pool and non-domestic rate relief at Harborne Pool.
- **Regulatory Services £0.8m pressure**
There is a £0.5m pressure on the Coroners Service. The remainder relates to Licensing at £0.1m and employee costs for the Registrar Service at £0.2m. This excludes any costs associated with the inquest into the 1974 pub bombings
- **Other variations £0.3m net pressure**
There are other net variations on a range of services including Markets and Equalities and Community Cohesion offset by underspends on Private Sector Housing, resulting in a net pressure of £0.3m after mitigating underspends.

Place Directorate is currently investigating a number of options that could be used to reduce the base budget pressures and risks on the Savings Programme. These are estimated at up to £3m and are summarised below:

- Community Libraries – increased income through delivering Assisted Digital for benefits / DWP, reducing the use of temporary staff covering vacancies, limiting expenditure on supplies and materials and further efficiencies from bringing the Library of Birmingham and Community Libraries back together
- Library of Birmingham – additional income
- Community Sport & Events – Prudential borrowing savings from the delay in the completion of the New Build and Refurbishment programme

- Use of reserves – use of non-grant Birmingham Adults Education Service (BAES) and Harborne Pool maintenance reserve
- Personal budgeting support

These will continue to be investigated and will be reported on further in future monitoring reports.

Savings Programme

The 2017/18 Savings Programme has savings of £2.4m that may not be delivered at Month 2. These are summarised below.

- £0.1m Local Car Park charges – Charges are implemented but there is a potential price sensitivity
- £0.4m disposal of unwanted / underutilised parks land – a report is being prepared for Cabinet on the proposals for this
- £0.3m 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
- £0.6m Inreach – There are delays in the development of the four schemes for extension of the market renting scheme and delays in the completion of the scheme at St Vincents Drive which is now expected to be January 2018
- £0.3m Health and Wellbeing Centres – Decommissioning of centres is behind schedule
- £0.3m Income Generation from Cofton Nursery – There is a delay in the build of the new nursery
- £0.3m Markets – There are legal constraints on changes to leases

2.4 Economy

Economy is forecasting a break-even position at Month 2 on both the Savings Programme and the base budget. This is a consequence primarily of a Directorate wide full restructure and new operating model which has resulted in a challenging reduction to resource and which will give rise to a revenue demand to contain the impact of the redundancy payments and pension strain. The new model will require close management and monitoring to ensure that the reductions do not affect the planned service levels. The Directorate also faces a number of challenges this year and next to deliver the savings plans and step-up in savings. Economy is planning to mitigate these emerging and operational pressures internally by bringing forward a comprehensive car parking study and other one-off initiatives, all of which remain under constant review.

2.5 Transformation Directorate

The Directorate is forecasting an overspend of £0.5m. This is made up of savings that are not expected to be delivered in 2017/18. However, they are seeking to take mitigating action which will make up this deficit and this will be reported on in future reports.

Base Budget

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

Savings Programme

There are savings which are not fully achieved in 2017/18 of £3.1m as identified below.

- £0.3m Workforce proposals requiring changes to terms and conditions
- £0.7m Human Resources – HR are working on plans to deliver this and this will be reported on in future monitoring reports
- £2.1m Efficiency savings from 2016/17

These have been offset by £2.6m of mitigations relating to the following:

- £0.5m Housing Benefit Subsidy
- £0.3m Surplus in advertising
- £0.8m use of balances from 2016/17
- £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 Directorate

The Directorate is forecasting an underspend position of £0.5m at Month 2. This is made up of an underspend on base budget of £0.6m and savings not fully achieved in 2017/18 of £0.1m.

Base Budget

There is a forecast underspend of £0.6m on the base budget. This relates to underspends on Finance of £0.9m largely on the SAP Development budget and Audit of £0.3m on employee vacancies, offset by the profit share for Acivico being £0.4m

less than the estimated amount assumed in the outturn position for 2016/17 and £0.1m overspend on Highbury Hall and £0.1m on the Portering Service.

Savings Programme

There are forecast savings not fully achieved in 2017/18 of £0.1m relating to paying suppliers faster in exchange for discounts. At Month 2 only £1.5k of the anticipated income has materialised. The council receives a final benefit each time one of its suppliers accesses early payment in return for a discount. However, if they don't choose early payment then the Council do not get the discount. Demand has been less than anticipated.

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.

At this early stage of the year, a balanced year-end position is projected. The current budgets and the forecast year-end financial position are summarised in the table below:

Service	Current Budget £m	Year End Variation Projection £m
Rent/Service Charges (net of Voids)	(281.7)	0.0
Repairs and Maintenance	64.5	(1.1)
Contributions for Capital Investment	54.0	0.0
Capital Financing Costs	76.5	2.5
Local Office / Estate Services / Equal Pay	86.7	(1.4)
Net Position	0.0	0.0

The projected savings on the Repairs Service reflect strong contract management and lower operational expenditure on empty properties. This, combined with projected savings on operational costs, will be utilised for debt repayment or if necessary to ensure that additional investment is made in high rise tower blocks following the tragedy in London.

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).

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 £6m 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 which also fall to the Local Authority. 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.

3. Corporate Summary of the Savings Programme

3.4 The Month 2 analysis of the Savings Programme shows that Directorates consider £47.2m (56.5%) of the savings forecast will be delivered in 2017/18 and £123.6m (72.1%) is still considered to be a reasonable estimate of savings by 2020/21. There are £4.9m of savings which are at risk (6%). At this stage, £31.3m (37.5%) is not fully achieved in 2017/18, with £15.6m of mitigations identified. The overall Directorate position at Month 2 is summarised for the City Council in Tables 2 and 3.

Table 2 – Analysis of 2017/18 Savings Programme

	On Track £m	One Off £m	At Risk £m	Not fully achieved £m	Total £m
Adults Social Care & Health	5.166	0.000	0.500	12.074	17.740
Children and Young People	4.363	0.000	4.447	2.588	11.398
Economy	8.356	0.000	0.000	0.000	8.356
Place	13.770	0.000	0.000	2.374	16.144
Transformation	12.153	0.850	0.000	3.087	16.090
Finance	0.066	0.000	0.000	0.790	0.856
Cross Cutting	2.454	0.000	0.000	10.400	12.854
Total Savings	46.328	0.850	4.947	31.313	83.438
Mitigations				15.550	
Net savings not fully achieved after mitigations				15.763	

Table 3 – Savings not fully achieved

	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m
Adults Social Care & Health	3.774	4.402	4.402	4.402
Children and Young People	2.588	2.551	12.551	12.551
Economy	0.000	0.250	0.250	0.250
Place	2.374	2.474	2.494	2.514
Transformation	0.537	3.087	3.087	3.087
Finance	0.090	0.090	0.090	0.090
Cross Cutting	6.400	20.460	24.860	24.860
Net savings not fully achieved after mitigations	15.763	33.314	47.734	47.754

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 £10.4m 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 an assumed £4.0m delivery of additional savings generated from the Budget Planning work due to be carried out shortly.

4. Resource Allocations and Other Corporate Updates

4.1 General Policy Contingency

There is an unallocated balance on the General Policy Contingency of £3.0m.

4.2 Specific Policy Contingency

The City Council Financial Plan 2017+ approved by Council on 28th February 2017 reflected £9.6m for Specific Policy contingency in 2016/17. A breakdown by each specific contingency is reflected in Appendix 2. It should be noted that the Directorate forecasts have already assumed the allocation of Specific Policy Contingency in year.

The Gateway and Related Financial Approvals Framework requires approval from the Section 151 Officer, in conjunction with the Leader and the Chief Executive, to release funds from Specific Policy Contingency.

As part of the Council's simplification of processes, it is proposed that Cabinet approve that the Section 151 Officer be given delegated authority for the verification and allocation of Specific Policy contingency to fund expenditure which is in line with the approval given as part of the Financial Plan 2017+. Progress on this would be reported to Cabinet as part of the regular Revenue Monitoring reports.

Any requests for funding from Specific Policy contingency that are not in line with the original application in the Financial Plan 2017+ will require approval by Cabinet.

Workforce Strategy Team

Cabinet are requested to release a Specific Policy Contingency of £0.206m for the Workforce Strategy Team included in the Financial Plan 2017+.

The budget is required to employ more staff to assist in delivering the workforce savings attributed to changes to employee terms and conditions of employment, workforce planning and the new core offer.

Following extensive consultation and engagement with the trade unions and employees (corporately and in schools), a suite of proposals to deliver the savings was achieved and agreed at Full Council in November 2016. This has required 24,000 employee contracts to be varied (Birmingham Contract) followed by a wholesale contractual change process to ensure that the new contract (Birmingham Workforce contract) was implemented on 1st July 2017. The change to terms and conditions has required systems functionality changes and continuing framework and governance development in consultation with the trade unions that will continue until the end of August 2017 following the payment of the non-consolidated payment replacing the performance related incremental increase for 2016/17 and period of stabilisation. The provision of a new employee benefits package as part of the core offer continues and this includes a new flex scheme that will be implemented on 1st September 2017.

4.3 Transfer of Service Areas

The Council continues to periodically review the Directorate Service responsibilities with the aim of securing the most appropriate service delivery arrangements to ensure that these are delivered effectively in a co-ordinated manner. The latest approved hierarchy is reflected in Appendix 1.

4.4 Accountable Body Funds

In 2012, the Council received two Advanced Manufacturing Supply Chain Initiative (AMSCI) funds, a national fund of £100m and a regional fund, West Midlands, Liverpool and Coventry Region (WMLCR) of £25m. Both were paid as endowment funds, i.e. the Council received the amount up in advance of expenditure. The funds were to be used for supply chain support in the form of grants and loan and for the safeguarding and creation of jobs. There were no requirements in the offer letters for any amounts to be repaid to the Department for Business, Energy and Industrial Strategy (BEIS) or Department of Communities and Local Governments (DCLG).

There are some unclaimed amounts, some interest received and some loan repayments. At the moment and expected over the life cycle of the existing loans is a total of approximately £5m. The funds are to be used by March 2019.

The AMSCI Programme Board has put an offer to BEIS to use the funds to

- Deal with any minor variations on existing awards (this is within the existing parameters approved by Cabinet)
- Use for supply chain support across all business sectors (i.e. not just manufacturing)
- Note that the beneficiaries of the grants / loans / equity may be all business sectors and within both public and private arenas

The fund management and governance will be unchanged from all of the AMSCI schemes, and the AMSCI Programme Board (attended by BEIS) will be the recipient of progress reports. A new investment committee, Adhoc Investment Committee, has been assembled with a mix of public and private members. This Investment Committee is intended to deal with a wider array of smaller applicants (the original scheme had a lower limit of £2m and this will be removed for “ad hoc” applicants).

Cabinet is recommended to endorse the Council continuing its accountable body role for this broadened purpose.

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	9.672	(6.547)	3.125	0.000	0.169	0.169
Adult Packages of Care	166.167	7.675	173.842	(2.000)	5.703	3.703
Assessment & Support Planning	37.358	(0.087)	37.271	0.300	0.113	0.413
Specialist Care Services	40.972	(1.300)	39.672	(0.000)	4.055	4.055
Commissioning Centre of Excellence	40.857	(0.072)	40.786	0.000	1.603	1.603
Business Change	42.145	0.140	42.284	(2.074)	(7.869)	(9.943)
Public Health	0.000	0.000	0.000	0.000	0.000	0.000
Adults Social Care & Health Directorate Total	337.171	(0.191)	336.980	(3.774)	3.774	0.000
Education and Skills	65.455	10.164	75.619	0.239	2.588	2.827
Schools Budgets	(152.219)	(9.314)	(161.532)	0.000	0.000	0.000
Children With Complex Needs	107.589	0.452	108.041	0.000	0.000	0.000
Early Help & Childrens Soc Care	162.753	(0.105)	162.648	0.487	0.000	0.487
Business Change	33.571	(0.060)	33.511	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	1.138	211.068	0.727	2.588	3.315
Community Sports & Events	6.503	0.018	6.521	0.700	0.280	0.980
Fleet and Waste Management	57.843	(1.510)	56.333	2.000	0.268	2.268
Parks and Nature Conservation	12.408	0.037	12.445	0.000	0.706	0.706
Bereavement Services	(3.236)	0.023	(3.213)	0.000	0.000	0.000
Markets	(0.926)	0.003	(0.923)	0.200	0.300	0.500
Business Support	1.049	0.002	1.051	0.000	0.000	0.000
Equalities, Cohesion & Safety	0.413	0.001	0.414	0.228	0.099	0.327
Engineering & Resilience Services	0.888	0.006	0.894	0.000	0.000	0.000
Regulatory Services	7.469	0.437	7.906	0.752	0.000	0.752
Private Sector Housing	(1.239)	0.005	(1.234)	(0.074)	0.571	0.497
Neighbourhood Community Services	11.106	0.177	11.283	0.514	0.000	0.514
Birmingham Adult Education	(0.130)	0.020	(0.110)	0.000	0.000	0.000
Central Support Costs	15.720	(0.449)	15.271	(0.050)	0.150	0.100
Culture & Visitor Economy	28.218	0.013	28.231	0.000	0.000	0.000
Shelforce	(0.100)	0.000	(0.100)	0.000	0.000	0.000
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
Accounting Adjustment/MRP Component of Contract Payments	(2.626)	0.000	(2.626)	0.000	0.000	0.000
Proposed mitigations	0.000	0.000	0.000	(3.000)	0.000	(3.000)
Place Directorate Total	138.405	(1.160)	137.245	1.270	2.374	3.644
Development Management Services	7.619	0.580	8.199	0.000	0.000	0.000
Planning & Regeneration	4.229	(0.509)	3.720	0.000	0.000	0.000
Highways Services	38.045	1.218	39.263	0.000	0.000	0.000
Transportation and Connectivity	50.506	(0.043)	50.463	0.000	0.000	0.000
Employment Services	4.447	0.148	4.595	0.000	0.000	0.000
GBSLEP Executive	0.177	(0.177)	0.000	0.000	0.000	0.000
Birmingham Property	(1.933)	0.000	(1.933)	0.000	0.000	0.000
Marketing Birmingham	1.617	0.000	1.617	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	1.218	68.259	0.000	0.000	0.000

Appendix 1

Division of Service Area	Original Budget £'m	M'ments £'m	Revised Budget £'m	Base Budget	Savings	Total £'m
				Pressures /	Programme not	
				(Savings) £'m	Deliverable £'m	
Corporate Strategy	2.383	(0.012)	2.371	0.000	(0.001)	(0.001)
Procurement	(1.643)	0.000	(1.643)	0.000	(0.250)	(0.250)
Human Resources	7.052	0.012	7.064	0.000	1.400	1.400
Elections Office	1.775	0.000	1.775	0.000	0.000	0.000
Legal & Democratic Services	5.330	0.000	5.330	0.000	0.000	0.000
Revenues & Benefits	(1.088)	0.000	(1.088)	0.000	(0.743)	(0.743)
Core ICT	(1.013)	0.000	(1.013)	0.000	0.057	0.057
Charities & Trusts -	0.050	0.000	0.050	0.000	0.000	0.000
Customer Services	9.606	(0.058)	9.548	0.000	0.074	0.074
Communications	1.763	0.000	1.763	0.000	0.000	0.000
Transformation Total	24.216	(0.058)	24.158	0.000	0.537	0.537
City Finance	8.021	(0.947)	7.074	(0.880)	0.030	(0.850)
Birmingham Audit	2.158	0.000	2.158	(0.290)	0.000	(0.290)
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	0.069	0.060	0.129
Insurance	(0.006)	0.000	(0.006)	0.000	0.000	0.000
Corporate Resources	1.613	0.000	1.613	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)	0.000	(0.582)	0.000	0.000	0.000
ACIVICO Profit Share	0.019	0.000	0.019	0.500	0.000	0.500
Finance Total	19.000	(0.947)	18.052	(0.601)	0.090	(0.511)
Total Directorate Spending	795.762	(0.000)	795.762	(2.378)	9.363	6.985
Policy Contingency	(1.980)	0.000	(1.980)	0.000	0.000	0.000
Other Corporate Items	28.020	0.000	28.020	0.000	6.400	6.400
Centrally Held Total	26.040	0.000	26.040	0.000	6.400	6.400
Proposed Transfers to / (from) reserves				0.000	0.000	0.000
Net Budget Requirement	821.803	(0.000)	821.803	(2.378)	15.763	13.385
Housing Revenue Account	0.000	0.000	0.000	0.000	0.000	0.000

Policy Contingency Month 2 Monitoring to 31st May 2017

	Original Budget 2017/18	Approvals / Adjustments in Voyager	Revised Budget 2017/18	Approvals / Allocations not yet in Voyager as at 31st May	Proposals awaiting approval at 31st May	Remaining Contingency if proposals approved
	£'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			7,542
Highways Maintenance	1,000		1,000			1,000
Improvement Expenditure	6,951		6,951		(206)	6,745
Apprenticeship Levy	1,303		1,303			1,303
Capital Receipts Flexibility	(8,740)		(8,740)			(8,740)
Subtotal Specific Contingency	9,642	0	9,642	0	(206)	9,436
General Contingency	2,988		2,988			2,988
Total Contingency excluding Future Operating Model savings	12,630	0	12,630	0	(206)	12,424
Future Operating Model - savings to be allocated	(14,610)		(14,610)			(14,610)
Total Contingency excluding Future Operating Model savings	(1,980)	0	(1,980)	0	(206)	(2,186)

Directorate Savings Programme – Position at Month 2**Adults Social Care and Health savings not forecast to be achieved ongoing**

Ref	Description	2017/18 Not fully achieved £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
HW3	Enablement	1.500	0.000	0.000	0.000
HW11	Adult Community Access Points	0.000	0.500	0.500	0.500
HW5	Better Care at Home (Single handed Project)	1.700	1.000	1.000	1.000
MYR1	Integrated Community Social Work & Review and audit of Care First payments system	4.500	0.000	0.000	0.000
HW1	Supporting People	2.000	0.000	0.000	0.000
HW8	External Day Centres	0.800	1.800	1.800	1.800
HW9	Residential Care (Residential Block contracts)	0.300	0.000	0.000	0.000
MIA18*	Internal Care Review - Care Centres	0.400	0.000	0.000	0.000
MIA21*	Internal Care Review - Learning Disability Short Breaks	0.172	0.000	0.000	0.000
MIA5 (16/17)	Internal Care Services - Younger Adults Day Care	0.702	0.702	0.702	0.702
MIA14 (16/17)	Introduce charges for Telecare and reducing spend on joint equipment contracts	0.000	0.400	0.400	0.400
Grand Total		3.774	4.402	4.402	4.402

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

Ref	Description	2017/18 Not fully achieved £m	2018/19 Shortfall / (Surplus) £m	2019/20 Shortfall / (Surplus) £m	2020/21 Shortfall / (Surplus) £m
P22*	Step up of previous Early Years savings	2.500	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	0.000	2.463	2.463	2.463
P24 (15/16)	Partial Development of Education Playing Fields	0.088	0.088	0.088	0.088
Grand Total		2.588	2.551	12.551	12.551

Place savings not forecast to be achieved ongoing

Ref	Description	2017/18 Not fully achieved £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	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	0.035	0.000	0.000	0.000
HN7	Asset & Property Disposal Programme	0.100	0.000	0.000	0.000
HN8	Library of Birmingham (& Rep Theatre)	0.050	0.000	0.000	0.000
MYR4	InReach - Extension of Market Renting Scheme	0.271	0.000	0.000	0.000
SN40	Options for extending Council's rented property office (INReach housing programme)	0.300	0.000	0.000	0.000
HW2	Review future options for Wellbeing Centres and Community Hubs	0.050	0.000	0.000	0.000
SN26*	Discontinue Non Framework Contract at Health and Wellbeing Centres	0.230	0.000	0.000	0.000
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	0.300	0.300	0.300
SN32 (16/17)	Income Generation from Cofon Nursery	0.306	0.306	0.306	0.306
SN45 (16/17)	Disposal of unwanted/under utilised parks land (8 acres per year)	0.200	0.200	0.200	0.200
PL26 (16/17)	Markets	0.300	0.300	0.300	0.300
Grand Total		2.374	2.474	2.494	2.514

Economy savings not forecast to be achieved ongoing

Ref	Description	2017/18 Not fully achieved £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
Grand Total		0.000	0.250	0.250	0.250

Finance savings not forecast to be achieved ongoing

Ref	Description	2017/18 Not fully achieved £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
	Mitigation - GR/IR income collection	(0.500)	(0.500)	(0.500)	(0.500)
	Mitigation - Duplicate payments to suppliers recovery	(0.200)	(0.200)	(0.200)	(0.200)
Grand Total		0.090	0.090	0.090	0.090

Cross cutting savings not forecast to be achieved ongoing

Ref	Description	2017/18 Not fully achieved £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	0.000	0.000	0.000
CC2 / WOC2 / E20/E24/E25*	Future Operating Model / Improving efficiencies	10.400	24.460	28.860	28.860
Mitigation 1	Proposed mitigations in 2017/18	(4.000)	(4.000)	(4.000)	(4.000)
Grand Total		6.400	20.460	24.860	24.860

Transformation savings not forecast to be achieved ongoing

Ref	Description	2017/18 Not fully achieved £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)	0.000	0.000	0.000
WOC1*	Workforce proposals requiring changes to terms and conditions	0.281	0.281	0.281	0.281
E5*	Make Digital Birmingham self-funding	0.050	0.050	0.050	0.050
E20b (16/17)	Human Resources	0.680	0.680	0.680	0.680
E20d.9 (16/17)	Corporate Strategy	0.006	0.006	0.006	0.006
WOC2 (16/17)*	Improving efficiencies	1.422	1.422	1.422	1.422
WOC2 (16/17)	Improving efficiencies	0.648	0.648	0.648	0.648
Grand Total		0.537	3.087	3.087	3.087

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 returned 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.

Cabinet are requested to approve the writing off of one separate Housing Benefit debt to the Council which is greater than £0.025m totalling £0.030m as detailed in Section (c) of this Appendix.

In 2017/18, from 1st April 2017 to 31st May 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 £0.5m, which Members are asked to note.

Age analysis	Up to 2011/12	2012/13 – 14/15	2015/16 -17/18	Total
	£m	£m	£m	£m
Benefit Overpayments	0.010	0.113	0.367	0.490
Total				0.490

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 for Service Birmingham Revenues 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 by 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 £0.7m as detailed in Section (c) of this Appendix. Further information in respect of these is available on request.

In 2017/18, from 1st April 2017 to 31st May 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 £3.2m, which Members are asked to note.

Age analysis	Up to 2011/12	2012/13 - 14/15	2015/16 -17/18	Total
	£m	£m	£m	£m
Council tax	1.903	-	-	1.903
Business rates	1.296	-	-	1.296
TOTAL	3.199	-	-	3.199

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

c. Write Offsi) Housing Benefit and Business Rates

Case No.	Supporting Information Further information in respect of the Business Rates Write Offs listed below is available on request.	Total Debt £
Housing Benefit		
1	Liability Period(s)/Account Ref Number(s) Housing Benefit due for period 11/9/06-26/7/15 – 3100217990	30,158.24
Business Rates		
1	Liability Period(s)/Account Ref Number(s) Business Rates due for period 01/03/12-29/7/12 - 6004830399	26,748.20
2	Liability Period(s)/Account Ref Number(s) Business Rates due for period 14/8/09-31/3/10 – 6005416426	308,672.60
3	Liability Period(s)/Account Ref Number(s) Business Rates due for period 30/08/13-15/06/15 - 6005126732	43,909.86
4	Liability Period(s)/Account Ref Number(s) Business Rates due for period 10/09/15-08/5/16 - 6005525944	28,289.52
5	Liability Period(s)/Account Ref Number(s) Business Rates due for period 01/04/14-13/07/15 - 6005164129	29,735.18
6	Liability Period(s)/Account Ref Number(s) Business Rates due for period 01/4/15-21/1/16 – 6005399864	110,201.75
7	Liability Period(s)/Account Ref Number(s) Business Rates due for period 24/3/14-22/2/16 – 6005415025	43,774.92
8	Liability Period(s)/Account Ref Number(s) Business Rates due for period 29/3/08-30/09/08 – 6004417989	25,879.95
9	Liability Period(s)/Account Ref Number(s) Business Rates due for period 18/9/09-25/4/12 – 6004616533	58,243.01
10	Liability Period(s)/Account Ref Number(s) Business Rates due for period 24/03/14-22/2/16 – 6005415025	43,774.92

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 Debtor
Housing Benefit debts written off under delegated authority	£396	£2	£778	£2,310	£1,182	£5,568	£18,571	£23,440	£70,549	£125,239	£224,449	£175,11	£489,995	1275

Debt Size	Small		Medium		Large
Cases	>£1,000	Cases	£1,001-£5,000	Cases	£5,000-£25,000
1067	£182,448	197	£223,345	11	£84,201

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	2017/18	Total
Council tax written off under delegated authority	£242,437	£95,474	£91,955	£282,441	£654,011	£536,811							£1,903,128
Business rates written off under delegated authority	£76,947	£161,489	£597,592	£459,725	-	-	-	-	-	-	-		£1,295,754
TOTAL	£339,384	£256,963	£689,547	£742,166	£654,011	£536,811							£3,198,882

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	£1,733,236	6106	£169,892	133			£1,903,128	6239
Business rates written off under delegated authority	£242,042	616	£690,370	314	£363,341	46	£1,295,754	976
TOTAL	£1,975,279	6722	£850,262	447	£363,341	46	£3,198,882	7215