

1 Summary Outturn

Overview

- 1.1 The City Council's final revenue outturn position is a net overspend of £29.8m after recommended transfers to and from reserves compared with the final budget. This is a reduction in the forecast overspend of £5.6m since Month 10 (£35.4m).
- 1.2 Directorates overspent in total by £69.7m before year end recommended net transfers to earmarked reserves. Following recommended net transfers to earmarked reserves of £2.2m, services have net overspends of £71.9m. Table 2 overleaf provides a breakdown by Directorate.
- 1.3 There was a net underspend of £34.7m in corporate accounts. There was also an underspend of £7.4m in Policy Contingency after transfers to reserves of £8.1m to allow some approved allocations for specific purposes to be carried forward.
- 1.4 It is proposed to utilise the underspend in both the Policy Contingency and corporate accounts to partially address the year end overspend in People and Place Directorates. In addition, a further £27.0m from the Capital Fund and £3.0m of Organisation Transition Reserve will be required to mitigate the overall position for the year. This is slightly lower than was previously anticipated in the Month 10 Revenue Monitoring report and in the expected level of reserves set out in the Financial Plan 2017+. The other Directorates have minor net in year underspends of £0.2m, after reserve movements.
- 1.5 The outturn overspend is in context of demanding savings targets of £123.2m including finding 2016/17 solutions for £35.0m largely for savings achieved on a one off basis in 2015/16.
- 1.6 The City Council had a General Fund net revenue budget in 2016/17 of £835.3m. Table 1 overleaf summarises the outturn position for 2016/17 against the revised budget, with further details in Annexes 1 to 3.

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Table 1 – Summary Outturn	£m
Year End Directorate net overspend	69.701
Year End Recommended Transfers to / (from) Directorate reserves	2.200
Net Directorate overspends	71.901
Year End Corporate net underspend	(34.711)
Sub-total net overspend position before Policy Contingency	37.190
Year End Policy Contingency net underspend	(15.465)
Year End Policy Contingency underspends to reserves for use in 2017/18	8.061
Net Policy Contingency underspends	(7.404)
Total net overspend	29.786
Comprising: Directorate underspends (to Directorate year end balances – Economy and Corporate Resources) Required use of Capital Fund to balance overall position Required use of Organisation Transition Reserve to balance overall position	(0.215) 27.001 3.000

Directorate Outturn

- 1.7 The outturn for each Directorate is shown in Table 2 below, with further details in Annex 1. A comparison of the outturn position with Month 10 is shown in Annex 2.

Table 2	A	B	C = B - A	D			E = C + D
Directorate	Final Revised Budget	Outturn Position	Outturn Variation [+ over / - (under)]	Year End Transfers to / (from) reserves			In Year Variation (to) / from balances
				Grant	Other	Total	
	£m	£m	£m	£m	£m	£m	£m
People Directorate	481.654	559.479	77.825	(12.846)	(11.992)	(24.838)	52.987
Place Directorate	141.079	154.540	13.461	3.325	2.343	5.668	19.129
Economy Directorate	68.901	51.994	(16.907)	13.722	2.971	16.693	(0.214)
Corporate Resources	50.557	45.879	(4.678)	0.447	4.230	4.677	(0.001)
Directorate Total	742.191	811.892	69.701	4.648	(2.448)	2.200	71.901
Less: Transfer from Schools Balances				9.062	13.138	22.200	
Directorate Total excluding Schools Balances				13.710	10.690	24.400	

- 1.8 Section 2 of this appendix details the main issues in each Directorate that have resulted in the final net revenue position.

Corporate Account Outturns

- 1.9 The variations in corporate accounts, totalling a net underspend of £42.1m (before use of the capital fund and Organisation Transition Reserve to mitigate the overall position) are listed in Table 3.

Table 3 – Corporate Accounts Outturn		
	£m	Ref
Explanation of total outturn variation		
Treasury Management	(16.904)	Paragraph 1.10
NEC Loan Income	(2.030)	Paragraph 1.11
Airport Dividend 2016/17	(1.028)	Paragraph 1.11
Flexible use of Capital Receipts Strategy	(5.255)	Paragraph 1.12
Use of balances brought forward from prior years	(8.262)	Paragraph 1.14
Charging orders	(1.814)	Paragraph 1.15
Other	0.582	
Sub-total Net Corporate underspend	(34.711)	
Policy Contingency	(7.404)	Paragraph 1.17
Total Corporate Variations	(42.115)	
Use of Capital Fund to mitigate overall position	(27.001)	Paragraph 1.13
Use of Organisation Transition Reserve to mitigate the overall position	(3.000)	Paragraph 1.13
Total	(72.116)	

- 1.10 There was an underspend of £16.9m in Treasury Management. A forecast underspend of £14.2m was reported at Month 10. There have been further movements of £2.7m at year end. The overall year end variation for Treasury Management is explained within Appendix 3 of the report.
- 1.11 £2.0m receipts from the sale of deferred NEC revenue assets and £1.0m relating to a dividend declared by the Airport were included as mitigations towards the Directorate overspend position as part of the Month 8 Revenue Monitoring report.
- 1.12 A corporate budget saving was identified relating to a revised flexible use of Capital Receipts policy as part of the in year Revenue Monitoring. At outturn £5.3m of flexible use of capital receipts were identified.
- 1.13 Funding of £27.0m has been used to address the residual year end overspend from the Capital Fund and £3.0m from the Organisation Transition Reserve.
- 1.14 As part of the 2014/15 Outturn Report, £5.5m of corporate underspending was identified. A further £2.8m of corporate underspending was identified within the 2015/16 Outturn Report. These were carried forward as part of balances to be used to mitigate future savings and / or deliver the transformational change of the future Council and have been used to assist in addressing the overspend in year.
- 1.15 A change in accounting policy in relation to costs incurred in the City in securing Council Tax debts on properties owned by charge payers has produced a one-off benefit of £1.8m.

Policy Contingency

1.16 When the Business Plan and Budget 2016+ was approved, this included funds held corporately for a number of items that need to be agreed following finalisation of the year end position. Cabinet is therefore requested to endorse the following allocations from 2016/17 Contingencies:

- £1.0m from the Carbon Reduction Commitment (CRC) contingency to fund the existing CRC charges liability
- £1.5m Future Council Programme – agreed expenditure as per the programme relating to 2016/17
- £0.2m CITR / SITR (Arts Fund) – funding of £0.5m has been agreed over three years

The outturn figures have been completed after taking account of these items.

1.17 There is a proposed transfer to reserves of £8.1m from Policy Contingency for approved funding which will enable them to be carried forward and this relates to the following:

- West Midlands Combined Authority (£0.1m) – as agreed within the Financial Plan 2017+
- Future Council Programme (£1.4m) – to fund the proposed programme in future years
- Birmingham Museum and Art Gallery (£0.5m) – the work is expected to take place within 2017/18
- (£0.2m) CITR / SITR (Arts Fund) - the project timescales have slipped into 2017/18
- Workforce changes (£0.5m) – as agreed within the Financial Plan 2017+ to fund workforce savings
- High Speed 2 College (£0.3m) – the project is not yet complete and there are ongoing compensation, decommissioning and relocation claims
- Birmingham Jobs Fund (£1.7m) – the allocation is committed for 2016/17. However, as payments are not made until 26 weeks after the employment start date, a significant proportion of expenditure falls into the following financial year
- Mobile Investment Fund (£2.2m) – required to fund legal commitments
- Youth Strategy (£0.4m) – Cabinet agreed in February 2016 that this funding is ring-fenced to support the additional development and running costs of COG (a digital access point for young people in Birmingham to access careers and employment support)
- Other (£0.8m)

1.18 After these proposed transfers to reserves, there is a net underspend in Policy Contingency of £7.4m. This relates primarily to:

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- Underspending on Specific Policy Contingency following a detailed review of commitments was included as part of the Month 8 Revenue Monitoring report (£1.9m)
- Underspend of (£1.0m) relating to improvement expenditure (reflected as part of the corporate mitigation identified within the Month 6 Revenue Monitoring report)
- Underspend on the Service Birmingham contract as a result of improved profit share (£1.8m)
- Various underspends on inflation (£0.4m)
- Underspend of the General Policy Contingency (£1.8m)
- Other policy contingency underspends (£0.5m)

Balances and Reserves

- 1.19 The movements in accumulated General Fund balances and reserves are shown in Table 4.

Table 4 – Balances and Reserves Movements

	Opening Balance	Movements in 2016/17			Outturn
	1st April 2016	Planned	Year End	Total Movement	31st March 2017
Balances	£m	£m	£m	£m	£m
General Fund Working Balance	27.5	1.5	0.0	1.5	29.0
Organisation Transition Reserve	72.8	0.0	(3.0)	(3.0)	69.8
Transformational Change - Future Council	8.3	(8.3)	0.0	(8.3)	0.0
Directorate Balances	2.3	(0.5)	0.2	(0.3)	2.0
Total Balances	110.9	(7.3)	(2.8)	(10.1)	100.8
Reserves					
General Reserves Directorate	70.3	(12.9)	10.7	(2.2)	68.1
General Reserves Corporate	117.8	(20.4)	(29.3)	(49.7)	68.1
Sub Total General Reserves	188.1	(33.3)	(18.6)	(51.9)	136.2
Grants Reserves	137.7	(19.1)	13.7	(5.4)	132.3
Sub - Total Earmarked Reserves	325.8	(52.4)	(4.9)	(57.3)	268.5
Schools balances (net of amounts borrowed)	63.6	1.1	(22.2)	(21.1)	42.5
Total Reserves	389.4	(51.3)	(27.1)	(78.4)	311.0

Note: Positive number = balance in hand or contribution and negative number = overdrawn or use of balance

- 1.20 The City Council has increased the General Fund Working Balance by the planned amount of £1.5m. This continues the regular contributions made over recent years.
- 1.21 The Minimum Revenue Provision (MRP) policy changed in 2013/14 and the Organisation Transition Reserve was established from the savings in the first two years. The reserve is available to mitigate future savings difficulties and ensure a stable and deliverable transformational transition to new ways of delivering services, and also as a risk contingency. £28.6m was utilised in 2015/16 and £3.0m in 2016/17, leaving a balance of £69.8m at year end. £12.5m has been planned for use in 2017/18.
- 1.22 As explained in Paragraph 1.14, £8.3m of corporate underspending from previous years has been used to assist in addressing the overspend in year.

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- 1.23 The balances attributed to each Directorate are detailed in Annex 3. In total, at the end of 2016/17, there are net surplus balances of £2.0m after taking account of brought forward balances, the year end overspend position of £71.9m and corporate mitigations of £72.1m.
- 1.24 General reserves and grant reserves are resources that have been set aside to be spent in 2016/17 or future years for specific purposes. There is £268.5m relating to non-school earmarked reserves covering grant related reserves of £132.3m and other general reserves of £136.2m. This is a net decrease in year of £57.3m in other general reserves (Directorate and Corporate).
- 1.25 Directorates have transferred a planned net total of £12.9m from reserves in year (excluding grants and schools balances) and are proposing to transfer £10.7m to reserves at year end. This is explained in more detail in Section 2 of this report.
- 1.26 There is a decrease of £49.7m in corporate reserves and this comprises the following components:

	Opening Balance	Movements in 2016/17			Outturn
	1st April 2016	Planned	Year End	Total Movement	31st March 2017
General Reserves Corporate	£m	£m	£m	£m	£m
Treasury Management	6.3	(1.4)	0.0	(1.4)	4.8
Capital Fund	80.7	3.9	(36.1)	(32.2)	48.5
One-off Resources from previous year	10.5	(9.1)	(0.6)	(9.7)	0.8
Policy Contingency	5.1	(5.1)	8.1	3.0	8.1
Airport Dividend	14.5	(12.3)	(1.9)	(14.2)	0.3
Cyclical Maintenance	3.4	1.8	0.7	2.5	5.9
Other Corporate Reserves	(2.7)	1.8	0.4	2.2	(0.5)
Total Reserves	117.8	(20.4)	(29.3)	(49.7)	68.1

- Treasury Management decrease of £1.4m largely due to planned support of the 2016/17 budget
- Net movement from the Capital Fund of £32.2m relating largely to the balancing of the 2016/17 revenue position as planned, on the temporary resources to fund the Council's potential liabilities in respect of NEC pension costs and sums earmarked to fund costs of Equal Pay offset by better than expected profit share on the Service Birmingham contract.
- Resources brought forward from 2015/16 for application as part of the approved budget of £9.1m have been used as planned and a further £0.6m was utilised at the year end
- Policy Contingency transfers of £8.1m for approved allocations for specific purposes not yet spent (see paragraph 1.17)
- Airport Dividend £14.2m brought forward from 2015/16 and used as reported in 2016/17

- General cyclical maintenance totalling £2.5m
- Other net movements to reserves of £2.2m relating largely to future superannuation costs

1.27 There was a net transfer from reserves of £5.4m for Grants. The majority of grants were expected and planned for during the year.

1.28 During 2017/18 there will be a review of Reserves and Balances to consider the potential to release resources as part of the management of budget risks.

Commentary on budget areas

The following paragraphs comment on the major financial issues identified during the financial year compared with the final revised budget.

2.1 People Directorate

There is a recommended net transfer from reserves of £24.8m, which would result in an overspend position of £53.0m after transfers.

The net overspend position is explained below.

	Overspend / (Underspend) £m
Net expenditure (+ over / - under)	77.825
Transfers to / (from) reserves	
Schools	(13.138)
Other	(11.700)
Transfers to / (from) reserves	(24.838)
Net overspend	52.987
Explanation of variation after transfers	
Adult Social Care Packages	22.960
Business Change	(2.377)
Specialist Care Services	3.946
Adult Other Net Variations	(1.586)
Travel Assist	4.864
Education Services Grant	0.711
Early Help & Children's Social Care	(4.398)
Unattached Playing Fields	0.298
Early Years	(0.641)
Other Minor Variations	0.810
Better Care Fund	8.400
Sustainability Transformation Plan	20.000
Net overspend	52.987

The key elements of the recommended net transfer from reserves of (£24.8m) are detailed below.

Proposed Transfers to / (from) reserves

Grants – (£12.8m) transfer to / (from) reserves

- Non-Schools Direct Schools Grant (DSG) carry forward £1.3m
- Deficit balance on Non-Schools DSG (£9.1) due to increase in pupils with special educational needs
- Section 256 (£2.9m) to support community based services
- Section 256 Frail Elderly Fund (£0.8m)
- Section 256 Pump Priming for Better Care Fund (£1.6m)

- Other net transfers to reserves £0.3m

Other transfers – (£12.0m) transfer to / (from) reserves

- Special Education Needs Reform Grant £0.4m – in line with the budget plan and in order to provide the funds for spend in future years
- High Needs Strategic Planning Fund £0.5m – grant was not notified until December 2016 and the majority of the review and implementation of outcomes is expected to be carried out in 2017/18
- Transfer from schools balances (£13.1m)
- Other net transfers to reserves £0.2m

The explanations for the £53.0m overspend after proposed transfers to reserves are as follows:

Adults - £22.9m Overspend

- Adult Social Care Packages - £23.0m overspend
The demand for placements based on assessed needs continued to rise and the numbers of service users supported following hospital discharges increased during the year. While there are undoubtedly pressures due to demographic growth, this has been taken account of for 2017/18 and subsequent years and it is essential that Adult Social Care put in place measures to manage demand more effectively. The Adult Social Care Service has delivered significant savings in recent years whilst tackling the continued increases in demand and it must continue to do so. However, the scale and pace of the savings targets have proved to be very challenging and there was a shortfall against the figures included in the budget. The Directorate implemented a number of actions during the year to mitigate these pressures. These included:
 - the tightening of controls on care related contracts to ensure best value was achieved from care providers
 - ensuring application of national frameworks by Clinical Commissioning Groups (CCGs) to secure health related contributions, thereby expediting joint working and decision making
 - reviews of current practice, uses of certain care approaches and the use of panels to enhance the value and effectiveness were considered and developed
 - robust challenge of existing and planned care including those clients being transferred from the NHS
 - review of workforce prioritisation
 - ensuring all available income to the service was realised
 - ensuring care data was cleansed to improve accuracy and hence commitments and forecasting were in line with expected care requirements
 - increased efforts to work with other parties to reduce the unmet needs of citizens in Birmingham

- Business Change - £2.4m underspend
The underspend related to delays in the recruitment of staff of £1.1m and further savings of £1.3m in supplies and services due to expenditure being lower than initially anticipated
- Specialist Care Services - £3.9m overspend
The overspend related to the following areas:
 - Enablement £1.5m - a review of the enablement service was undertaken during the year. Efficiency gains within the service required a number of further stages of planning, consultation and approval, and hence the saving of £1.5m was expected to be delivered from 2017/18
 - Older Adults Day Care provision and Learning Disability Short Breaks £0.4m - Cabinet on 13th December 2016 agreed the Full Business Cases for the changes to these service areas. This included revised implementation plans which indicated that it would not be possible to deliver any savings from these projects in 2016/17
 - Care Centres £0.5m - Cabinet on 26th July 2016 agreed to consult on changes in the use of two of the four Care Centres. The outline Business Case identified that the preferred option would not deliver the savings target of £0.3m in 2016/17 and that there were expected one-off costs of £0.2m
 - Day Care provision £0.7m - Changes to the internal day care provisions are currently subject to consultation. The Directorate is also considering a wider review of Day Care opportunities across both internal and external provision. A report will be presented to a future Cabinet meeting, discussing the findings of the consultation and making recommendations
 - Telecare £0.8m - A report was received by Cabinet on 18th October 2016 outlining the way forward for the Telecare service. The overspend is an assessment of the costs relating to 2016/17, as there are a number of outstanding contractual issues being dealt with as part of the changeover to the new arrangements
- Other Net Variations - £1.6m underspend
There were pressures due to higher than anticipated increases in the bad debt provision and pension fund strain payments. These were partially offset by reductions in the use of agency staff, employee costs and other non-care contracts. In order to mitigate these and other cost pressures, the Directorate reviewed expenditure on equipment and adaptations to assist service users and a higher proportion was charged to capital.

Children - £1.7m overspend

- Travel Assist - £4.9m overspend
The overspend was primarily attributable to increases in contractors rates, increases in the number of pupils being transported to settings outside of the authority and an increase in numbers of high cost pupils resulting in pressures of £2.5m. There was also a pressure of £0.8m on pupil guides that arose from increased demand for Guiding hours, and increase of casual

cover for additional routes not covered by permanent Guides and an overspend of £1.6m on contract hire.

An approach was originally identified that involved three implementation phases, but it was accepted that full delivery was not achievable in 2016/17. Events over the summer term regarding the appeals to proposed changes prompted a more thorough top down review of Travel Assist's operational capacity. This has resulted in fundamental changes in support and practice in order to ensure future year's savings are not compromised.

- Education Service Grant (ESG) - £0.7m overspend
Reductions of £2.4m were required in 2016/17 to offset the impact of changes in ESG grant. Various mitigations were identified and applied but there was still a residual amount of £0.7m for which mitigations were not identified.
- Early Help & Children's Social Care - £4.4m underspend
There were underspends across a number of service areas and these related mainly to the following:
 - Employee underspends of £2.3m. This related to an underspend of £0.8m within the Family Support Service and £0.2m within Youth Offending due to vacancies held earlier in year pending the Service implementing a revised structure, £0.4m underspend on employee budgets for the five children's homes that have now transferred to an external provider and £0.9m underspends within Fostering, Adoption, Care Leavers and Contact and Escort Services
 - There was an underspend of £0.2m due to lower than expected costs for the repairs and maintenance of children's homes prior to transfer to the provider
 - £1.7m underspend in internal foster care payments. The service undertook a review of current internal foster care capacity in readiness for implementation of the next phase of the improvement plan to grow the in-house service
 - An underspend of £1.5m due to a longer mobilisation period on the phased go live of the residential block contract due to securing planning permission and OFSTED registration for individual properties
 - An underspend of £0.2m due to a reduction in the number of externally commissioned residential and community based assessments and £0.1m due to fewer external assessments of carers
 - The extension of the Department of Education Interagency funding scheme for adoption placements to March 2017 meant additional income of £0.5m was received for cases which meet the specific eligibility criteria

These underspends were partially offset by pressures relating primarily to:

- Secure Remand beds with additional costs of £0.5m as a result of decrease in the Youth Justice Board Secure Grant and an increase in bed nights at Secure Training Centres and Secure Children's homes
- Increased costs of £0.7m relating to accommodation and support to No Recourse to Public Fund families
- An overspend in legal services costs of £0.9m due to costs of disbursements being greater than planned and several high cost

cases requiring counsel input including one Deprivation of Liberty Case

- **Unattached Playing Fields - £0.3m overspend**
Progress against delivering the savings associated with unattached Playing fields was slow due to different complex issues and timelines. This was further exacerbated by costs that have been historically in excess of the budget.
- **Early Years £0.6m underspend**
This was a combination of underspends on children centres, childcare packages and lower than anticipated IT system costs. In addition savings arose from the cessation of a childcare contract.
- **Other net variations £0.8m overspend**
These included pressures on other Education and Skills and schools budgets, partially offset by savings in City Serve as a result of reduced agency costs and generation of additional income plus other savings in areas such as Disabled Childrens Social Care.

Health - £28.4m overspend

The 2016/17 Budget included proposals for savings arising from Health and Social Care integration, including through the Government's Better Care Fund programme. The position across the health and care system meant that this saving was not delivered.

2.2 Economy Directorate

There is a recommended net transfer to reserves of £16.7m which would result in an underspend of £0.2m after transfers. The net underspend position is summarised below:

	Overspend / (Underspend) £m
Net expenditure (+ over / - under)	(16.907)
Transfers to / (from) reserves	16.693
Net overspend	(0.214)
Explanation of variation after transfers	
Highways	(0.929)
Transport & Connectivity	0.367
Other	0.348
Net underspend	(0.214)

The key elements of the recommended net transfer to reserves of £16.7m are detailed below.

Proposed Transfers to / (from) reserves

Grants – £13.7m transfer to / (from) reserves

- Repayment of borrowing from Highways PFI - £10.5m for Corporate repayment and net transfer to reserves in respect of contract payment reduction relating to Highways PFI
- Section 106 - £1.5m
- Community Infrastructure Levy - £0.6m
- Clean Air Zone - £1.0m
- Other net grant movements - £0.1m

Other transfers – £3.0m to / (from) reserves

- Economy Future Operating Model (FOM) implementation - £0.7m
- Transport and Highways initiatives - £0.6m for surplus from the provision of car parking, in line with regulation
- Bus Lane Enforcement - £0.8m for surplus from the enforcement of bus lane restrictions to fund future expenditure, in line with regulation
- Graduate Hub Programme - £0.6m
- Other net movements - £0.3m

The explanation for the year end underspend of £0.2m after proposed transfers to reserves is shown below:

Highways – 0.9m underspend

There was increased income from chargeable services for developers' fees and Fixed Penalty Notice income previously collected by Amey. This was offset by a transfer to reserves of £0.7m relating to the Economy Future Operating Model implementation.

Transport and Connectivity - £0.4m overspend

This related largely to a residual pressure on Local Land Charges after corporate mitigations.

Other Services - £0.3m overspend

There was a £0.3m overspend relating largely to other minor variations in Development Management Services (DMS).

2.2 Corporate Resources

There is a recommended net transfer to reserves of £4.7m which would result in a break-even position after transfers. This is summarised overleaf:

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	Overspend / (Underspend) £m
Net expenditure (+ over / - under)	(4.678)
Transfers to / (from) reserves	4.677
Net underspend	(0.001)
Explanation of variation after transfers	
Acivico surplus target	0.619
Other	(0.620)
Net underspend	(0.001)

The key elements of the recommended net transfer to reserves of £4.7m are detailed below.

Proposed Transfers to / (from) reserves

Grants – £0.5m transfer to / (from) reserves

- Elections individual registration grant - £0.3m
- Department for Communities and Local Government (DCLG) Communities fund grant - £0.1m
- Other net grant movements - £0.1m

Other transfers – £4.2m to / (from) reserves

- Unidentified in year income pending further investigation - £0.6m
- Grand Central net income being held post sale prior to final agreement £0.6m
- Strategic repairs for commercial property portfolio - £0.4m
- Birmingham Property Services repairs and maintenance - £0.4m
- Feasibility reserve for land sales - £0.2m
- Insurance - £0.3m
- Other net movements £1.7m

Corporate Resources had a balanced outturn position. There was an overspend of £0.6m relating to Acivico relating largely to Design, Consultancy and Facilities Management (DCFM). The service was expected to break-even and therefore was not able to return the planned surplus of £0.5m to the Council largely due to the loss of fees on capital projects. There were also additional pressures on Security Services as a result of agency costs incurred for sickness absence. These were offset by unidentified income from previous years of £0.5m and other net mitigations of £0.1m.

2.4 Place Directorate

There are recommended net transfers to reserves of £5.7m which would result in an overspend position of £19.1m after transfers. The key reasons are identified overleaf.

	Overspend / (Underspend) £m
Net expenditure (+ over / - under)	13.461
Transfers to / (from) reserves	5.668
Net underspend	19.129
Explanation of variation after transfers	
Waste Management Services	11.929
Housing Options	2.562
Community Sports and Events	2.612
Equalities and Community Cohesion	0.955
Regulatory Services	1.149
Parks and Nature Services	1.050
Private Sector Housing	0.656
Neighbourhood and Community Services	0.523
Culture and Visitor Economy	(0.477)
Other Services	(1.830)
Net overspend	19.129

The key elements of the recommended net transfer to reserves of £5.7m are detailed below.

Proposed Transfers to / (from) reserves

Grants – £3.4m transfer to / (from) reserves

- Section 106 £1.7m – to meet future revenue costs of Section 106 schemes
- Lifelong learning skills fund agency - £0.9m to fund future development in Birmingham Adult Education Service (BAES)
- Trail Blazer Housing Option Grant - £0.3m
- Revenue Health and Wellbeing Business Plan - £0.3m
- Other net movements to reserves - £0.2m

Other transfers – £2.3m transfer to / (from) reserves

- Local Innovation Fund - £1.8m to fund the programme in 2017/18
- Hackney Carriages - £0.6m ringfenced funding to be used as part of the fee setting strategy
- Other net movements to reserves - (£0.1m)

The explanation of the net year end overspend of £19.1m after proposed transfers to reserves is shown below:

Waste Management - £11.9m overspend

This was due in the main to employment of additional temporary staff to deliver the operational services for waste collection and street cleansing compared to the assumptions that were made in the Business Case to Cabinet in September 2013 (these costs totalled £8.4m). The other major components included hire and maintenance of vehicles of £1.6m and additional landfill tax due to the operational

performance of the Energy from Waste plant of £1.3m (after taking into account the recovery of £0.5m from Veolia). There was also other net expenditure of £0.6m on IT and premises after this had been offset by savings in self-funded prudential borrowing costs and higher income from green waste due to additional customers. Additional resources have been allocated to the service in 2017/18 and this together with a new operational model will help in mitigating these pressures in 2017/18.

Housing Options - £2.5m overspend

There was a £2.5m overspend position that related primarily to the provision of temporary bed and breakfast accommodation for homeless people (a reflection of national trends including reform of welfare benefits). The projected pressure on this service was £4.7m when this was transferred to the Place Directorate in October 2016. A number of management actions implemented since that time has reduced this pressure to £2.5m and these have included the completion of the refurbishment of Council hostels, work carried out with partners to secure more accommodation and the conversion of properties for use as temporary accommodation.

Community Sport and Events - £2.6m overspend

The major components included £1.2m revision and rescheduling of the potential externalisation of Alexander Stadium, £0.2m support on the future of Sutton Town Hall, £0.2m additional net expenditure on the festive markets and £1.0m of pressures on the residual portfolio of community leisure centres operated internally / commissioning Health & Wellbeing Services.

Equalities and Community Cohesion - £1.0m overspend

The major components of the overspend included delays in the implementation of the full operating model for the Equalities Service of £0.4m and additional expenditure on the public space CCTV service of £0.6m.

Regulatory Services - £1.1m overspend

This related to a range of services including £0.4m on Coroners and base budget issues on ring-fenced Licensing Services of £1.5m, offset by £0.6m underspends on Environmental Health and other service underspends of £0.2m including Trading Standards. The service budgets for Licensing have been re-aligned in 2017/18 to ensure that these are operated on a cost recovery basis only as required by legislation.

Parks and Nature Services - £1.1m overspend

The overspend related to lower than planned income at Cofton Nursery of £0.3m, higher than planned operational supplies and services costs of £0.6m and delays in the disposal of open space and under-utilised park spaces of £0.2m.

Private Sector Housing - £0.7m overspend

The overspend related primarily to the Safer Places Team reflecting potential contributions of £0.3m from the Community Safety Fund that were not considered appropriate to pursue with the Police and Crime Commissioner. The residual component related to the under-recovery of income from the development of housing for market rent through the Council's wholly owned company 'INReach' (there was some slippage in 2016/17 and the scheme will be completed in 2017/18).

Neighbourhood and Community Services - £0.5m overspend

There was an overspend in Community Libraries of £1.0m due to delays in the introduction of the new operating model. This was approved by Cabinet in February 2017 and therefore the pressure will be mitigated in 2017/18. In addition Community Play overspent by £0.4m. These pressures were offset by £0.4m lower spend on the operational costs and £0.5m re-alignment of the funding for Neighbourhood Advice Services.

Culture and Visitor Economy - £0.5m underspend

There were savings of £0.3m on Major Events and Arts / Museums of £0.3m, offset by additional expenditure of £0.1m on the Library of Birmingham.

Other Services £1.8m underspend

There were pressures of £0.5m relating to Markets including the Indoor Markets, Cleaning Services and the existing Wholesale Market. This was offset by £0.4m in Bereavement Services due mainly to savings in interest as a result of slippage in the Sutton New Hall site, £0.7m for Business Support from savings by maintaining vacancies and £1.2m re-alignment of central service operational costs.

REVENUE OUTTURN SUMMARY

	Budget £m	Outturn £m	Variance £m
Directorates	774.227	843.928	69.701
Policy Contingency	3.872	(11.593)	(15.465)
Corporate Accounts	147.838	113.127	(34.711)
Total	925.937	945.462	19.525
<u>Recommended transfers to / (from) reserves</u>			
Directorate (including schools balances)	(12.903)	(15.351)	(2.448)
Grants	(19.133)	(14.485)	4.648
Policy Contingency	0.000	8.061	8.061
Corporate	(51.858)	(51.858)	0.000
Use of Capital Fund to balance in year out-turn	0.000	(27.001)	(27.001)
Sub-total transfers to / (from) reserves	(83.894)	(100.634)	(16.740)
<u>Directorate transfers to / (from) balances</u>			
Use of Organisation Transition Reserve to balance in year out-turn	0.000	(3.000)	(3.000)
Use of previous year's balances	(8.262)	(8.262)	0.000
Contribution to General Fund Working Balance	1.500	1.500	0.000
Sub-total transfers to / (from) balances	(6.762)	(9.762)	(3.000)
SUB-TOTAL	835.281	835.066	(0.215)
Council Tax	(287.962)	(287.962)	0.000
Business Rates	(187.884)	(187.884)	0.000
Top Up Grant	(127.067)	(127.067)	0.000
Revenue Support Grant	(226.587)	(226.587)	0.000
Collection Fund	(5.781)	(5.781)	0.000
Sub Total	(835.281)	(835.281)	0.000
Position after final transfers	0.000	(0.215)	(0.215)

A positive figure is expenditure / overspend or transfer to reserves / balances

A negative figure is income / underspend or transfer from reserves / balances

Comparison to Month 10 Revenue Monitoring Report

The comparison of outturn position to Month 10 Revenue Monitoring Report is summarised in the table below:

	Forecast Variation at Month 10 £m	Outturn Variation £m	Movement from M10 £m
People Directorate	51.901	52.987	1.086
Place Directorate	15.898	19.129	3.231
Economy Directorate	0.000	(0.214)	(0.214)
Corporate Resources	0.807	(0.001)	(0.808)
Directorate Total overspend / (underspend)	68.606	71.901	3.295
Other Corporate Items	(33.213)	(42.115)	(8.902)
City Council Total overspend / (underspend)	35.393	29.786	(5.607)

The principal areas of change compared with the Month 10 reported position were:

- People – adverse movement of £1.1m. This related primarily to:
 - Adult Care Packages of £1.9m arising from continued increase in assessed need and increased numbers of service users supported following hospital discharge
 - Business Change (£0.8m) due to IT and other non-pay expenditure being lower than anticipated
- Place – adverse movement of £3.2m. This related primarily to:
 - Waste Management adverse movement of £2.5m due in the main to landfill tax and transport costs, offset by additional income generated on fees and charges, paper and trade waste
 - Community Sport and Events of £1.2m largely due to additional costs for Events and pressures on the residual portfolio of community leisure centres operated internally / commissioned Health & Wellbeing Services
 - Housing Options reduction of £1.0m arising from securing more accommodation and converting properties for use as temporary accommodation
 - Other net variations of £0.5m
- Economy – favourable movement of (£0.2m). This related to minor movements across the Directorate
- Corporate Resources – net favourable movement of (£0.8m) related to:
 - Acivico profit share net favourable movement of (£0.2m)
 - Unidentified income from previous years and other net variations of (£0.6m)

- Other Corporate Items – net favourable movement of (£8.9m) related to:
 - Additional underspend on Policy Contingency of (£4.5m)
 - Additional Treasury Management underspend of (£2.7m)
 - Charging Orders of (£1.8m)
 - Other net mitigations of £0.1m

Directorate Carry Forward Balances

	Balance Brought Forward 01-Apr-16 £'000	In-year Transfers £'000	Corporately addressed £'000	Outturn £'000	Carry Forward Balance 31-Mar-17 £'000
BALANCES B/FWD					
People Directorate	(294)		(52,987)	52,987	(294)
Corporate Resources	(3,040)	1,271		(1)	(1,770)
Economy Directorate	1,217	(1,014)		(214)	(11)
Place Directorate	(201)	201	(19,129)	19,129	0
TOTAL	(2,318)	458	(72,116)	71,901	(2,075)