

# **BIRMINGHAM CITY COUNCIL**

## **CABINET**

**Thursday, 24 May 2018 at 1000 hours**  
**in Committee Room 6, Council**  
**House, Birmingham**

## **PUBLIC AGENDA**

### **1. NOTICE OF RECORDING/WEBCAST**

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

### **2. DECLARATIONS OF INTERESTS**

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

### **3. APOLOGIES**

**Attached**

### **4. DECISION CALLED IN - BIRMINGHAM COUNCIL HOUSING INVESTMENT PROGRAMME 2018/19 TO 2020/21**

To reconsider the decision of Cabinet on 27 March 2018 called-in by the Housing and Homes Overview and Scrutiny Committee.

A report of the O&S Committee Chairman, an Executive response and a copy of the report to Cabinet on 27 March 2018 are attached.

**Attached**

### **5. FINANCIAL OUTTURN 2017/18**

Report of the Corporate Director of Finance and Governance.

**Attached**

### **6. BIRMINGHAM CITY COUNCIL RESPONSE TO GRENFELL TOWER TRAGEDY - ONE YEAR ON**

Report of the Corporate Director of Place.

**Attached**

### **7. EQUAL PAY AND TUPE – CITYSERVE SERVICES**

Report of the Corporate Director of Finance and Governance.

- Attached**      8.      **PHOENIX BUSINESS PARK, BRICKFIELD ROAD, TYSELEY – PROPOSED COMPULSORY PURCHASE ORDER**
- Report of the Assistant Director, Planning.
- Attached**      9.      **PLANNED PROCUREMENT ACTIVITIES (JULY 2018 – SEPTEMBER 2018) AND QUARTERLY CONTRACT AWARD SCHEDULE (JANUARY 2018 – MARCH 2018)**
- Report of the Director of Commissioning and Procurement.
10.      **OTHER URGENT BUSINESS**
- To consider any items of business by reason of special circumstances (to be specified) that, in the opinion of the Chairman, are matters of urgency.
11.      **EXCLUSION OF THE PUBLIC**
- That in view of the nature of the business to be transacted, which includes exempt information of the category indicated, the public be now excluded from the meeting:-
- (Exempt Paragraphs 3 and 4)

### **PRIVATE AGENDA**

- Attached**      12.      **EQUAL PAY AND TUPE – CITYSERVE SERVICES**
- Report of the Corporate Director of Finance and Governance.
- (Exempt Paragraphs 3 and 4)
- Attached**      13.      **PLANNED PROCUREMENT ACTIVITIES (JULY 2018 – SEPTEMBER 2018) AND QUARTERLY CONTRACT AWARD SCHEDULE (JANUARY 2018 – MARCH 2018)**
- Report of the Director of Commissioning and Procurement.
- (Exempt Paragraph 3)
14.      **OTHER URGENT BUSINESS (EXEMPT INFORMATION)**
- To consider any items of business by reason of special circumstances (to be specified) that, in the opinion of the Chairman, are matters of urgency.



# Birmingham Council Housing Investment Programme 2017/18 to 2019/20

## Call In by the Housing and Homes O&S Committee

### 1 Request for “Call-In”

1.1 On 27<sup>th</sup> March 2018 Cabinet took a decision to:

- Note the update against 2017/18 programme delivery;
- Approve the Full Business Case Appendix 1 for the scope of works to be included in the Council Housing Improvement Programme 2018/19 to 2019/20 including fire suppression systems at an estimated capital cost of £129.890 million, together with adaptations at an estimated cost of £6.905 million over the same period.
- Authorise the Service Director, Housing and Head of Capital Investment to allocate the Housing Investment works and place orders with the recently procured service providers in accordance with the scope of those contracts.
- Note the allocation of £105.913 million for clearance and new build activity included within the Public Sector Housing Capital budget of £242.708 million, with specific scheme details to be the subject of further reports as appropriate sites are identified
- Authorise the City Solicitor to negotiate, execute, seal and complete all necessary documents to give effect to the above recommendations.

1.2 A request for Call-In was made to the Housing and Homes Overview and Scrutiny (O&S) Committee by Councillors Henley and Leddy on 03 April 2018.

1.3 The Housing and Homes O&S Committee met on 17<sup>th</sup> April 2017 to consider the matter. In doing so, Members heard from Cllr Peter Griffiths, Cabinet Member for Housing and Homes, Rob James, Service Director and Martin Tolley, Head of Service. Eddie Howard, Deputy Chair of the City HLB, also attended.



## 2 The Discussion

### Reasons for the Call-In

- 2.1 At the meeting, Cllrs Henley and Leddy stated that the focus of the call-in was the decision to amend the programme to include fire suppression measures (i.e. sprinklers) at a total cost of £31m. They highlighted the following reasons for the request for call-in:
1. *the decision appears to be contrary to the Budget or one of the 'policy framework' plans or strategies* – the decision to spend the money on sprinklers leads to a £7m overspend on the budget;
  5. *the Executive appears to have overlooked some relevant consideration in arriving at its decision* – the scientific evidence supports the case that Birmingham's tower blocks are already safe, in accordance with Building Regulations, so the money could be better spent elsewhere;
  7. *the decision appears to be particularly "novel" and therefore likely to set an important precedent* – the proposal to retrofit sprinklers is novel, particularly as the requirements of the sprinkler system may render other fire protection methods (e.g. compartmentalisation) invalid.
  9. *the decision appears to give rise to significant legal, financial or propriety issues* – an additional spend of £31m is significant;
  11. *the decision appears to give rise to significant issues in relation to a particular District* - the issue is one of significance for Brandwood ward, where there are a large number of tower blocks, many over 50 years old and with many issues (relating to size and maintenance).

### Cabinet Member and Officer Response

- 2.2 The Cabinet Member responded that the Cabinet Report in June endorsed the action taken following the fire at Grenfell Tower and stated that the financial implications would be included in the amended capital programme and budget. The Budget was approved by Cabinet and City Council earlier this year. The decision under consideration today simply seeks to make adjustments to the three year capital investment programme and to allow the allocation of work. The decision has been made with the full support of tenants through the City Housing Liaison Board.
- 2.3 Rob James, Service Director, noted that the budget approved in February referred to funding of £31m for fire prevention methods. The briefing note submitted contained further evidence from different sources on the use of sprinklers, which shows that scientific evidence has been taken into account. There is support for this from a report from the London Assembly, the LGA and the West Midlands Fire Service.

### Discussion

- 2.4 In the ensuing discussion, the following points were made by members of the Committee:
- The evidence presented in the briefing note is not hard evidence, but a series of quotes from bodies with an interest in this area;



- As such it could be questioned as to whether retrofitting all tower blocks was the right approach, or whether each should be assessed on a case by case basis;
- The financial details were further explained, notably that the figures in the report referred to years two and three of a three year programme;
- There was clear support from tenants for sprinklers;
- There was also clear support from the West Midlands Fire Service;
- It was noted that there are many other fire protection measures in place in Birmingham's tower blocks and these have worked well in the past.

2.5 Cllr Henley informed the committee that the scientific evidence from real fires and experiments in full size buildings has been included in the Building Regulations, which do not require sprinklers in buildings less than 30 meters high for new build and do not require any retrofitting to existing buildings.

2.6 Whilst committee members had a number of questions and concerns, nonetheless there was clear support for the retrofitting of sprinklers.

### 3 The Committee Resolution

3.1 The Committee resolved to call-in the decision for reconsideration by Cabinet, on the grounds that:  
*5 – the Executive appears to have overlooked some relevant consideration in arriving at its decision.*

3.2 The Committee therefore formally asks the Cabinet to reconsider its decision; in particular that Cabinet carefully considers all the information and evidence available to assure itself that this large expenditure is wholly justified. An alternative approach might be to consider each case individually, and ensure each tower block has its own particular needs met in terms of safety and saving lives.

#### Housing and Homes Overview and Scrutiny Committee

# **Birmingham City Council Housing Investment Programme 2018/19 to 2020/21**

## **Executive response to ‘Call-in’ the decision made by Cabinet on 27th March 2018**

### **Cabinet Meeting – 24<sup>th</sup> May 2018**

#### **1. Background**

The decision to install sprinklers was outlined in the report to Cabinet on 27<sup>th</sup> June 2017 ‘Grenfell Tower Fire – Birmingham response’ and the budget report to Cabinet and Full Council in February 2018 were both approved.

A report to Cabinet on 27<sup>th</sup> March recommended an adjustment to the capital investment programme and for the orders to be placed with contractors for the installation of sprinklers.

A request for Call-in was made to the Housing & Homes Overview and Scrutiny (O&S) Committee by Councillors Barry Henley and Mike Leddy on 3<sup>rd</sup> April 2018.

The Housing & Homes O&S Committee met on 17<sup>th</sup> April 2018 to consider the matter. In doing so, Members heard from Councillor Peter Griffiths, Cabinet Member for Housing & Homes, Rob James, Service Director and Martin Tolley, Head of Asset Management. Eddie Howard, Vice Chair of the City HLB also attended.

The Scrutiny Committee resolved to uphold the Call-in and referred the decision for reconsideration by Cabinet on 24<sup>th</sup> May 2018.

#### **2. Reason for Call-in**

The reason for the Call-in was that:

- a) the decision appears to be contrary to the Budget or one of the ‘policy framework’ plans or strategies;
- b) the Executive appears to have overlooked some relevant consideration in arriving at its decision;
- c) the decision appears to be particularly “novel” and therefore likely to set an important precedent;
- d) the decision appears to give rise to significant legal, financial or propriety issues;
- e) the decision appears to give rise to significant issues in relation to a particular Ward.

#### **3. The Committee Resolution**

The Committee resolved to call-in the decision for reconsideration by Cabinet on the grounds that the “Executive appears to have overlooked some relevant consideration in arriving at its decision”; in particular that:

- a) Cabinet carefully considers all the information and evidence available to assure itself that this large expenditure is wholly justified.
- b) An alternative approach might be to consider each case individually, and ensure each tower block has its own particular need met in terms of safety and saving lives.

#### 4. Comments in response:

In response to the concerns raised by the Scrutiny Committee the Cabinet Member for Housing & Homes and Service Director for Housing have considered the evidence/information to support the decision and submit the following to Cabinet:

##### 4.1 Summary of decision making process

The decision to install sprinklers was made on the basis of the information provided in this Executive response which can be summarised:

- A report to Cabinet on 27th June 2017
- A budget decision made by Cabinet and Full Council in February 2018
- The report to Cabinet on 27 March recommended an adjustment to the capital investment programme and for the orders to be placed with contractors for the installation of sprinklers.

##### 4.2 Cabinet Report 27<sup>th</sup> June 2017

The report covered the following:

- A summary of the immediate action taken to reassure residents of the fire safety measures in Birmingham tower blocks
- An explanation of the process for carrying out Fire Risk Assessments
- A proposal to retrofit sprinkler systems at an estimated cost of £31m. The report stated that a programme of work would be developed once specifications had been developed and that it was intended to lobby government to pay for these fire suppressant measures.

Regardless of the response from Government however the Cabinet was informed that a rolling programme of sprinkler installation and fire prevention measures would be developed and funding would be made available from capital receipts and prudential borrowing.

- The report highlighted a number of actions to review current policies and procedures to enhance fire safety in tower blocks

Agreed recommendations at Cabinet:

- 2.1 Notes and endorses the detailed action referred to in the report.
- 2.2 Supports the approach to Government to help to pay for the sprinkler systems and fire suppressant measures in all of the City Council's tower blocks as appropriate.
- 2.3 Receives a report back on approaches to Government and the Council's proposed approach to fitting fire suppressants measures including sprinklers in residential tower blocks owned by Birmingham City Council.

A report to Cabinet today (24<sup>th</sup> May 2018) provides an update on 2.3 above. This report also details the approach to retrofitting sprinklers in that each individual block will be considered to ensure that the particular block has its own particular needs met in terms of safety and saving lives as recommended by the Scrutiny Committee.

It is considered however that sprinkler systems should be fitted to all tower blocks as previously recommended and approved.

#### 4.3 The Budget

The capital funding for the installation of fire suppressant measures including sprinklers is contained within the Housing Public Sector Capital Budget 2018+. The programme will be funded in line with the anticipated resources set out in the Council's Business Plan and Budget 2018+ as approved at the council meeting on 27th February 2018.

The Council Housing Investment Programme includes £19m of planned expenditure relating to the retrofit of fire suppressant systems (sprinklers) as part of an overall three-year programme with an anticipated cost of approximately £31m, in relation to which Central Government has been approached for a contribution of £19.4m towards these costs. In the event that this funding is not forthcoming, the costs will be funded through Prudential Borrowing.

#### 4.4 Tenant Engagement

In June 2017 we wrote to all 10,500 tenants living in a high rise tower block, to advise them of the fire safety measures that are currently in place. This was followed up by visiting all these tenants, who were also advised about proposed fire safety measures. West Midlands Fire Service also worked in partnership with the Housing Service assisting with a fire safety campaign and undertaking several safe and well visits. As a result of visiting our tenants living in tower blocks, it has enabled us to update our records about some of the more vulnerable people who live in our buildings. The information collected, is kept securely and will be shared with the emergency services should it ever become necessary to do so.

We have taken the opportunity to extend an initiative that encourages tenants to become 'Block Champions' working with us on a number of areas, to those who are particularly interested in the steps we are taking to develop our future fire safety measures. Significant efforts have therefore been taken to engage tenants on both the existing and proposed fire safety measures.

A specific meeting of the City Housing Liaison Board (HLB) was held on 23rd August 2017 to discuss the measures being undertaken to improve fire safety in tower blocks. The programme for retro-fitting sprinklers has been endorsed by tenants giving their support at this meeting and the Local Housing Liaison Board meetings.

City HLB was consulted on the Housing Revenue Account Budget at its meetings on 25th January 2018 and 12th February 2018 and again there was support for the HRA budget which included the capital allocation for retrofitting sprinklers.

#### 4.5 Current Regulations

Current building regulations for new builds require sprinklers to be provided in blocks of flats exceeding 30m in height.

Dame Judith Hackitt is currently considering possible changes to the Building Regulations as part of the Independent Review of Building Regulations and Fire Safety, in response to the Grenfell Tower fire, and we cannot pre-empt her findings.

Nevertheless we should ask the question why tenants in new tower block buildings will benefit from sprinkler systems whereas tenants in existing blocks are denied this



under the existing regulations.

#### 4.6 Expert Advice

##### The London Assembly

"A report of the London Assembly Planning Committee dated March 2018 "Never again: Sprinklers as the next step towards safer homes". Key findings of the report are as follows:

- Passive fire protections, such as fire doors, can effectively prevent a fire from spreading beyond the compartment where it started, giving people time to escape.
- Automatic fire suppression systems (AFSS) go further, offering an additional layer of protection that can suppress or even extinguish a fire, saving both lives and property.
- Although AFSS represent the next step in fire safety, they are not mandatory in residential buildings below 30 metres in England.

Examples of passive and active fire safety measures

	<b>Safety Measure</b>	<b>Role</b>
<b>Passive</b>	Fire doors	Compartmentation
	Fire-proof walls, floors, ceilings and glass	Compartmentation
	Fire-proof cables, fixtures and air ducts	Compartmentation
	Fire-proof building materials	Structural protection
<b>Active</b>	Smoke and carbon monoxide alarm	Detection
	Sprinkler	Fire suppression (and in most cases detection)
	Water misting	Fire suppression
	Personal protection systems	Fire suppression (often also detection)

Quotes from the London Assembly report:

"However, as the fires at Lakanal House in 2009 and Grenfell Tower in 2017 demonstrate, the failure of fire safety measures can have devastating consequences. Passive fire safety measures designed to contain a fire in compartments can fail. This means fires, hot gases and smoke can spread quickly, harming residents and firefighters and causing significant damage to property.

Automatic fire suppression systems (AFSS) offer an additional layer of protection that can suppress or even extinguish a fire, saving both lives and property. AFSS, which include sprinklers, prevent fire from spreading and allow firefighters to more easily extinguish it. They also reduce the water damage from putting out a fire with a powerful fire hose."

The Commissioner of the London Fire Brigade, Dany Cotton told the London Assembly that “as a measure as part of a range of options in making buildings safe [sprinklers] are key going forward.” Sprinklers are a reliable and cost-effective fire safety measure that can greatly reduce risk of death, injury, property damage and harm to local communities.

In the long term the evidence also strongly points towards making sprinklers mandatory in all residential buildings as has been the case in Wales since 2016. But it is important to be pragmatic and accept that given the magnitude of the task it is not feasible to make sprinklers immediately mandatory in all buildings in England.

The Commissioner of the London Fire Brigade, Dany Cotton, has stated “I support retrofitting - for me where you can save one life then it's worth doing”.

#### Updated position from the West Midlands Fire Service

“West Midlands Fire service supports the national sprinklers position which states they are the most effective way to ensure that fires are suppressed or even extinguished before the fire service can arrive. They save lives and reduce injuries, protect fire fighters who attend incidents and reduce the amount of damage to both property and the environment from fire. In the last 12 months, the National Fire Chiefs Council (NFCC) and the National Fire Sprinkler Network (NFSN) have worked together to investigate the effectiveness and reliability of sprinkler systems. The evidence produced indicates that sprinkler systems operate on 94% of occasions demonstrating very high reliability. Furthermore, it is evident that when they do operate they extinguish or contain the fire on 99% of occasions and are thus very effective.

The research also found that in both converted and purpose built flats that sprinklers are 100% effective in controlling fires. Sprinklers can be used to improve fire safety in a range of new and existing buildings and WMFS supports risk assessed retro fitting of sprinklers in existing buildings.

#### Chief Fire Officers Report – Business Case for Sprinklers

The report quotes: ... Moreover, where a sprinkler system has been installed:

- Fire deaths (including fire fighter deaths) have been almost eliminated
- Fire injuries reduced by 80%
- Significant improvement in fire fighter safety achieved
- Property damage reduced by over 80%
- Effects of arson reduced
- Reduction in the environmental impact of fire
- Reduction to the economic cost of fire

#### Briefing to the Scrutiny Committee

A comprehensive briefing note was provided for the Scrutiny Committee meeting providing what we believe to be an overwhelming endorsement to the decision for the decision to retrofit sprinklers to existing tower blocks in Birmingham. We submit the following:

- Sprinklers save lives: Apart from explosions there have never been multiple

fatalities in a building fitted with sprinkler systems in the United Kingdom.

- The total number of deaths world-wide in buildings fitted with sprinkler systems is 50 compared to thousands in unprotected buildings.
- Residential fire sprinklers add fire suppression to the early warning of smoke detectors.
- In a large, fast moving fire people often do not know which way to go and may not be able to use hose reels or fire extinguishers.
- Sprinklers can stop heat and smoke from trapping people.
- Sprinklers wash the larger particles out of smoke reducing density and toxicity. In addition the water cools the smoke making it less harmful.

## **Background Papers**

Briefing to Scrutiny Committee on 17<sup>th</sup> April 2018

London Assembly Report - Never again: Sprinklers as the next step towards safer homes

Chief Fire Officers Association (CFOA) report - Business Case for Sprinklers

**Report to:** **CABINET**  
**Report of:** **Corporate Director Place**  
**Date of Decision:** **27 March 2018**  
**SUBJECT:** **BIRMINGHAM COUNCIL HOUSING INVESTMENT  
PROGRAMME 2017/18 to 2019/20**  
**Key Decision:** **Yes** **Relevant Forward Plan Ref: 004665/2018**  
**If not in the Forward Plan:** **Chief Executive approved** ☐  
**(please "X" box)** **O&S Chairman approved** ☐  
**Relevant Cabinet Member(s):** **Councillor Peter Griffiths – Cabinet Member for  
Housing and Homes**  
**Councillor Majid Mahmood – Cabinet Member for  
Commercialism, Commissioning and Contract  
Management**  
**Relevant O&S Chair** **Councillor Victoria Quinn – Housing and Homes**  
**Councillor Mohammed Aikhlaq– Corporate Resources  
and Governance**  
**Wards affected:** **All**

**1. Purpose of report:**

- 1.1 In February 2017, Cabinet approved the three year Capital Investment Programme for 2017/18 to 2019/20. Included in this report is an update on the successful achievements of the 2017/18 Capital Investment Programme. Due to the requirement to retrofit fire suppression systems (sprinklers) it is necessary to now seek approval for these works to be included in the existing full business case for the scope of work to be included in the Council Housing Investment Programme 2018/19 to 2019/20 of £129.890 million and adaptations of £6.905 million within a total Public Sector Housing Capital budget of £242.708 million, including clearance and redevelopment costs.
- 1.2 To inform Cabinet that this programme will deliver improvements to around 19,121 property elements and will include the provision of new kitchens and bathrooms, upgraded central heating systems, door, window, roof replacements and structural works to traditional/non-traditional construction type properties including electrical and thermal efficiency works, replacement double glazed PVCU windows, replacement heating system, roof replacement works and external/internal improvements and the installation of fire suppression system (sprinklers) to high rise dwellings. These works to be delivered through existing contracts.
- 1.3 To inform Cabinet that a sum of £0.800 million per annum has been identified in Appendix 2 for capital environmental works in neighbourhoods. It is proposed that this sum be allocated based on housing stock in that locality and that local elected Members will be consulted and involved in the decisions..
- 1.4 The proposals are consistent with the Budget for 2018/19 approved by Council on 27<sup>th</sup> February 2018.

## 2. Decision(s) recommended:

That Cabinet:

- 2.1 Notes the update against 2017/18 programme delivery.
- 2.2 Approves the Full Business Case **Appendix 1** for the scope of works to be included in the Council Housing Improvement Programme 2018/19 to 2019/20 including fire suppression systems at an estimated capital cost of £129.890 million, together with adaptations at an estimated cost of £6.905 million over the same period.
- 2.3 Authorises the Service Director, Housing and Head of Capital Investment to allocate the Housing Investment works and place orders with the recently procured service providers in accordance with the scope of those contracts.
- 2.4 Notes the allocation of £105.913 million for clearance and new build activity included within the Public Sector Housing Capital budget of £242.708 million, with specific scheme details to be the subject of further reports as appropriate sites are identified
- 2.5 Authorises the City Solicitor to negotiate, execute, seal and complete all necessary documents to give effect to the above recommendations.

### Lead Contact Officer(s):

Robert James – Service Director –Housing  
0121 464 7699  
[Robert.james@birmingham.gov.uk](mailto:Robert.james@birmingham.gov.uk)

**Telephone No:**  
**E-mail address:**

Martin Tolley – Head of Capital Investment  
0121 303 3974  
[martin.tolley@birmingham.gov.uk](mailto:martin.tolley@birmingham.gov.uk)

## 3. Consultation

### 3.1 Internal

The proposals for the Housing Investment Programme for 2018/19 to 2019/20 are consistent with the budget report presented to Cabinet. The following members have been consulted previously and supported the proposals going forward for Executive decision.

Councillor Brigid Jones	Deputy Leader of Birmingham City Council
Councillor Victoria Quinn	Chair of Housing and Homes Overview & Scrutiny Committee

- 3.2 We will continue to work with local residents, housing management teams and elected members in relation to Environmental Works Investment Projects.
- 3.3 Officers in Legal Services and City Finance have been involved in the preparation of this report.
- 3.4 External

The City Housing Liaison Board has been consulted about the programme as outlined in this report. TMOs and Leaseholders will be consulted prior to works being undertaken in accordance with the terms of MMAs / leases respectively.

## **4 Compliance Issues**

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

Improving the Council owned housing stock directly contributes to the strategic outcomes of the Sustainable Community Strategy, the proposed Council Business Plan and Budget 2018+. In particular there is a specific target under the theme of securing a high quality of life for residents. Stock improvements will also impact upon the other strategic outcomes, most notably on the aspiration for healthier communities and carbon reduction.

The Council will upgrade its stocks thermal performance by energy efficient measures that may include whole property retrofit in line with the City's wider sustainability strategy set by Birmingham's Green Commission through the Carbon Roadmap. These works will include the replacement of existing older inefficient heating systems, external insulation, hard to treat cavity wall and loft insulation and any other innovative energy efficiency works. This will further contribute to targets within the Commission's Carbon Roadmap to reduce carbon dioxide emissions by 60% by 2027 and alleviate fuel poverty. The Council's approach will be to identify additional funding routes such as Energy Company Obligation (ECO), Renewable Heat Incentive (RHI) and any other funding routes that may become available in the future.

### **4.2 Financial Implications (Will decisions be carried out within existing finance and Resources?)**

The total capital funding for these schemes is contained within the Housing Public Sector Capital Budget 2018+ and summarised in **Appendix 1**. The programme will be funded in line with the anticipated resources set out in the Council's Business Plan and Budget 2018+, as approved at the Council Meeting on 27<sup>th</sup> February 2018.

This capital expenditure will ensure that the properties remain available for letting, hence protecting the net rental income to the Housing Revenue Accounts (HRA) in line with the Council's proposed Business Plan and Budget 2018+.

In the event that capital resource availability for these purposes is changed, the programme will be amended to reflect such changes through the existing quarterly review process with detailed approval to be sought through Cabinet Member and Corporate Director, as appropriate.

The investment programme includes £19m of planned expenditure relating to the retrofit of fire suppression systems (sprinklers) as a part of an overall 3 year programme anticipated to cost £31m, in relation to which Central Government have been approached for a contribution of £19.4m towards these costs. In the event that this funding is not forthcoming, the costs will be funded through prudential borrowing.

It is anticipated that the 2017/18 expenditure will exceed the approved budget of £63.619m by up to £7.220m. This will be funded from a combination of slippage in other aspects of the Public Sector Housing capital programme and additional resources available for Housing Capital Investment in 2017/18 such as increase Right to Buy Receipts, with full details to be confirmed as a part of the annual closedown of account process.

#### 4.3 Legal Implications

The proposed allocation of work is consistent with the effective management of the Council's housing stock under Part II Housing Act 1985.

#### 4.4 Public Sector Equality Duty

In relation to the programme, due regard has been paid to the requirements of the Equality Act 2010 and an Equality Assessment has been carried out which has shown that the programme will not have any adverse effects due to the resulting extended lifecycles of the housing stock, improvements to the thermal comfort, installation of fire suppression systems (sprinklers) and the quality of life for the Council's tenants. **Appendix 4A/4B**

The requirements of Standing Order No. 9 in respect of the Council's Equal Opportunity Policy will be incorporated in the contracts for projects carried out within the programme.

#### 4.5 Public Services (Social Value) Act 2012

The Public Services (Social Value) Act has been considered. The existing service providers have signed up to the Birmingham Business Charter for Social Responsibility and have all provided action plans. Any sub-contractors/new suppliers will be required to comply with the Birmingham Business Charter for Social Responsibility. The existing suppliers will be developing apprentices as part of their Social Value Commitment.

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

#### The Council's Stock

- 5.1 The City Council currently owns and manages a portfolio of over 62,000 residential properties. This includes a high proportion of non- traditionally built homes and the average age of our properties is approaching 70 years.

- 5.2 To safe-guard the condition/asset value of our stock achieved through previous capital investment programmes, all future investment programmes will be targeted on the principle of expired component lifecycles. This is achieved by holding detailed stock condition information within the asset management database (Apex). In an effort to ensure that the initial programme identified by Apex is targeted and appropriate, all properties proposed to be included will be pre surveyed. If the lifecycle of the component can be extended the property will not be included in the programme and will be re-inspected in future years. In essence, the housing stock will self-select for inclusion in the programme based upon the expired lifecycle rule. All programmes are shared across the Place and Economy Directorates to ensure the appropriateness of the investment.

#### HRA Business Plan Budget 2018+ and Asset Management Principles

- 5.3 The HRA Business Plan Budget 2018+ is included in the overall Council Business Plan and Budget which sets out the long term service and financial strategy. The key asset management principles are set out below:

Continued maintenance to protect the investment already undertaken as to avoid impairment/disrepair charges and to allow retention of affordable future debt levels. This will include the lifecycle replacement of major property components (e.g. windows, heating, kitchens, bathrooms, roofs, electrical and structural works). The outcome of this expenditure is detailed in **Appendix 2**. This fits with the theme of providing a healthy happy city.

- To deliver bespoke structural investment packages including, external wall insulation, roofing, windows, heating, lighting and the installation of fire suppression systems (sprinklers) to tower blocks across the city.
- To provide an ongoing programme of adaptations to Council dwellings to promote independent living.
- Clearance of obsolete and unviable dwellings together with a new build programme to provide replacement affordable housing.

#### Delivery of the Investment Programme for 2018/19 to 2019/20

- 5.4 The Investment Programme will be delivered through the existing contracts for Responsive Repairs & Maintenance Services, Gas Servicing, Capital Improvement Work Programmes including Major Adaptations and Lifts to Council Housing Stock in the North, South, West-Central and East areas of Birmingham.
- 5.5 A yearly sum of £0.800 million has been identified in Appendix 2 for capital environmental works to HRA assets in neighbourhoods. It is proposed that this sum be allocated based on housing stock in that locality and that local elected Members will be consulted and involved in the decisions.

#### Performance of 2017/18 Investment Programme

- 5.6 The 2017/18 investment programme budget allocation is projected to achieve 110% budget spend. Further details are set out in Appendix 1.



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

- 6.1 The option of not investing in the improvement of our housing stock is discounted as it would result in an increasing number of properties becoming unlettable and increasing levels of disrepair litigation.
- 6.2 The allocation of resources between different components within the programme is derived from detailed stock condition information. Whilst it would be possible to allocate resources differently between priorities within the proposed programme, the current arrangement represents the best fit in terms of value for money and protecting the Council's assets.

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

- 7.1 To progress the Council Housing Investment Programme 2018/19 to 2019/20 of £129.890 million within a total Public Sector Housing Capital budget of £242.708 million.

**Signatures**

**Date**

**Cabinet Members**

.....  
Cllr Peter Griffiths  
Cabinet Member for Housing and Homes

.....

.....  
Cllr Majid Mahmood  
Cabinet Member for Commercialism, Commissioning  
and Contract Management

.....

**Chief Officer**

.....  
Jacqui Kennedy, Corporate Director  
of Place

.....

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

Council's Business Plan and Budget 2018+.

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

1. Appendix 1 Full Business Case
2. Appendix 2 Public Sector Housing Capital Investment 2018/19 to 2019/20
3. Appendix 3 Risk Assessment
4. Appendix 4A Public Sector Equality Duty Statement and 4B Equality Assessment

Report Version		Dated	
----------------	--	-------	--

<b>Full Business Case (FBC)</b>			
<b>1. General Information</b>			
<b>Directorate</b>	Place	<b>Portfolio/Committee</b>	Housing and Homes
<b>Project Title</b>	Birmingham Council Housing Investment Plan 2018/19 to 2019/20	<b>Project Code</b>	Various
<b>Project Description</b>	<p>The investment set out in this report represents the detailed proposals for improvements in the condition of Council housing in 2018/19 to 2019/20 as a part of the ongoing programme of capital investment as outlined in the HRA Business Plan and Budget 2018+.</p> <p>The annual programme for 2018/19 to 2019/20 forms a part of a continued programme of investment in Council housing in Birmingham, which has been under way for many years and that is expected to continue for as long as the Council retains ownership of Council housing. The HRA Business Plan sets out an overall financial plan for ongoing housing investment over a 30-year period, showing the continuation of this programme throughout that period, with the investment fully funded throughout the Business Plan period.</p> <p>With 62,171 homes currently held within the HRA (as at January 2018), many of which are over 70 years old, it is inevitable that there is an extremely high demand for capital works to the properties, to such an extent that it would not be possible to address all needs in any single year, either from an affordability or a delivery perspective. For each annual investment programme, it is therefore important that the properties to benefit from investment are prioritised to ensure maximum benefit across the City.</p> <p>The City's estates are prioritised according to investment need driven by expired lifecycle elements derived from detailed stock condition information held for each property. Investment is then directed to the appropriate areas within each District. Individual elements for renewal are identified from a combination of urgent need to ensure properties are at a lettable standard and overall investment need as identified from the stock condition data, taking account of any plans for regeneration of estates or other investment being undertaken.</p> <p>Financial and non-financial delivery of the overall investment programme is reported to the Housing Transformation Board (chaired by the Service Director of Housing Transformation) as an integral part of the established reporting process.</p> <p>As the annual programme is delivered, and resource availability changes (whether through identification of additional funding opportunities or changes in levels of generation of capital receipts etc.), changes to the approved programme and associated outputs will be reported through the existing capital budget reporting structure, including quarterly reports to Cabinet.</p> <p>As a part of this programme, it is anticipated that around 19,121 property elements will be improved during 2018/19 to 2019/20. The key elements to be improved include kitchens, bathrooms, central heating systems, doors, windows, roofs, fire suppression systems and fire protection works as set out in the Benefits Quantification section below. Actual performance against these targets will be reported annually.</p> <p>The installation of fire suppression systems (sprinklers) and fire protection works are being taken to ensure the safety of tenants in the council's managed high rise accommodation are in line with the Council's vision of</p>		

	<p>“Birmingham – a city of growth where every child, citizen, and place matters” and support the key priority of “Housing – a great place to live”.</p> <p>For the 2018/19 programme, the following programmes show an indicative level of completion. Key outputs as compared to the approved Full Business Case for 2017/18 are summarised in the following table.</p> <table><tr><td></td><td>FBC Target</td><td>Actual completions December 2017</td><td colspan="2">Estimated Completions 31 March 2018</td></tr><tr><td>Kitchens</td><td>690</td><td>885</td><td colspan="2">1556</td></tr><tr><td>Bathrooms</td><td>690</td><td>558</td><td colspan="2">1028</td></tr><tr><td>Central Heating/Boilers</td><td>1,135</td><td>1217</td><td colspan="2">3357</td></tr><tr><td>Windows</td><td>845</td><td>600</td><td colspan="2">1209</td></tr><tr><td>Doors</td><td>1,151</td><td>1039</td><td colspan="2">1071</td></tr><tr><td>Roofs</td><td>320</td><td>423</td><td colspan="2">492</td></tr><tr><td>Fire Protection</td><td>986</td><td>550</td><td colspan="2">425</td></tr><tr><td>Soffits and Facia Replacement &amp; External Painting (Estate Makeover)</td><td>100</td><td>71</td><td colspan="2">100</td></tr></table>						FBC Target	Actual completions December 2017	Estimated Completions 31 March 2018		Kitchens	690	885	1556		Bathrooms	690	558	1028		Central Heating/Boilers	1,135	1217	3357		Windows	845	600	1209		Doors	1,151	1039	1071		Roofs	320	423	492		Fire Protection	986	550	425		Soffits and Facia Replacement & External Painting (Estate Makeover)	100	71	100									
	FBC Target	Actual completions December 2017	Estimated Completions 31 March 2018																																																							
Kitchens	690	885	1556																																																							
Bathrooms	690	558	1028																																																							
Central Heating/Boilers	1,135	1217	3357																																																							
Windows	845	600	1209																																																							
Doors	1,151	1039	1071																																																							
Roofs	320	423	492																																																							
Fire Protection	986	550	425																																																							
Soffits and Facia Replacement & External Painting (Estate Makeover)	100	71	100																																																							
Links to Corporate and Service Outcomes	<p>Improving the Council owned housing stock directly contributes to the strategic outcomes of the Sustainable Community Strategy, the Council Business Plan and Budget 2018+. Stock improvements will also impact upon the other strategic outcomes, most notably on the aspiration for healthier communities. The report is also consistent with the policy priorities for Housing as set out in the Housing Business Plan and Budget 2018+. The replacement of existing older heating systems with new condensing boilers, installation of external insulation, cavity wall and loft insulation will contribute to targets within the Council’s Climate Change Strategy to reduce carbon dioxide emissions and fuel poverty.</p>																																																									
Project Definition Document Approved by	N/A	Date of Approval	N/A																																																							
Benefits Quantification- Impact on Outcomes	Measure		Impact (units)																																																							
	<p>The housing improvement programme is delivered to improve/replace as individual elements reach the end of their useful lives, and is focused on ensuring that our stock is fit for purpose and maintains its asset value for future years with investment targeted to further reflect tenant aspirations as to which aspects of property improvements are most valued.</p> <p>Key elements of properties to be renewed / improved are set out in the table below: <b>(Please note the total number for kitchen and bathrooms does not include Major Works Voids)</b></p>																																																									
	<table><tr><th>2018/19 Measures</th><th>North</th><th>South</th><th>East</th><th>Central west</th><th>Total</th></tr><tr><td>Kitchens</td><td>207</td><td>205</td><td>177</td><td>144</td><td>733</td></tr><tr><td>Bathrooms</td><td>207</td><td>205</td><td>177</td><td>144</td><td>733</td></tr><tr><td>Central Heating/Boilers</td><td>216</td><td>455</td><td>327</td><td>327</td><td>1,325</td></tr><tr><td>Windows</td><td>184</td><td>315</td><td>253</td><td>89</td><td>841</td></tr><tr><td>Doors</td><td>183</td><td>462</td><td>326</td><td>180</td><td>1,151</td></tr><tr><td>Roofs</td><td>146</td><td>62</td><td>130</td><td>58</td><td>396</td></tr><tr><td>Fire Protection</td><td>88</td><td>903</td><td>186</td><td>404</td><td>1,581</td></tr><tr><td>Fire Suppression Systems (sprinklers)</td><td>201</td><td>884</td><td>227</td><td>1413</td><td>2725</td></tr></table>					2018/19 Measures	North	South	East	Central west	Total	Kitchens	207	205	177	144	733	Bathrooms	207	205	177	144	733	Central Heating/Boilers	216	455	327	327	1,325	Windows	184	315	253	89	841	Doors	183	462	326	180	1,151	Roofs	146	62	130	58	396	Fire Protection	88	903	186	404	1,581	Fire Suppression Systems (sprinklers)	201	884	227	1413
2018/19 Measures	North	South	East	Central west	Total																																																					
Kitchens	207	205	177	144	733																																																					
Bathrooms	207	205	177	144	733																																																					
Central Heating/Boilers	216	455	327	327	1,325																																																					
Windows	184	315	253	89	841																																																					
Doors	183	462	326	180	1,151																																																					
Roofs	146	62	130	58	396																																																					
Fire Protection	88	903	186	404	1,581																																																					
Fire Suppression Systems (sprinklers)	201	884	227	1413	2725																																																					

	Soffits and Facia Replacement & External Painting (Estate Makeover)	25	25	25	25	100
	<b>2019/20 Measures</b>	<b>North</b>	<b>South</b>	<b>East</b>	<b>Central west</b>	<b>Total</b>
	Kitchens	231	229	201	168	829
	Bathrooms	231	229	201	168	829
	Central Heating/Boilers	247	520	373	373	1,513
	Windows	181	312	250	86	829
	Doors	181	461	325	179	1,146
	Roofs	163	79	147	76	465
	Fire Protection	231	229	201	168	829
	Fire Suppression Systems (sprinklers)	391	1217	293	2507	4408
	Soffits and Facia Replacement & External Painting (Estate Makeover)	25	25	25	25	100
	To deliver bespoke structural investment packages including, external wall insulation, roofing, windows, heating change and lighting to high-rise and low-rise properties across the city as well as the installation of fire suppression systems (sprinklers) to high rise dwellings.					
<b>Project Deliverables</b>	The investment set out in this report will ensure the continued replacement/improvement of expired elements ensuring a lettable standard with improvements focussed on those aspects most valued by our tenants and identified through our asset management software as being in need of renewal.					
<b>Scope</b>	Capital works to Council housing, including structural works, kitchen and bathroom renewals and modernisation of heating systems. Installation of fire suppression systems (sprinklers). Adaptations to Council housing to enable independent living.					
<b>Scope exclusions</b>	<ul style="list-style-type: none"> <li>• Site Clearance &amp; Acquisitions Activity</li> <li>• New Build</li> <li>• Revenue / Responsive Repairs</li> <li>• Complementary works to non-HRA assets</li> <li>• Procurement of contractors</li> </ul>					
<b>Dependencies on other projects or activities</b>	Capacity of repairs contractors to undertake work Planning permission – particularly for structural works Consultation with / agreement from key stakeholders including tenants, freeholders, Ward Members					

<b>Achievability</b>	<p>The detailed proposals covered by this report represent the continuation of an ongoing investment programme to maintain the physical condition of Birmingham's Council Housing.</p> <p>There is significant in-house expertise in managing and delivering a successful programme of this nature and size; although it should be noted that slippage/acceleration of certain elements of the programme can occur.</p> <p>The existing contractors have successfully tendered to deliver programmes of this size and it is therefore considered to be reasonable to expect that the programme as set out in this report can be delivered within the existing framework.</p> <p>There is a well-developed tenant engagement structure in place for delivering capital improvement programmes, as have been delivered for a number of years. It is anticipated that this will continue to be effective for 2018/19 to 2019/20 through ongoing consultation.</p>		
<b>Project Manager</b>	<p>Martin Tolley – Head of Capital Investment 0121 303 3974 <a href="mailto:Martin.tolley@birmingham.gov.uk">Martin.tolley@birmingham.gov.uk</a></p>		
<b>Budget Holder</b>	<p>Martin Tolley – details as above</p>		
<b>Sponsor</b>	<p>Robert James – Service Director 0121 464 9819 <a href="mailto:robert.james@birmingham.gov.uk">robert.james@birmingham.gov.uk</a></p>		
<b>Project Accountant</b>	<p>Nick Ward – Finance Manager 0121 464 4282 <a href="mailto:Nick.ward@birmingham.gov.uk">Nick.ward@birmingham.gov.uk</a></p>		
<b>Project Board Members</b>	<p>As above, plus members of the Place Directorate Senior Management Team.</p>		
<b>Head of City Finance (HoCF)</b>	Guy Olivant	<b>Date of HoCF Approval:</b>	16/3/18

	2018/19 £'000	2019/20 £'000	Total 2018/19- 2019/20 £'000
<b>Council Housing Investment</b>			
Central Heating	3,500	4,000	7,500
Windows	2,000	2,000	4,000
Soffits & Fascias / External Painting ,Estate Makeover	1,000	1,000	2,000
Front Doors Secure by Design	1,000	1,000	2,000
Electrical programmes	5,700	4,200	9,900
Structural Works – High-rise and Low-rise and Advanced design fees.	22,330	10,006	32,236
Kitchens	5,450	5,950	11,400
Bathrooms	5,450	5,950	11,400
Roofing	2,500	3,000	5,500
DDA and Door Entry	2,000	2,000	4,000
Communal Decorations	1,000	1,000	2,000
Fire Protection Chutes and Soil Stacks	4,000	3,500	7,500
Lift Refurbishments	1,500	1,500	3,000
Concierge / Caretaker Rooms	300	300	600
Structural Investigations	700	700	1,400
District Environmental Works	800	800	1,600
Contingency Fund	1,000	1,000	2,000
Fire Suppression Systems (Sprinklers)	7,000	12,000	19,000
Desktop Refresh	250	250	500
Internal Fees	350	360	710
Garage Investment	772	772	1544
<b>Housing Investment Programme</b>	<b>68,602</b>	<b>61,288</b>	<b>129,890</b>
New Build Programme	49,217	34,440	83,657
Clearance and Acquisitions Programme	9,733	12,523	22,256
<b>Redevelopment</b>	<b>58,950</b>	<b>46,963</b>	<b>105,913</b>
Adaptations – Council Tenants	3,418	3,487	6,905
<b>Adaptations</b>	<b>3,418</b>	<b>3,487</b>	<b>6,905</b>
<b>Total Expenditure</b>	<b>130,970</b>	<b>111,738</b>	<b>242,708</b>
<b>Funding of Capital Programme</b>			
Revenue Contributions	(35,605)	(39,530)	(75,135)
Receipts and Grants	(49,439)	(36,680)	(86,119)
Sales to InReach	(38,500)	(22,000)	(60,500)
New Borrowing	(1,018)	(12,842)	(13,860)
Slippage from 2017/18	(6,408)	(686)	(7,094)
<b>Total Funding</b>	<b>(130,970)</b>	<b>(111,738)</b>	<b>(242,708)</b>

**Note:**

The revenue implications of the proposed programme are accounted for in the HRA Business Plan and Budget 2018+ as part of the HRA dwellings repair costs which will be delivered on a fixed price per property basis through the existing contractual arrangements.

**Risk register key**

IMPACT	PROBABILITY	SCORE
1 – Insignificant	1 – Unlikely	1-4
2 – Minor	2 – Possible	5-8
3 – Moderate	3 – Likely	9-12
4 – Major	4 – Almost Certain	13-16

Description of Risk	Responsibility owner	Impact	Probability	Score	Mitigation Measures	impact	Probability	Score
Contractor Capacity	Senior Service Manager	4	2	8	Early discussion with contractors about programme of works.	2	2	4
Planning Approval Delays	Contract Team Manager	4	1	4	Early engagement with Planners. This only applies to structural works.	2	1	2
Delays Due to Site Conditions	Contractors	4	2	8	Outdoor work is planned during summer periods to avoid snow, heavy rain and inclement weather	2	1	2



Costs of Programme Delivery exceed available Resources	Senior Service Manager	3	3	9	Existing contracts include fixed prices for most elements of the planned investment programme. Programme performance will be monitored through the year and works accelerated or slipped to future years to fit resource availability.	3	1	3
Programme of Works not Delivered Within Timescale	Senior Service Manager	4	2	8	Monthly contractor performance meeting and financial reviews. Service Improvement notice and performance Related Payment processes within the contract.	2	1	2
No Access to Properties/Refusals of Work	Contract Team Manager	3	4	12	Extensive consultation with tenants and robust procedures in place to deal with legal requirements (e.g. gas / electrical testing)	3	2	6
Possible Disrepair Litigation	Contract Team Manager	4	4	16	Specific programmes to prevent successful challenge (reducing court & legal costs to allow focus of investment on improvements to properties) – key elements include soil stacks, heating & windows replacement programmes.	4	1	4

Customer satisfaction/expectations undeliverable	Contract Team Manager	4	4	16	Successful delivery of programme in previous years has been reflected in consistently high levels of customer satisfaction. In forthcoming years a new programme of customer involvement for those that have had Capital Investment Works will be centred on reality checks, Customer Service User Panels and collation of Partners' satisfaction data.	4	1	4
Unforeseen additional works arise in course of undertaking improvements	Contract Team Manager	3	3	9	Re-profile delivery programme as required. Also capacity is built within the programme running order and all foreseen risks are checked at programme issue.	2	2	4

## Equality Act 2010

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

The public sector equality duty is as follows:

1	<p>The Council must, in the exercise of its functions, have due regard to the need to:</p> <ul style="list-style-type: none"> <li>(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by the Equality Act;</li> <li>(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;</li> <li>(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.</li> </ul>
2	<p>Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:</p> <ul style="list-style-type: none"> <li>(a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;</li> <li>(b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;</li> <li>(c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.</li> </ul>
3	<p>The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.</p>
4	<p>Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:</p> <ul style="list-style-type: none"> <li>(a) tackle prejudice, and</li> <li>(b) promote understanding.</li> </ul>
5	<p>The relevant protected characteristics are:</p> <ul style="list-style-type: none"> <li>(a) Marriage &amp; civil partnership</li> <li>(b) Age</li> <li>(c) Disability</li> <li>(d) Gender reassignment</li> <li>(e) Pregnancy and maternity</li> <li>(f) Race</li> <li>(g) Religion or belief</li> <li>(h) Sex</li> <li>(i) Sexual orientation</li> </ul>

# Equality Analysis

## Birmingham City Council Analysis Report

<b>EA Name</b>	Capital Investment Programme 2017-2020
<b>Directorate</b>	Place
<b>Service Area</b>	Place - Asset Management
<b>Type</b>	New/Proposed Function
<b>EA Summary</b>	This Document describes the function of the capital Investment Programme including how it relates to the Cabinet Report.
<b>Reference Number</b>	EA002745
<b>Task Group Manager</b>	paul.mcgrath@birmingham.gov.uk
<b>Task Group Member</b>	
<b>Date Approved</b>	2018-03-13 00:00:00 +0000
<b>Senior Officer</b>	michelle.bache@birmingham.gov.uk
<b>Quality Control Officer</b>	placeequalitycontrol@birmingham.gov.uk

### Introduction

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

#### **Initial Assessment**

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

#### **Relevant Protected Characteristics**

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

- Impact
- Consultation
- Additional Work

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

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

## **1 Activity Type**

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

## **2 Initial Assessment**

### **2.1 Purpose and Link to Strategic Themes**

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

The Housing Capital Investment Plan is part of Birmingham City Councils (BCC) budget approval process for maintaining and improving the condition of the City Councils stock, i.e. residential properties.

A 3 year Cabinet report has been completed by the Asset Management and Maintenance Divisions' Capital investment Team and submitted to Cabinet. In previous years this has been a 1 year report.

The Cabinet report seeks approval for the scope of work to be included in BCC Housing Investment Programme which includes clearance and redevelopment costs.

We also seek authority from the Service Director for Housing Transformation and the Head of Capital Investment to allocate the Investment Programme between the repairs and maintenance partners and other specialist providers.

Repairs and maintenance partners have demonstrated through recent procurement that they comply fully with the City Council's aims and objectives. To assist to deliver a thriving local community we carry out improvements and repairs to customers' homes making the local environment a pleasant place to live.

This investment process helps to deliver a strong economy through using local companies through Find It In Birmingham. We consult with residents about their priorities to ensure that the local community is a healthy and happy place to live.

The report also contains an outline proposal as to how the budget will be allocated to the different type of works to be carried out. Once approved, the identified programme of work, e.g. stock improvement to windows, doors, kitchens, bathrooms, roofs etc., along with the allocated budget will form the framework for delivery known as the Capital Investment Programme.

The Capital Investment Programme is essentially driven by stock data that targets expired building elements (e.g. windows, doors, kitchens, bathrooms, roofs etc.) that have reached the end of their design life cycle.

The Capital Investment Programme determines where and how the actual scheme of works should be delivered. The focus is on how to improve the actual property and does not take into account who the occupant is or what their circumstances may be.

Customers experience an improvement in the quality of their lives directly proportionate to the improvement to their property.

The work that is required for each property is prioritised according to expired element life cycles. The Capital Investment Programme work that is required falls into three headings:

Expired Lifecycles will include.

Roofs flat & pitched, Kitchen & Bathrooms, structural works to all stock, rewires, Complete the work to the common areas in the sheltered schemes, Central

Heating Systems & boilers, Secure By Design Doors, Window replacement.  
 Essential Capital Investment works and statutory obligations include:  
 D.D.A, Fire Protection Work, Lift Refurbishment, Door Entry systems, Environmental work,  
 Legionella, Communal area electrical testing, Refuse Chutes / Soil Stacks, insulation and energy  
 upgrades Smoke detectors and internal decoration of communal areas in tower blocks.

Additional Programme works include:

The installation of fire suppression sprinklers in high rise flats over a three year programme.  
 Adaptations to customers properties

The proposed environmental works will be consulted upon with Housing management, customers,  
 and development and joint venture officers.

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

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

## **2.2 Individuals affected by the policy**

Will the policy have an impact on service users/stakeholders?	Yes
Will the policy have an impact on employees?	Yes
Will the policy have an impact on wider community?	Yes

## **2.3 Relevance Test**

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

## **2.4 Analysis on Initial Assessment**

It is not anticipated that any aspects of this proposal will directly or indirectly contribute to inequality on the grounds of age, disability, gender, gender reassignment, race, religion or belief, sexual orientation, marriage and civil partnership, pregnancy and maternity or human rights.

However, there may be times when we are unable to meet our Customers additional non-standard requirements, due to the nature of the dwelling or the design or construction:

Our aim is to meet specific needs where possible and also accommodate individual requirements across all of our programmes.

We usually offer Customers the choice on whether they require electrical cables to be chased in or hidden behind trunking. If a property is constructed from concrete then we have no choice but to use trunking. Therefore technically we cannot offer the customer a choice as it is not feasible.

If the layout of the customers property allows, we will install radiators where the customer requires them. Where this is not possible the customer is provided with alternative options to meet the layout of their property.

When providing a Secured by Design door the customer chooses from a pre determined range of styles and colours. The standard specification meets most needs; however, sometimes we work outside of these constraints to meet any additional needs. Please note low level threshold is standard to comply with current building regulations.

During preparation for Kitchen and Bathroom programme delivery or where works are intrusive our team of Contract Works Officers will work closely with our customers to determine their individual needs.

During programme delivery contractor appointed, Tenant Liaison Officers will assess customers needs and support any individual arrangements needed to allow the works to be completed.

To aid communication:

We give visually impaired customers the option of having a Braille thermostat control to assist them in operating the central heating. Large font and Braille scheme signage upgrades are used and language line as a translation service is available for all customers.

All BCC officers, contractors and operatives have been briefed to record, on our computer database, any specific requirements identified which can also help improve the service delivered.

Additional support:

Additional support is provided to customers where required for example; offering to remove carpets and furnishings and assistance with packing to enable improvements to customers homes to be delivered.

Where residents have specific health needs, which have been assessed, we will provide any Aids and Adaptations. This may include:

Hand rails

Walk in showers

Stair and vertical lifts

### **3 Full Assessment**

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

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

The Capital Investment report informs Cabinet of improvements to be delivered to Council properties based on priorities identified in this equality assessment.

Equality assessment has considered the impact of the programme on protected characteristics. Through this process we have determined that no persons are adversely affected because investment is based on property condition and not the customer.

Consideration has been given to take account of disabled persons disabilities, even where that involves treating disabled persons more favourably than other persons;  
Improvements are carried out based on the property expired life cycle. Once a property has been identified and included in our programme, detailed assessment of a customer's needs is undertaken. This means that some customer groups may receive additional support based on their appropriate needs.

The consultation process is through City HLB who represent all Council tenants.  
Cabinet members have been provided with the relevant information on this proposal, prior to decision making.

The relevant Cabinet Members have been consulted:

Councillor Peter Griffiths - Cabinet member for housing and homes  
Councillor Majid Mahmood - Cabinet Member for value of money and efficiency.  
And overview and scrutiny chair persons:  
Councillor Victoria Quinn - Housing and Homes.  
Councillor Mohammed Aikhlaq - Cooperate resource and governance  
Consideration has been given on how to mitigate the impact;

There has been no adverse impact identified on any group determined with the protected characteristic.

### **4 Review Date**

13/03/18

### **5 Action Plan**

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



## **PUBLIC REPORT**

<b>Report to:</b>	<b>CABINET</b>
<b>Report of:</b>	<b>Corporate Director - Place</b>
<b>Date of Decision:</b>	<b>27 March 2018</b>
<b>SUBJECT:</b>	<b>BIRMINGHAM COUNCIL HOUSING INVESTMENT PROGRAMME 2017/18 to 2019/20</b>
<b>Key Decision: Yes</b>	<b>Relevant Forward Plan Ref: 004665/2018</b>
<b>If not in the Forward Plan: (please "X" box)</b>	<b>Chief Executive approved</b> <input type="checkbox"/>
	<b>O&amp;S Chair approved</b> <input type="checkbox"/>
<b>Relevant Cabinet Member(s)</b>	<b>Councillor Peter Griffiths – Cabinet Member for Housing and Homes</b>
	<b>Councillor Majid Mahmood – Cabinet Member for Commercialism, Commissioning and Contract Management</b>
<b>Relevant O&amp;S Chair:</b>	<b>Councillor Victoria Quinn – Housing and Homes</b>
	<b>Councillor Mohammed Aikhlaq– Corporate Resources and Governance</b>
<b>Wards affected:</b>	<b>All</b>

## **REPORT**

**\* To be completed for all late reports, ie. which cannot be despatched with the agenda papers ie. 5 clear working days' notice before meeting.**

### **Reasons for Lateness**

This was due to the necessary changes to reflect the acceptance of the City Council's budget and the update required on the capital works programme.

### **Reasons for Urgency**

To authorise expenditure to enable works to be undertaken without delays.

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

<b>Report to:</b>	<b>CABINET</b>
<b>Report of:</b>	<b>CORPORATE DIRECTOR - FINANCE &amp; GOVERNANCE</b>
<b>Date of Decision:</b>	<b>24<sup>TH</sup> MAY 2018</b>
<b>SUBJECT:</b>	<b>FINANCIAL OUTTURN 2017/18</b>

<b>Key Decision: Yes / No</b>	<b>Relevant Forward Plan Ref: 003681/2018</b>
<b>If not in the Forward Plan:</b>	<b>Chief Executive approved</b> <input type="checkbox"/>
<b>(please "X" box)</b>	<b>O&amp;S Chair approved</b> <input type="checkbox"/>
<b>Relevant Cabinet Member(s) or</b>	<b>Councillor Ian Ward</b>
<b>Relevant Executive Member:</b>	
<b>Relevant O&amp;S Chair:</b>	<b>Councillor Mohammed Aikhlaq</b>
<b>Wards affected:</b>	<b>All</b>

**1. Purpose of report:**

- 1.1 To present the City Council financial outturn for 2017/18, including the Revenue Outturn and Capital Outturn for the General Fund; the Treasury Management Annual Report; the Housing Revenue Account Outturn and the Collection Fund Outturn.

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

That the Cabinet :-

- 2.1 Note the City Council's Outturn position for 2017/18, as detailed in the report and appendices (the finalisation of the figures is subject to External Audit).
- 2.2 Approve the use of reserves and balances set out in Appendix 1.
- 2.3 Approve the financing of capital expenditure for 2017/18 as set out in Appendix 2.
- 2.4 Approve the creation of a HRA debt repayment provision of £37.9m in 2017/18 as set out in Appendices 3 and 4.
- 2.5 Note the outturn position on the Collection Fund as set out in Appendix 5.

**Lead Contact Officer(s):** Clive Heaphy, Corporate Director – Finance & Governance  
**Telephone No:** 0121 303 2950  
**E-mail address:** [clive.heaphy@birmingham.gov.uk](mailto:clive.heaphy@birmingham.gov.uk)

### **3. Consultation**

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

#### **3.1 Internal**

3.1.1 The Leader, Cabinet Members, the Chief Executive, Corporate Directors, and Assistant Directors of Finance have been consulted in the preparation of this report.

#### **3.2 External**

3.2.1 There are no requirements for external consultation on this report.

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

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

4.1.1 The budget represents the financial resources allocated to achieving the Council's policies and objectives.

4.1.2 The Financial Outturn gives a summary of the City Council's financial activity during 2017/18 and the financial position at 31 March 2018. The budget against which the outturn position is compared was initially set out in the Financial Plan 2017+ to Council and has been revised throughout the year.

4.1.3 Total City Council spend was budgeted at around £3bn. This includes the General Fund, HRA, delegated Schools budgets etc.

4.1.4 The General Fund net controllable budget was £821.8m (excluding benefit payments, HRA, delegated schools budgets) with a savings requirement of £85.3m for 2017/18 (including savings achieved on a one-off basis in 2016/17). This outturn report builds on the budget monitoring reports to Cabinet throughout the year.

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

4.2.1 This report compares the agreed budgets with actual financial performance in 2017/18.

4.2.2 Against an net overall budget of £821.8m, the overall outturn position is an overspend of £20.9m (2.5%), offset by an agreed use of reserves of £16.0m as identified at month 10. This results in an overall overspend of £4.9m for the year. Whilst this represents a significant overspend, it is some £6.5m less than the position forecast at Month 10, with the call on reserves also therefore being reduced by this amount.

4.2.3 It is essential that steps are now taken to manage ongoing budget pressures and the delivery of agreed savings for 2018/19 and beyond in order to reduce the risk of further calls on reserves in the current and future years. Detailed work is being undertaken by

Council Management Team and the Corporate Director, Finance and Governance to provide further assurance on this, and consider additional control measures to help mitigate the risk of further calls on reserves.

- 4.2.4 The original budget contained a planned use of reserves of £42.2m. The outturn shows that £63.1m of reserves were used in order to structurally deliver the 2017/18 budget plus a further £11.7m to fund pension guarantees, which will be repaid from existing budgets in future years.
- 4.2.5 However, the overall reserves and balances position increased by £94.1m in 2017/18. This was primarily due to
- i) the Council's policy decision to change its Minimum Revenue Provision policy, which generated an unplanned reserve of £98.3m,
  - ii) the beneficial repayment of a provision no longer in respect of NEC Pensions £23.6m' and
  - iii) contributions from Directorates to grant reserves of £36.4m
  - iv) offset by the structural use of reserves of £63.1m.

#### 4.3 Legal Implications

- 4.3.1 Section 151 of the 1972 Local Government Act requires the Corporate Director, Finance & Governance (as the responsible officer) to ensure proper administration of the City Council's financial affairs. This report forms the concluding part of the City Council's budgetary control cycle for 2017/18. Budgetary control, which includes the regular monitoring of and reporting on budgets, is an essential requirement placed on Cabinet Members, committees and members of the Council Management Team by the City Council in discharging the statutory responsibility.

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

- 4.4.1 There are no additional specific Equality Duty or Equality Analysis issues beyond any already assessed and detailed in the budget setting process and monitoring issues that have arisen in the year to date.

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

- 5.1 The appendices of this report provide information about the 2017/18 outturn position of the City Council, which will subsequently be incorporated into the 2017/18 Statement of Accounts of the Council, submitted to the Audit Committee for approval at the end of May 2018.
- 5.2 **Appendix 1 is the Revenue Outturn.** The overall outturn position shows a £20.9m overspend before use of Reserves – with service directorates having net overspends of £12.7m while corporate areas showed an overspend position of £8.2m.

- 5.3 After the specific use of Reserves agreed at Period 10 of £16.0m (to fund the Waste Management dispute (£6.6m) and Pension Fund Strain costs (£9.4m)) a £4.9m overspend resulted. This compared with forecast year end net pressures of £11.4m reported at Month 10 – an overall improvement of £6.5m in the outturn position compared to the previous forecasts.
- 5.4 It proposed to utilise £4.9m reserves (made up of use of the Organisation Transition Reserve) to address the year end deficit.
- 5.5 The original budget envisaged £42.2m of Reserves to balance the budget. In order to balance the budget at year-end a further £20.9m has been required. Thus in total, £63.1m of reserves were used to structurally deliver the 2017/18 budget, plus £11.7m to fund pension guarantees, which will be repaid from existing budgets in future years.
- 5.6 **Appendix 2 is the Capital Outturn.** For 2017/18, the outturn was £362.2m, £157.7m less than the capital budget of £519.9m
- 5.7 The Capital Outturn Report provides a narrative of the major variations for each variation includes £157.1m of slippage, and £0.6m of net underspends.
- 5.8 It is important to note that no resources will be lost as a result of slippage. Both the resources and planned expenditure will be rolled forward into future years. Given the long term nature of such capital projects, it is always necessary to manage capital budgets across a number of financial years. The proposed financing of City Council capital expenditure in 2017/18 of £362.2m is summarised in Paragraph 3 of Appendix 2.
- 5.9 **Appendix 3 is the Treasury Management Annual Report.** The City Council's net loan debt at 31 March 2018 stood at £3,301.4m, the Council staying within the prudential limit set by the Council in accordance with CIPFA's Prudential Code for Capital Finance. The treasury risks relating to borrowing and investment portfolios were managed in accordance with the approved strategy. The City Council had £547.2m of gross short-term and variable rate borrowing at 31 March 2018. This takes advantage of low short-term interest rates and is kept under regular review. The net corporate revenue costs of borrowing were £105.6m lower than the budget for the year, largely due to a one-off saving from the reprofiling of MRP charges of £98.3m, which was approved with the Council Plan and Budget 2018+.
- 5.10 **Appendix 4 summarises the Housing Revenue Account Outturn.** This shows a year end surplus of £0.1m which is explained in Appendix 4. The surplus has been transferred to accumulated balances.
- 5.11 **Appendix 5 summarises the Collection Fund Outturn.** The 2017/18 Council Tax outturn shows that the position, including the brought forward balance, gave a surplus of £2.1m. This was a slight deficit of £0.2m compared with the £2.3m surplus forecast when setting the 2018/19 budget. The Council's share of this outturn surplus was £1.8m (which was £0.2m less than that assumed when setting the budget).
- 5.12 The 2017/18 Business Rates outturn surplus was £15.7m compared with the £14.4m forecast when setting the 2018/19 budget. The variation from the forecast position was mainly due to a reduction in Business Rates Reliefs awarded compared to those that were

anticipated when setting the budget. The Council's share of this outturn surplus was £17.4m (which was £1.3m more than that assumed when setting the budget), with the Fire Authority's share being £0.1m and the Government receiving a deficit of £1.8m.

- 5.13 The change in the net outturn position for Council Tax and Business Rates compared to the forecast will not impact on the General Fund until 2019/20 and will be taken into account as part of the 2019/20 budget setting process.

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

- 6.1 The report formally presents the outturn position on the Council's main financial accounts for 2017/18.

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

- 7.1 The report concludes the financial reporting cycle for the 2017/18 year. It considers the outturn position and any impact on the resourcing of the 2018/19 budget.

- 7.2 This report seeks approval for the recommendations set out in paragraphs 2.1 to 2.5

**Signatures**

**Date**

Corporate Director – Finance & Governance .....

Leader .....

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

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

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

1. Revenue Outturn
2. Capital Outturn
3. Treasury Management Annual Report
4. Housing Revenue Account Outturn
5. Collection Fund Outturn

## **PROTOCOL PUBLIC SECTOR EQUALITY DUTY**

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





## Equality Act 2010

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

The public sector equality duty is as follows:

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



## Section 1: Summary Outturn

### Overview

- 1.1 The City Council had a General Fund net revenue budget in 2017/18 of £821.8m. Table 1 below summarises the net outturn position for 2017/18 against the revised budget, with further details in Annexes 1 to 3.

	Variance from budget over / (under) £m
Net Directorates outturn	12.683
Other net Corporate outturn	8.188
<b>Sub Total overspend / (underspend)</b>	<b>20.871</b>
Agreed use of reserves to support Pension Strain costs	(9.400)
Agreed use of reserves to support Waste Management	(6.660)
<b>Residual overspend / (underspend)</b>	<b>4.871</b>

- 1.2 Directorate overspends were primarily related to base budget pressures in Place Directorate although the overall Directorate position at outturn has improved by £6.6m since the Month 10 forecast. Full details can be seen in Section 2.
- 1.3 Gross corporate overspends of £24.1m occurred, primarily relating to Acivico (£9.5m) and non-delivery of the Council's Future Operating Model (£14.6m). There were offsetting underspends of £15.9m in Policy Contingency and other Corporate Items. Details of the net overspend of £8.2m (a deterioration of £0.1m compared to the month 10 Cabinet Report) can be seen in Section 3 and Table 3.
- 1.4 During the year, the specific use of reserves was approved to fund the Waste Management dispute (£6.6m) and to assist the budget position, relating to pension fund strain (£9.4m). These figures are as reported in the month 10 Revenue Monitoring report.
- 1.5 After taking account of this specific use of reserves, the City Council's final revenue outturn position was a net overspend of £4.9m compared with the approved budget. This is an overall improvement of £6.5m in the forecast position since Month 10 (£11.4m overspend).
- 1.6 The outturn overspend was in the context of demanding savings targets of £85.3m including finding 2017/18 solutions for £14.4m of savings achieved on a one off basis in 2016/17.

## Structural Use of Reserves and Balances

- 1.7 The Council originally planned to use £46.6m of balances and reserves in 2017/18. Of this intended use, £42.2m was a structural use to balance the budget. This was to be funded from Capital Fund (£28.0m), Organisational Transition reserve (£12.5m) and one-off resources from previous years (£1.7m) as described in the Financial Plan 2017+. The remaining net £4.4m was a net combination of payments to and from reserves and temporary borrowing being repaid.
- 1.8 In order to balance the budget in year a further £20.9m of reserves has been required; £16.0m was described in the Month 10 revenue budget monitoring report to fund the waste dispute and relating to Pension Fund Strain plus a further £4.9m was used to finally balance the budget.
- 1.9 In addition, £11.7m of pension guarantees were funded by the use of loan arrangements from reserves to be repaid in future years from within existing budgets.
- 1.10 **In total £63.1m of reserves was used in order to structurally deliver the 2017/18 budget plus £11.7m to fund pension guarantees, which will be repaid from existing budgets in future years. This is directly comparable to the originally planned structural use of reserves of £42.2m.**
- 1.11 However, the overall reserves and balances position increased by £94.1m in 2017/18. This was primarily due to
  - i) the Council's policy decision to change its Minimum Revenue Provision policy, which generated an unplanned reserve of £98.3m,
  - ii) the beneficial repayment of a provision no longer in respect of NEC Pensions £23.6m and
  - iii) contributions to grant reserves of £36.4m offset by the structural use of reserves of (£63.1m). Further details of reserves are provided in Section 4.

## Section 2: Directorate Outturn

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 (under) / over spend
	£m	£m	£m	Grant £m	Other £m	Total £m	£m
Adult Social Care & Health Directorate	351.263	343.614	(7.649)	7.548	0.000	7.548	(0.101)
Children & Young People Directorate	211.610	214.508	2.898	(4.807)	3.676	(1.131)	1.767
Place Directorate	142.780	159.734	16.954	1.023	(2.894)	(1.871)	15.083
Economy Directorate	71.778	45.468	(26.310)	22.704	2.422	25.126	(1.184)
Strategic Services Directorate	34.349	31.767	(2.582)	0.032	0.963	0.995	(1.587)
Finance & Governance Directorate	25.199	27.296	2.097	0.399	(3.791)	(3.392)	(1.295)
<b>Directorate Total</b>	<b>836.979</b>	<b>822.387</b>	<b>(14.592)</b>	<b>26.899</b>	<b>0.376</b>	<b>27.275</b>	<b>12.683</b>
Less: Transfer from Schools Balances				7.279		7.279	
<b>Directorate Total excluding Schools Balances</b>				<b>34.178</b>	<b>0.376</b>	<b>34.554</b>	

The figures above include the costs of Pension Guarantees as required by proper accounting practice to be funded by the use of loan arrangements from reserves to be repaid in future years from within existing budgets. The total cost of these guarantees was £11.7m.

### 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 Adult Social Care and Health

There is a recommended net transfer to reserves of £7.5m, which would result in an underspend position of £0.1m after transfers. The detailed appropriations to/(from) reserves are reported in Annex 3.

The net underspend position is explained below.

	Overspend / (Underspend) £m
<b>Net expenditure (+ over / - under)</b>	<b>(7.649)</b>
Transfers to / (from) reserves	7.548
<b>Net underspend</b>	<b>(0.101)</b>
<b>Explanation of variation after transfers</b>	
Adult Social Care Packages	5.609
Packages of Care income	(4.364)
Extra Care Block Contract	1.898
Day Care and Residential Specialist Care Services	(1.122)
Adult Social Care and Health Commissioning	(1.660)
Adult Other Net Variations	(0.462)
<b>Net underspend</b>	<b>(0.101)</b>

The explanations for the (£0.1m) underspend after proposed transfers to reserves are as follows:

#### Adult Social Care Packages - £5.6m overspend

There continued to be a significant pressure on package of care budgets, particularly in relation to residential and nursing placements for Older Adults. However, this pressure has stayed broadly the same towards the end of the year and appears to be stabilising somewhat. Additional pressures during the year have been due to increasing prices for services particularly for clients with learning disabilities and an increase in commitments for residential services for older adults. Other cost pressures continued, including a higher than anticipated increase in average prices across all of Adult Social Care for all client groups. The Directorate has been successful in mitigating some of these increases through reviewing cost sharing arrangements with health on a package by package basis.

The procurement activity for implementing the Neighbourhood Networks Model is now being planned following an agreed procurement route. In addition, funding for the Local Area Coordinators has been agreed and plans are being developed for implementing. Further work is required to quantify the level of savings that can be achieved in future years through the implementation of these models.

A review of the Directorate Care Management system (Carefirst) has identified a number of cases where it appears the Council has paid providers in full for jointly funded packages. Work is ongoing with health partners to rectify this position. As the negotiations are on-going, however this did not lead to any savings in 2017/18.

The review of records on Carefirst letters has resulted in providers being contacted to validate details they hold against the data held on Carefirst. This will identify any discrepancies which may have led to overpayments. This work is on-going, so did not lead to any savings in 2017/18.

### Packages of Care Income - additional income £4.4m

- Mental Health Joint Funding – additional income £1.6m  
Health contributions in relation to Mental Health care packages have exceeded the budgeted level.
- Direct payments – recoupment of surplus income £2.0m  
The service has been proactive in reviewing and recouping surplus funds in individual accounts. Significant recoupment was identified at the beginning of the year and this work continues as business as usual. Levels of Direct Payment assessment are steadily increasing.
- Review of income – additional income of £0.5m  
The Directorate has reviewed charging policies across the full range of service areas.
- Other minor variations of £0.3m

### Extra Care Block Contract – £1.9m overspend

The current arrangements for providing care where additional services were required led to these unbudgeted costs. This was mainly due to reductions in staffing costs not happening as fast as planned, and some services being commissioned at a greater level than budgeted. This is now being dealt with for the new financial year.

### Day Care and Residential Services running costs and additional Income –£1.1m underspend

The Directorate has reviewed operational costs including transport and supplies and services and identified a range of one off savings across Day Care and Residential Services, mainly due to more efficient use of resources. Also, income from use of the Care Centres by Health has been higher than anticipated.

### ASC&H Commissioning –£1.7m underspend

This underspend is mainly in relation to staff vacancies (£0.7m) and reductions in third sector grants awarded by the Council (£1.0m) pending new commissioning processes.

### Other Variations – £0.4m underspend

There were pressures due to a higher than budgeted contribution to the bad debt provision, pension fund strain costs, and the need to undertake and review Deprivation of Liberty Safeguards. The latter pressure has reduced as the Directorate has changed the emphasis and prioritised cases most at risk. These pressures have been mitigated by reviews of all non-pay spending including energy, transport, training, ICT and other areas. More efficient processes have been implanted in the joint health Equipment Loans Store, and there have been higher than anticipated employee underspends in most areas of the Directorate. In Assessment and Support Planning this has been ahead of the planned restructure which will increase the number of people reporting to individual managers, change the approach to asset-based and develop a community offer by working more closely with the third sector.

## 2.2 Children & Young People

There is a recommended net transfer from reserves of £1.1m which would result in an overspend of £1.8m after transfers. The detailed appropriations to/(from) reserves are reported in Annex 3.

The net overspend position is summarised below:

	Overspend / (Underspend) £m
<b>Net expenditure (+ over / - under)</b>	<b>2.898</b>
Transfers to / (from) reserves	
Grant (including DSG and School balances)	(4.807)
Other	3.676
<b>Net overspend</b>	<b>1.767</b>
<b>Explanation of variation after transfers</b>	
Travel Assist	3.091
Early Years	0.054
PFI/BSF Contract	0.102
Unattached Playing Fields	0.289
Education Infrastructure Team	0.377
Other	(0.574)
Early Help & Children's Social Care	(1.572)
<b>Net overspend</b>	<b>1.767</b>

The explanation for the year end overspend of £1.8m after proposed net transfers from reserves is shown below:

Education General Fund – £3.4m overspend

### Travel Assist – £3.1m overspend

The mitigations that were put in place to manage the deficit did not have the impact expected as a result of an increase in the number of eligible young people, a rise in costs related to agency Guides and issues with the main contractor of transport. Any new transport provision arranged increases the cost of delivery.

### Early Years – £0.1m overspend

A net deficit of £0.1m arising from net unfunded costs arising from compliance works carried out at the 22 hub sites forming part of the new Health and Well Being contract.

### PFI/BSF contracts – £0.1m overspend

There was a £0.1m overspend after taking into account of mitigations from the corporate inflation contingency.

### Unattached Playing Fields – £0.3m overspend



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. Resources have now been identified to accelerate the work on an invest to save basis and identify funding / cost reduction solutions. However the full year benefit will only be realised in 2018/19.

### Education Infrastructure Team £0.4m – overspend

A £0.1m overspend arose from a combination of less income from a reduced level of academisation than anticipated and buy back of the Education Infrastructure Team traded offer being less than expected. There were also unfunded costs of £0.1m on surplus properties maintained by the Directorate and other minor overspends of £0.2m.

### Other Net Variations – £0.6m underspend

There were other net underspends of £0.6m including savings of £0.2m against the IT budgets after a review of commitments.

Early Help and Children's Social Care – £1.6m Underspend

### No Recourse to Public Funds – £0.7m overspend

There has been an increase in the number of families presenting as having no recourse to funds during 2017/18. The pressure represents the costs in excess of the budget of providing accommodation and subsistence support for 2017/18.

### Secure Remand Custody – £1.2m overspend

The pressure arose from the decrease in the Youth Justice Board (YJB) Secure Grant for 2017/18, an increase in the actual price charged by YJB, and a significant rise in both the number and type of bed night usage with more placements in higher cost Secure Training Centres and Secure Children's Homes.

### Legal Disbursements – £1.2m overspend

There was £0.6m overspend related to the budget allocation not being adequate to cover the actual costs of disbursements following an exercise to re-base budgets. In addition there was an increase in costs relating to several cases in court of £0.6m.

### Disabled Children's Services – £0.7m overspend

This related to costs of alternative community support packages for disabled children. In April a new formula was agreed to share residential placements with education costs with Special Education Needs Assessment and Review (SENAR). This resulted in additional costs of £1.3m previously charged to Dedicated School Grant being charged to this budget. This was partially offset by underspend of £0.6m.

### Children's Placements – £1.7m underspend

This related to delayed opening of a specialist three bedded remand home of £0.4m and the overall costs of all current fostering, residential, supported accommodation and secure welfare placements underspending by £0.8m. Additional income of £0.5m is to be received in respect of contributions to specific complex care packages.

Youth Offending Service – £1.0m underspend

There was £0.7m staffing underspends within the Youth Offending Service due to managed vacancies to support mitigation of the Secure Remand budget overspend and other staffing underspends total £0.3m due to reduced costs of agency staff.

Externally commissioned residential and community based assessments – £0.2m underspend

There has been a reduction in the number of externally commissioned residential and community based assessments resulting in an underspend of £0.2m

Planned commissioned training and support activities – £0.5m underspend

There was an underspend of £0.5m on the cost of planned commissioned training and support activities

Unaccompanied Asylum Seeking Children – £1.1m additional grant income

This related to several cases which have been retrospectively approved by the Home Office from 2016/17 and additional information income for a further 29 national transfer cases.

Other net variations – £0.9m underspend

This included an underspend of £0.5m in relation to costs of support packages and financially assisted order payments as alternatives to care and an underspend of £0.3m due to a reduction in the number of Adoption interagency cases and the cost of adoption allowances. In addition there was other non pay underspends across various services of £0.1m

## 2.3 Place (excluding Housing Revenue Account)

There is a recommended net transfer from reserves of £1.9m which would result in an overspend of £15.1m after transfers. The detailed appropriations to/(from) reserves are reported in Annex 3.

The net overspend position is summarised below:

	Overspend / (Underspend) £m
<b>Net expenditure (+ over / - under)</b>	<b>16.954</b>
Transfers to / (from) reserves	(1.871)
<b>Net overspend</b>	<b>15.083</b>
<b>Explanation of variation after transfers</b>	
Waste Management Services	11.927
Community Sport and Events	2.561
Parks and Nature Services	1.168
Housing Options	0.107
Culture and Visitor Economy	0.964
Birmingham Adult Education Services	(0.893)
Other Place Services	(0.751)
<b>Net overspend</b>	<b>15.083</b>

The explanation of the net year end overspend of £15.1m after proposed transfers to reserves is shown below:

### Waste Management Services – £11.9m overspend

The additional expenditure reflects an extra-ordinary set of circumstances during the transition to a modern and efficient service and the implementation of a new operating model. The major components of the overspend included:

- employees at £3.9m (being the continuation of the compressed working week and overtime)
- procurement of external waste collection service at £2.7m
- additional and fluctuating diversion of waste to landfill at £2.2m
- lower paper income of £0.9m (due to lower tonnages and commercial price volatility)
- greater fleet and vehicles expenditure at £1.6m (mainly maintenance)
- other operational costs at £0.9m (mainly new IT mobile systems)
- additional income of (£0.3m) (from third party waste income)

### Community Sport and Events – £2.6m overspend

The major components included:

- £1.3m for the suspension of the planned externalisation of Alexander Stadium pending the hosting of the Commonwealth Games in 2022
- additional expenditure on other operational services of £1.3m (including the re-phasing of the closure of local leisure centres e.g. Tiverton Pool, pensions cost guarantees for externalised services, seasonal markets and international events – these costs were offset by some additional management fee income from externalised services)

### Parks and Nature Services – £1.2m overspend

The major elements included:

- additional maintenance expenditure on parks of £0.2m (including exceptional spend for the management of unauthorised traveller sites e.g. prevention measures, legal enforcement)
- lower income of £0.4m (mainly the closure of key sites including Tower Ballroom) and the re-phasing of the Cofton Nursery re-development
- £0.4m due to delays in the disposal of underutilised park open spaces for the development of new housing
- other operational service expenditure of £0.2m (mainly investment in new IT systems)

### Housing Options – £0.1m overspend

There was a major increase in the number of people in temporary accommodation towards the end of the financial year (including bed and breakfast). In total, there were more than 2,100 people in such accommodation (this being 40% more than the base assumptions). This continues to reflect national trends and policies including the welfare reforms, shortage in social/private housing and is projected to increase further in 2018/19 with the new obligations placed on local authorities under the Homeless Reduction Act.

Culture and Visitor Economy £1.0m overspend

The City Council has guaranteed a loan to Birmingham Museums Trust of £0.9m and as such the full cost has to be recognised in year. This is being funded from Reserves as discussed below and will be repaid in future years from existing budgets. There were other minor variations of £0.1m.

Birmingham Adult Education Services (£0.9m underspend)

The Service appropriated £0.9m from Grant Reserves in order to fund the overspend in Culture and Visitor Economy, which will be repaid in future years from existing budgets.

All Other Place Services (£0.8m net underspend)

There were minor overspends of £0.2m on Equalities and £0.3m on Markets. These were offset by underspends on Bereavement Services (£0.3m) and Regulatory Services (£0.4m) and other net underspends of (£0.6m) across the Directorate.

## 2.4 Economy Directorate

There are recommended net transfers to reserves of £25.1m which would result in underspend of £1.2m after transfers. The detailed appropriations to/(from) reserves are reported in Annex 3.

The key reasons are summarised below:

	Overspend / (Underspend) £m
<b>Net expenditure (+ over / - under)</b>	<b>(26.310)</b>
Transfers to / (from) reserves	25.126
<b>Net underspend</b>	<b>(1.184)</b>
<b>Explanation of variation after transfers</b>	
Planning & Development	(1.264)
Transportation & Connectivity	(0.429)
Housing Development	0.739
Highways & Infrastructure	(0.146)
Birmingham Property Services	0.128
Employment Services	(0.209)
Other Services	(0.003)
<b>Net underspend</b>	<b>(1.184)</b>

The explanation of the net year end underspend of £1.2m after proposed transfers to reserves is shown below:

Planning & Development - £1.3m underspend

This primarily related to additional planning related income and other underspends.

Transportation & Connectivity - £0.4m underspend

This was due in the main to income generated through recharges to projects and an unanticipated Property Searches New Burdens receipt from Government.

Housing Development - £0.7m overspend

This largely related to non-delivery of the income target in relation to INReach partially offset by increased income in Housing Development General and employee underspends.

Highways & Infrastructure - £0.1m underspend

This was due in the main to underspending on employees, maintenance, offset by lower than anticipated highways related income

Birmingham Property Services - £0.1m overspend

This was due in the main to a shortfall in property related income, delayed delivery of workforce efficiencies and other minor net negative variations, offset by underspends on employees, lease agreement expenditure, and additional net income.

Employment Services - £0.2m underspend

There was an increase in project income and a reduction in employee severance costs

## 2.5 Strategic Services

There are recommended net transfers to reserves of £1.0m which would result in an underspend of £1.6m after transfers. The detailed appropriations to/(from) reserves are reported in Annex 3.

The key reasons are summarised below.

	Overspend / (Underspend) £m
<b>Net expenditure (+ over / - under)</b>	<b>(2.582)</b>
Transfers to / (from) reserves	0.995
<b>Net underspend</b>	<b>(1.587)</b>
<b>Explanation of variation after transfers</b>	
Revenue & Benefits	(0.948)
Procurement	(0.544)
Business Improvement	(0.907)
Corporate Strategy	0.711
Other Services	0.101
<b>Net underspend</b>	<b>(1.587)</b>

## APPENDIX 1

The explanation of the net year end underspend of £1.6m after proposed transfers to reserves is shown below:

### Revenue & Benefits £1.0m underspend

This related to Housing Benefit Subsidy surplus.

### Procurement- £0.5m underspend

This primarily related to overachievement on income.

### Business Improvement £0.9m underspend

The underspend largely related to funded vacancies as part of the support services consolidation project.

### Corporate Strategy- £0.7m overspend

This related to centrally held savings on the Corporate Strategy budget line offset by savings delivered across the Directorate

### Other Net Variations- £0.1m overspend

There were other net overspend of £0.1m across the Directorate.

## 2.6 Finance & Governance

There are recommended net transfers from reserves of £3.4m which would result in an underspend of £1.3m after transfers. The detailed appropriations to/(from) reserves are reported in Annex 3.

The key reasons are summarised below:

	Overspend / (Underspend) £m
<b>Net expenditure (+ over / - under)</b>	<b>2.097</b>
Transfers to / (from) reserves	(3.392)
<b>Net underspend</b>	<b>(1.295)</b>
<b>Explanation of variation after transfers</b>	
City Finance	(1.315)
Directorate Wide Recharges	(0.125)
Business Transformation Legacy	(0.122)
NNDR Revaluation Income	0.208
Other Minor Variations	0.059
<b>Net underspend</b>	<b>(1.295)</b>

The explanation of the net year end underspend of £1.3m after proposed transfers to reserves is shown below:

### City Finance £1.3m underspend

This primarily related to underspend on Voyager support offset by Finance transition costs including pension fund strain costs and shortfall in core income target

Directorate Wide Recharges £0.1m underspend

This related to refund due in respect of overpayment to the West Midlands Pension Fund (WMPF) relating to additional years payment which were based on WMPF estimates.

Business Transformation Legacy £0.1m underspend

The underspend is largely as a result of less expenditure on SAP development days than originally anticipated due to the re-profiling and reprioritising of work to be completed.

NNDR £0.2m overspend

This related to shortfall in NNDR revaluation refunds.

**2.7 Dedicated Schools Grant (DSG)**

There are recommended net transfers from reserves of £0.2m which would result in a year end overspend of £4.7m after transfers.

Proposed Transfers to / (from) reserves

- Non School DSG £2.3m - Savings on DSG funded earmarked Department for Education (DfE) priorities comprising of Disability Access Fund £0.3m, Growth and Falling Pupils Contingency Funds of £1.6m and £0.4m other minor variations have been appropriated to the reserve account.
- Schools Reserves (£2.5m) – There was an in year deficit of £2.5m related to Delegated Schools and this has been appropriated from school reserves. The school balance position was not known until year end, when all school expenditure was posted to the ledger.

The explanation of the net year end overspend of £4.7m after proposed transfer to reserves is shown below:

There was a deficit of £4.7m on centrally held DSG budgets at outturn. This primarily related to increasing numbers of pupils with Special Education Needs. The position has moved favourably by £1.9m comparing to Month 10 (£6.6m). This was mainly due to better than anticipated funding related to Early Years.

## Section 3: Corporate Account Outturns

- 3.1 After transfers to reserves, the variations in corporate accounts, totalling a net overspend of £8.2m (before use of the Organisation Transition Reserve to mitigate the overall position) are listed in Table 3 below.

<b>Table 3 – Corporate Accounts Outturn</b>	
	<b>£m</b>
<b>Explanation of total outturn variation</b>	
Treasury Management	(7.334)
Airport Dividend 2017/18	(0.540)
Additional Business Rates Income	(3.342)
Construction Cost Dispute Reserve	(0.475)
Other	0.359
<b>Other Corporate Items sub-total</b>	<b>(11.332)</b>
Acivico	9.508
FOM	14.610
<b>Sub-total Net Corporate overspend</b>	<b>12.786</b>
Policy Contingency	(4.598)
<b>Total Corporate Variations</b>	<b>8.188</b>

### 3.2 Key areas are:

- There was an underspend of £7.3m in Treasury Management. A forecast underspend of £3.7m was reported at Month 10. There have been further movements of £3.6m at year end. The overall year end variation for Treasury Management is explained within Appendix 3 of the report.
- The Airport dividend received by the Council was £0.5m higher than budgeted.
- The Council has identified that £3.3m of Business Rates Income can be released to the General Fund. This was reported as a Corporate mitigation of £3.3m at Month 10.
- £0.5m of the reserve for a legal dispute regarding construction costs will no longer be needed following settlement of the case, and therefore can be released.
- £0.4m of other net overspends have been identified mainly related to balance sheet management and other minor variations.
- The above mitigations have been used to partially offset a £9.5m pressure relating to Acivico, a £7.5m increase from the pressure of £2.0m reported at Month 10. The total pressure relates to the write back of assumed profit share from Acivico's trading activities in 2017/18 and prior years, £1.6m, cost pressures from Council services managed by Acivico, £0.8m, mismatches in inter-company transactions, £2.1m, and from the estimated level of support required to ensure that Acivico could continue to meet its liabilities as they fall due, £5.0m.



- At Month 10, there were £14.6m of cross cutting savings related to the FOM that were not achievable. This remained the same.

### Policy Contingency

- 3.3 When the Business Plan and Budget 2017+ was approved, this included funds held corporately for a number of items that needed to be agreed following finalisation of the year end position. Cabinet is therefore requested to endorse the following allocations from 2017/18

- £0.3m to fund the Commonwealth Games project expenditure
- £0.3m to fund contribution towards addressing Pension Fund under-recovery. The amount recovered from Directorates resulted in a minor under-recovery compared to the amount paid to the Pension Fund

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

- 3.4 There is a proposed transfer to reserves of £5.0m from Policy Contingency for approved funding which will enable them to be carried forward and this relates to the following:

- Birmingham Museum and Art Gallery (BMAG) (£0.5m) – this is to be utilised in 2018/19 as part of the planned BMAG Development programme, in line with revised HLF funding regime.
- (£0.2m) Community Investment Tax Relief (CITR) / Social Investment Tax Relief (SITR) - Arts Fund – this is required should there be non compliance with the loan agreement in 2018/19
- High Speed 2 College (£0.3m) – the project is not yet complete and there are ongoing compensation, decommissioning and relocation claims
- Birmingham Jobs Fund (£0.3m) – the allocation is committed for 2017/18. However, as payments are not made until 26 weeks after the employment start date, a proportion of expenditure falls into the following financial year
- Mobile Investment Fund (£2.1m) – required to fund contractual commitments
- Youth Strategy (£1.2m) – Cabinet agreed in February 2016 that this funding is ring-fenced as match funding to Youth Promise Projects
- Other (£0.4m)

- 3.5 After these proposed transfers to reserves, there is a net underspend in Policy Contingency of £4.6m. This relates primarily to:

- Underspending on Specific Policy Contingency following a detailed review of commitments was included as part of the Month 10 Revenue Monitoring report (£1.5m)
- Underspend of (£0.3m) relating to Carbon Reduction Commitment
- Underspend of (£0.3m) in relation to Highways Maintenance
- Various underspends on inflation (£0.3m)
- Other policy contingency underspends (£0.6m)
- Underspend of the General Policy Contingency (£1.6m)

## Section 4: Balances and Reserves

- 4.1 The Council originally planned to use £46.6m of balances and reserves in 2017/18. In year there were approved net contributions to reserves of £79.5m, primarily relating to the change in the Council's MRP Policy (£98.3m) offset by the approved use of the OTR (£16.0m). At year end there were further net contributions to reserves of £61.2m, mainly relating to contributions to grant reserves of £34.2m and a return of £23.6m which had been used to add to provisions in respect of NEC pension costs, but is no longer required.
- 4.2 Overall, Reserves and Balances increased by £94.1m in 2017/18. Excluding the contributions to reserves from the further changes to the Council's MRP Policy (£98.3m) and repayment of the provision no longer required in respect of NEC Pensions (£23.6m), reserves would have reduced by £27.8m.
- 4.3 Of the original £46.6m intended use of reserves and balances, £42.2m was a structural use to balance the budget corporately. This was funded from Capital Fund (£28.0m), Organisational Transition reserve (£12.5m) and one-off resources from previous years (£1.7m) as described in the Financial Plan 2017+. The remaining net £4.4m being a combination of payments to and from reserves and temporary borrowing being repaid.
- 4.4 In order to balance the budget a further £20.9m of reserves was required; £16.0m was from the OTR as described in the Month 10 revenue budget monitoring report and a further £4.9m was used to finally balance the budget.
- 4.5 In addition, £11.7m of pension guarantees were funded by the use of loan arrangements from reserves to be repaid in future years from within existing budgets.
- 4.6 **In total there was a structural use of £63.1m of reserves to deliver the 2017/18 budget plus £11.7m to fund pension guarantees, which will be repaid from existing budgets.**
- 4.7 The movements in accumulated General Fund balances and reserves are shown in Table 4.

**Table 4 – Balances and Reserves Movements**

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

	Opening Balance 1st April 2017	Movements in 2017/18				Outturn 31st March 2018
		Original Budget	Approved in year	Year End	Total Movement	
Balances	£m	£m	£m	£m	£m	£m
General Fund Working Balance	28.9	0.0	0.0	0.0	0.0	28.9
Organisation Transition Reserve	69.8	(12.5)	(16.6)	0.8	(28.3)	41.5
Financial Resilience Reserve	0.0	0.0	98.3	0.0	98.3	98.3
Carry Forward Balances	2.1	0.0	(0.3)	0.0	(0.3)	1.8
<b>Total Balances</b>	<b>100.8</b>	<b>(12.5)</b>	<b>81.4</b>	<b>0.8</b>	<b>69.7</b>	<b>170.5</b>
Reserves						
Grants Reserves	132.3	(13.1)	15.3	34.2	36.4	168.7
Treasury Management	1.8	0.0	0.0	0.0	0.0	1.8
Capital Fund	49.7	(24.9)	0.0	18.5	(6.4)	43.3
Business Rates Reserves	0.0	3.4	0.0	7.1	10.5	10.5
One-off Use of Resources from previous year in 2017/18	1.7	(1.7)	0.0	0.0	(1.7)	0.0
Policy Contingency	10.0	0.0	(6.7)	4.3	(2.4)	7.6
Cyclical Maintenance	5.9	2.5	0.0	0.0	2.5	8.4
Other Reserves	67.1	(0.9)	(10.5)	3.6	(7.8)	59.3
<b>Sub - Total Reserves</b>	<b>268.5</b>	<b>(34.7)</b>	<b>(1.9)</b>	<b>67.7</b>	<b>31.1</b>	<b>299.6</b>
Schools balances (net of amounts borrowed)	42.5	0.6	0.0	(7.3)	(6.7)	35.8
<b>Total Reserves</b>	<b>311.0</b>	<b>(34.1)</b>	<b>(1.9)</b>	<b>60.4</b>	<b>24.4</b>	<b>335.4</b>
<b>Total Reserves and Balances</b>	<b>411.8</b>	<b>(46.6)</b>	<b>79.5</b>	<b>61.2</b>	<b>94.1</b>	<b>505.9</b>

**4.8 The Council had planned in its original budget to use a net of (£46.6m) of balances and reserves in 2017/18 as follows:**

- A planned use of (£12.5m) of the OTR in order to balance the overall budget.
- A net planned use of (£24.9m) of the Capital Fund.
- There were planned net contributions to other Corporate Reserves of £5.3m.
- Directorates planned to use (£14.5m) of Reserves.

**4.9 The Council approved in year net contributions of £79.5m to balances and reserves in 2017/18 as follows:**

- The Council reviewed its policy for setting aside funds in order to meet the cost of debt repayments. By backdating the implementation of the current Minimum Revenue Provision (MRP) policy to the start of the “Prudential system” in 2007/08, it was possible to create a Financial Resilience Reserve (FRR) of £98.3m in 2017/18.
- There was use of (£6.6m) of the OTR to fund the Waste Management dispute and (£9.4m) to assist the budget position, relating to Pension Fund Strain.
- £15.3m was placed into grant reserves to be spent in later years in line with the grant conditions.
- (£6.7m) was released from policy contingency reserve to release funding carried forward as part of previous years’ outturn reports.
- There were other approved net uses of Reserves of (£11.4m).

**4.10 At year end, there are recommended transfers to Reserves and Balances of £61.2m, as below.**

- There is a further recommended use of (£4.9m) of the OTR to fund the final net revenue overspend.
- There was a return of £5.6m borrowed from the Capital Fund which was used to add to provisions for potential liabilities in respect of NEC pension costs, but which is longer required and has been provided to the OTR.
- There was a return of £18.0m borrowed from the Capital Fund which was used to add to provisions for potential liabilities in respect of NEC pension costs, but which is longer required.
- Directorates have recommended transfers to Grants Reserves of £34.2m. These relate to grants received in 2017/18 but where associated expenditure will take place in later years.
- Other net transfers of £8.3m are recommended.

4.11 General reserves and grant reserves are resources that have been set aside to be spent in 2017/18 or future years for specific purposes. There is £299.6m relating to non-school earmarked reserves covering grant related reserves of £168.7m and earmarked reserves of £130.9m. This is a net increase in year of £31.1m in total earmarked reserves.

4.12 There was a net transfer to reserves of £36.4m for Grants and net transfers from other reserves of (£5.3m)

4.13 Further details of the movement in reserves are shown in Annex 3.

**ANNEX 1 TO  
APPENDIX 1**

**REVENUE OUTTURN SUMMARY**

	<b>Budget £m</b>	<b>Outturn £m</b>	<b>Variance £m</b>
Directorates (excluding use of Reserves)	846.113	831.521	(14.592)
Policy Contingency	(16.554)	(26.118)	(9.564)
Corporate Accounts	(40.908)	(77.997)	(37.089)
<b>Total</b>	<b>788.651</b>	<b>727.406</b>	<b>(61.245)</b>
<b><u>Recommended transfers to / (from) reserves</u></b>			
General Reserves	(11.983)	(11.607)	0.376
Grants (including schools balances)	2.849	29.748	26.899
Capital Fund	(24.978)	(6.402)	18.576
Business Rates Section 31 Grant	0.000	5.329	5.329
Business Rates Pilot "no detriment" reserve	3.438	3.438	0.000
Cyclical Maintenance Reserve	2.540	2.540	0.000
Pallasades provision	0.000	2.322	2.322
Business Rates 17/18 Top Up Adjustment	0.000	1.809	1.809
One-off use of Resources from previous Year	(1.701)	(1.701)	0.000
Other	0.451	0.671	0.220
Policy Contingency	(6.667)	(1.701)	4.966
<b>Sub-total transfers to / (from) reserves</b>	<b>(36.051)</b>	<b>24.446</b>	<b>60.497</b>
<b><u>Corporate transfers to / (from) balances</u></b>			
Use of Organisation Transition Reserve (OTR) to balance out-turn	(29.080)	(29.080)	0.000
Transfer to OTR	0.000	5.619	5.619
Creation of Financial Resilience Reserve	98.283	98.283	0.000
Contribution to General Fund Working Balance	0.000	0.000	0.000
<b>Sub-total transfers to / (from) balances</b>	<b>69.203</b>	<b>74.822</b>	<b>5.619</b>
<b>SUB-TOTAL</b>	<b>821.803</b>	<b>826.674</b>	<b>4.871</b>
Council Tax	(308.545)	(308.545)	0.000
Business Rates	(394.654)	(394.654)	0.000
Top Up Grant	(123.463)	(123.463)	0.000
Revenue Support Grant	0.000	0.000	0.000
Collection Fund	4.859	4.859	0.000
<b>Sub Total</b>	<b>(821.803)</b>	<b>(821.803)</b>	<b>0.000</b>
<b>Position after final transfers</b>	<b>0.000</b>	<b>4.871</b>	<b>4.871</b>

Note: This is shown before the use of £4.9m of OTR to balance the budget.

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:

	<b>Forecast Variation at Month 10 £m</b>	<b>Outturn Variation £m</b>	<b>Movement from M10 £m</b>
<b>Adult Social Care &amp; Health Directorate</b>	<b>0.000</b>	<b>(0.101)</b>	<b>(0.101)</b>
<b>Children &amp; Young People Directorate</b>	<b>1.842</b>	<b>1.767</b>	<b>(0.075)</b>
<b>Place Directorate</b>	<b>16.646</b>	<b>15.083</b>	<b>(1.563)</b>
<b>Economy Directorate</b>	<b>0.282</b>	<b>(1.184)</b>	<b>(1.466)</b>
<b>Strategic Services Directorate</b>	<b>1.446</b>	<b>(1.587)</b>	<b>(3.033)</b>
<b>Finance &amp; Governance Directorate</b>	<b>(0.973)</b>	<b>(1.295)</b>	<b>(0.322)</b>
<b>Sub-total Directorates Gross Position</b>	<b>19.243</b>	<b>12.683</b>	<b>(6.560)</b>
<b>Policy Contingency</b>	<b>(1.500)</b>	<b>(4.598)</b>	<b>(3.098)</b>
<b>Acivico Overspend Funded Corporately</b>	<b>2.013</b>	<b>9.508</b>	<b>7.495</b>
<b>FOM</b>	<b>14.610</b>	<b>14.610</b>	<b>0.000</b>
<b>Other Corporate Items</b>	<b>(7.000)</b>	<b>(11.332)</b>	<b>(4.332)</b>
<b>Sub-total Corporate Gross Position before use of OTR</b>	<b>8.123</b>	<b>8.188</b>	<b>0.065</b>
<b>Sub-total Gross Position</b>	<b>27.366</b>	<b>20.871</b>	<b>(6.495)</b>
<b>Use of OTR - General</b>	<b>(9.400)</b>	<b>(9.400)</b>	<b>0.000</b>
<b>Use of OTR re Waste Management</b>	<b>(6.600)</b>	<b>(6.600)</b>	<b>0.000</b>
<b>Total net overspend / (underspend)</b>	<b>11.366</b>	<b>4.871</b>	<b>(6.495)</b>

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

- Adults – a favourable movement of (£0.1m) related to minor variations across the service.
- CYP- a favourable movement of (£0.1m) related to minor variations across the service.
- Place – net favourable movement of (£1.6m). This related primarily to:
  - Waste Management favourable movement of (£0.5m) due to income being higher than forecast and an unforeseen favourable stock revaluation.
  - Community Sport and Events adverse movement of £0.6m due to overspends on the German Market and World Indoor Athletics.

## **ANNEX 2 TO APPENDIX 1**

- Parks and Nature favourable movement of (£0.3m) due to lower than forecast spend on Grounds Maintenance and higher than forecast income.
- Markets had a favourable movement of (£0.4m) due to a combination of income being higher than forecast and expenditure less than forecast
- Income for Pest Control, Licensing and Environmental Health was higher than forecast (£0.5m)
- Other minor movements of (£0.5m)
- Economy – net favourable movement of (£1.5m) related to:
  - Birmingham Property Services net favourable movement of (£1.2m) mainly due to reduction in forecast lease agreement expenditure, increased capitalisation of project costs and increased property income.
  - Transportation & Connectivity net favourable movement of (£0.3m) due to increase income from recharges to projects.
  - InReach adverse movement of £0.3m due to delays in delivery.
  - Other minor net favourable movements of (£0.3m)
- Strategic Services – net favourable movement of (£3.0m) related to:
  - Corporate Strategy net favourable movement of (£0.1m) relating to confirmation of income from the WMCA
  - Procurement net favourable movement of (£0.4m) as a result of confirmation of additional external advertising income. Due to the markets inherent volatility, it is difficult to predict this income stream
  - Human Resources net favourable movement of (£0.6m) relating to lower than expected costs of the Career Transitions service and other services
  - Business Improvement net favourable movement of (£0.9m) relating to funded vacancies from recent consolidation of support services
  - Revenues and Benefits-higher than expected subsidy income of (£0.6m)
  - Customer Services net favourable movement of (£0.3m) – the service have successfully achieved savings that were originally to be met by use of reserves and mitigations
  - Other minor net favourable movements of (£0.1m)
- Finance & Governance – net favourable movement of (£0.3m) related to:
  - City Finance net favourable movement of (£0.1m)
  - Other minor net favourable movements of (£0.2m)
- Corporate Items – net adverse movement of £0.1m related to:
  - Additional underspend on Policy Contingency of (£3.1m)
  - Acivico adverse movement of £7.5m – see Section 3 for more details
  - Additional Treasury Management underspend of (£3.6m)
  - Airport Dividend higher than anticipated of (£0.5m)
  - Construction Cost Dispute Reserve released of (£0.5m)
  - Other overspends £0.3m

## 1. Other Reserves

There was a net movement in earmarked reserves of (£5.3m) as reported in 4.13.

- Net movement from the Capital Fund of (£6.4m) relating largely to its application to address the 2017/18 revenue position as planned, offset by potential liabilities in respect of NEC pension costs no longer required.
- Business Rates Section 31 grant – There is a surplus of £5.3m relating to compensatory grants for Business Rates Reliefs awarded during 2017/18. £3.2m of this has been assumed to be carried forward as per the Financial Plan 2018+. The remaining £2.1m will be carried forward to offset a shortfall in 2018/19 relating to section 31 grants as a result of Central Government announcements to correct previous overcalculations as a result of their error.
- Business Rates Pilot “no detriment” reserve – £3.4m has been put into reserves as planned as a contingency for any no detriment payments that may be required in the future.
- Business Rates 17/18 top up adjustment from Ministry for Housing, Communities and Local Government (MHCLG) – As part of the Final Settlement for 2018/19 the Government will be making an additional payment of £1.8m relating to an adjustment to the 2017/18 Business Rates Top-Up grant as a result of revaluation. This has been assumed in the Financial Plan 2018+ and so it will therefore be carried forward.
- Resources brought forward from 2016/17 for application as part of the approved budget of (£1.7m) have been used as planned
- Policy Contingency (£2.4m) – There were £6.7m appropriations from reserves as planned. In addition there were net appropriations to reserves of £4.3m made up of £5.0m to reserves for approved allocations for specific purposes not yet spent (see paragraph 1.28) and (£0.7m) transfer from reserves to fund the Future Council programme.
- General cyclical maintenance contributions totalling £2.5m
- Other net movements to Corporate reserves of £3.8m relating largely to a provision related to the Pallasades that was no longer required.
- There was a net use of (£11.6m) of other reserves over the year. There was (£12.0m) planned use of other reserves and £0.4m was contributed to reserves at the year end.
- These mainly related to Directorate usage of reserves, as discussed in section 2 overleaf.



## **2. Directorate Appropriations to/(from) Reserves**

There were net budgeted transfers to Grant Reserves (including Schools Balances) of £2.8m and net budgeted transfers from Other Reserves of (£12.0m).

There were net unbudgeted transfers to Grant Reserves (including Schools Balances) of £26.9m and net unbudgeted transfers to Reserves of £0.4m.

The following is an analysis of the requested transfers to and from Reserves by Directorate:

### **Adults Social Care & Health**

There were planned transfers to Grants Reserves of £5.4m and Other Reserves of £0.5m.

The key elements of the recommended net transfer to reserves of £7.5m are detailed below.

#### **Proposed Transfers to / (from) reserves**

Grants – £7.5m transfer to / (from) reserves

- Improved Better Care Fund (IBCF) £6.7m to assist the Directorate in implementing the substantial change programme
- Better Care Fund (BCF) £3.3m
- Section 256 (£1.8m) to support community based services
- Section 256 Pump Priming for Better Care Fund (£0.3m)
- Public Health Grant (£0.3m) - to manage the impact of reduction in the Public Health Grant and changes to the commissioned services
- Other net transfers from reserves (£0.1m)

### **Children & Young People**

There were planned transfers from Grants Reserves of (£0.7m) and transfers from Other Reserves of (£4.7m).

The key elements of the recommended net transfer from reserves of £1.1m are detailed below.

#### **Proposed Transfers to / (from) reserves**

Grants – (£4.8m) transfer to / (from) reserves

- Section 106 - £0.1m to meet future requirement of Section 106 schemes
- Non-Schools Dedicated Schools Grant (DSG) carry forward £2.3m
- Schools use of reserve balances – (£2.5m)
- Transfer from schools balances – (£4.7m)

Other transfers – £3.7m to / (from) reserves

- Children's Trust Grant - £1.9m for set up, transition and early operational activities of the Children's Trust

## **ANNEX 3 TO APPENDIX 1**

- Special Education Needs Reform Grant £0.6m - in line with the budget plan and in order to provide the funds for spend in future years
- High Needs Strategic Planning Fund £0.4m - the majority of the review and implementation of outcomes is expected to be carried out in 2018/19. This will also be used to support employee expenditure in 2018/19
- Troubled Families £0.2m- The five year programme still has two years to run and the fund will be utilised to see the programme through to the end of 2020.
- Controlling migration fund £0.2m - the grant was notified in February 2018 and it is to be used to develop tailored support services for young people
- SEND Preparation for Employment fund £0.2m – The grant was received in March and is to be used to provide job coach training for young people on work placements and to set up local supported internship forums
- Other net transfers to reserves £0.2m

### **Place**

There were planned transfers from Grants Reserves of (£0.4m) and transfers from Other Reserves of (£2.8m).

The key elements of the recommended net transfer from reserves of £1.9m are detailed below.

#### **Proposed Transfers to / (from) reserves**

Grants – £1.0m transfer to / (from) reserves

- Section 106 (£0.5m) – to meet revenue costs of Section 106 schemes
- Modern Slavery Grant - £0.2m
- Trail Blazer Housing Option Grant - £0.2m
- Other net movement to reserves - £1.1m

Other transfers – (£2.9m) to / (from) reserves

- Local Innovation Fund - £1.0m to meet ward commitments in 2018/19
- (£0.9m) from reserves to meet the cost of the loan guarantee discussed below
- (£2.6m) from reserves to meet the cost of pension guarantees
- Other net movements from reserves – (£0.4m)

### **Economy**

There were planned transfers to Grants Reserves of £0.6m and transfers from Other Reserves of (£0.5m).

The key elements of the recommended net transfer to reserves of £25.1m are detailed below.

#### **Proposed Transfers to / (from) reserves**

Grants – £22.7m transfer to / (from) reserves

- Highways Maintenance and Management PFI Reserve - £20.8m disputed sums deducted from monthly payments taken to reserve pending determination or agreement of disputes

## **ANNEX 3 TO APPENDIX 1**

- Borrowing from Highways PFI – (£5.7m) net borrowing from Highways PFI reserves
- Highways PFI grant - £1.8m for actuarial revaluation of TUPE payment due to Amey and reimbursement of legal costs related to the ongoing dispute
- Unlocking Social and Economic Innovation Together project – £1.2m European Union advance payment to European Team acting as accountable body for multi partner project
- Business Development & Innovation Match Funding - £0.8m
- Community Infrastructure Levy (CIL) projects – £2.6m CIL ring-fenced for projects within local wards
- Other net movement to reserves £1.2m

Other transfers – £2.4m transfer to / (from) reserves

- Bus Lane Enforcement Equipment Renewal - £0.7m for use on transportation and highways related work as defined in legislation
- Youth Promise Plus- £0.9m for match funding the youth promise project and commitment in 2018/19
- Clean Air Zone - £0.5m for delivery of the Clean Air Zone agenda
- Other net movements to reserves - £0.3m

### **Strategic Services**

There were planned transfers from Grants Reserves of (£0.2m) and transfers from Other Reserves of (£3.3m).

The key elements of the recommended net transfer to reserves of £1.0m are detailed below.

#### **Proposed Transfers to / (from) reserves**

Grants – net nil transfer to / (from) reserves

Other transfers – £1.0m transfer to / (from) reserves

- Housing Benefits Subsidy reserve - £1.5m in respect of the protecting against likely reductions in grant due to Universal Credit rollout and to fund the Housing Benefits Overpayments team.
- Benefit Service Transformation - £0.7m to fund transformation in the Benefits Service in response to grant changes.
- Benefits Universal Credit Transition Funding- £0.5m to provide funding in Benefits Services for the transition year following the implementation of Universal Credit in Birmingham
- Legal cost for construction cost dispute – (£0.4m)
- £0.6m to provide funding for the ICT landing team for 2020/21
- Revenue and Benefits – (£0.3m) to fund pension fund strain costs
- (£1.4m) to fund World Indoor Athletics championship in 2017/18
- Other net movements from reserves – (£0.2m)

**Finance & Governance**

There were planned transfers from Grants Reserves of (£1.8m) and transfers from Other Reserves of (£1.2m).

The key elements of the recommended net transfer from reserves of £3.4m are detailed below.

**Proposed Transfers to / (from) reserves**

Grants – £0.4m transfer to / (from) reserves

- Elections Individual Electoral Registration Grant- £0.4m receipts in advance

Other transfers – (£3.8m) transfer to / (from) reserves

- Insurance – (£2.4m) to fund expenditure in 2017/18
- Finance Birmingham Loan Contingency – (£0.9m) to fund in year impairment associated with the portfolio
- Shared Services – (£0.2m) to fund PFS costs
- WCCC Loan – (£0.5m) to be used to offset losses in the wider loans and investment portfolio
- Major Projects HS2 Growth Strategy- (£0.3m)
- Unidentified in year income pending further investigation – £0.9m
- Other net movements from reserves – (£0.4m)

## **Appendix 2: Capital Outturn 2017/18**

### **1.0 Overview**

- 1.1 The total capital outturn was £362.188m. This is £157.683m below the planned expenditure of £519.871m as follows:

	<b>£m Previous Quarter 3</b>	<b>£m Quarter 4 Movements</b>	<b>£m Annual Total</b>
<b>2017/18 Original Budget</b>	<b>464.228</b>		<b>464.228</b>
Change in budget	53.973	1.670	55.643
<b>2017/18 Revised Budget</b>	<b>518.201</b>	<b>1.670</b>	<b>519.871</b>
Less: Cumulative Slippage	(126.689)	(30.360)	(157.049)
Less: Forecast/actual (under) / overspends	(3.703)	3.069	(0.634)
<b>Equals: Outturn</b>	<b>387.809</b>	<b>(25.621)</b>	<b>362.188</b>

- 1.2 The City Council's capital monitoring analyses budget variations between:

- (1) Changes in the timing of budgeted expenditure, where the expenditure is still required but takes place later than planned (slippage) or earlier than planned (acceleration); and
- (2) Underspends or overspends, which represent a decrease or increase in the total capital cost of a project (which may be over several years).

Slippage of £(126.689)m and an underspend of £(3.703)m were reported previously at Quarters 2 & 3. Further slippage of £(30.360)m and a net underspend of £(0.634)m are now being reported at outturn 2017/18.

It is important to note that no resources will be lost as a result of the slippage. The resources and planned expenditure will be "rolled forward" into future years.

### **2. Reasons for variations**

- 2.1 Annex 1 summarises actual capital expenditure for 2017/18 by Directorate. It also shows the further variations against the final budget over and above what has been reported previously.

Annex 2 describes the reasons for major variations in Quarter 4, by Directorate.

Annex 3 provides a full listing of the Capital Expenditure Programme outturn 2017/18.

### **3. Queen's Park Flood Alleviation Works**

- 3.1 A Court Order was placed on the City Council in January 2016 to build and maintain a permanent flood protection barrier in Queen's Park, Harborne, following regular flooding of properties adjacent to the park. The flooding only occurred following the development of the properties that was completed in 2007 (attempts by residents to seek redress through the developer's insurance were unsuccessful as the developer ceased trading in 2012 and so action was taken against the Council leading to the Court Order).
- 3.2 The work was commenced in June 2017 and was commissioned of a contractor through the Miscellaneous Drainage Works Framework Agreement. The estimated total costs of the project are estimated at £0.9m (of which £0.1m was met from the 2016/17 revenue budget) and it is proposed to fund the remaining £0.8m from prudential borrowing over 40 years at an annual cost of £32,800. This will be met from the approved Park Services revenue resources. The costs incurred in 2017/18 of £0.58m are included in the Park Services capital expenditure. A Full Business Case report will be taken to the Cabinet member setting out the decisions which were taken and the options that were reviewed in responding to the Court Order.

### **4. Financing of Capital Expenditure**

- 4.1 The proposed financing arrangements in respect of City Council capital expenditure in 2017/18 of £362.188m are summarised below:

<b>Financing method</b>	<b>£m</b>
Borrowing	150.022
Government Grants	87.961
Capital Receipts	49.231
Other Grants and Contributions	7.900
HRA use of Revenue Resources (incl. MRR)	50.069
Use of Revenue Resources	17.005
<b>Total financing</b>	<b>362.188</b>

- 4.2 The Budget 2017+ included a strategy to maximise the availability of capital receipts to fund equal pay liabilities, and to use the Government's capital receipts flexibility to meet the cost of eligible projects generating revenue

savings in later years. Accordingly, borrowing has been used to finance the outturn capital programme in place of capital receipts where possible, in order to maximise the availability of receipts for equal pay and the capital receipts flexibility.

- 4.3 Actual prudential borrowing of £150.0m is less than the £167.4m originally planned in the City Council Business Plan and Budget 2017+. This is due largely to slippage in the capital programme described above in relation to projects funded from prudential borrowing. Monitoring of the full prudential indicators at outturn is set out in Annex 6 to the Treasury Management annual report (Appendix 3).

								<b>Annex 1</b>
<b>Capital Monitoring as at 31st March 2018</b>								
<b>Capital Expenditure 2017/18 by Directorate</b>								
	<b>(a)</b>	<b>(b)</b>	<b>(c)</b>	<b>(d)</b>	<b>(e)</b>	<b>(f)</b>	<b>(g)</b>	
	<b>2017/18</b>	<b>New</b>	<b>2017/18</b>	<b>Previously</b>	<b>Further</b>	<b>Previously</b>	<b>Over/</b>	<b>2017/18</b>
	<b>Quarter 3</b>	<b>Schemes</b>	<b>Quarter 4</b>	<b>Reported</b>	<b>Slippage</b>	<b>Reported</b>	<b>(under)</b>	<b>Outturn</b>
	<b>Approved</b>	<b>&amp;</b>	<b>Revised</b>	<b>Slippage</b>	<b>Quarter 4</b>	<b>Over/</b>	<b>spend</b>	
	<b>Budget</b>	<b>Resources</b>	<b>Budget</b>			<b>(under)</b>	<b>Quarter 4</b>	
			<b>(a+b)</b>			<b>spend</b>		<b>(e+f+g)</b>
	<b>£'000's</b>	<b>£'000's</b>	<b>£'000's</b>	<b>£'000's</b>	<b>£'000's</b>	<b>£'000's</b>	<b>£'000's</b>	<b>£'000's</b>
<b>Adult Social Care &amp; Health</b>	<b>10,901</b>	<b>0</b>	<b>10,901</b>	<b>(3,906)</b>	<b>370</b>	<b>0</b>	<b>235</b>	<b>7,600</b>
<b>Children, Young People &amp; Families</b>	<b>65,890</b>	<b>0</b>	<b>65,890</b>	<b>(18,971)</b>	<b>(992)</b>	<b>0</b>	<b>0</b>	<b>45,927</b>
<b>Place Directorate</b>								
Non Housing Services	36,705	0	36,705	(9,764)	(3,311)	1,114	886	25,630
Housing Revenue Account	126,601	0	126,601	(8,701)	(7,179)	2,275	421	113,417
Housing Private Sector	50,017	0	50,017	(25,350)	(12,596)	270	(112)	12,229
<b>Total Place Directorate</b>	<b>213,323</b>	<b>0</b>	<b>213,323</b>	<b>(43,815)</b>	<b>(23,086)</b>	<b>3,659</b>	<b>1,195</b>	<b>151,276</b>
<b>Economy Directorate</b>								
Planning & Regeneration	54,332	1,670	56,002	(10,187)	(6,145)	(3,502)	1,214	37,382
Transportation	43,125	0	43,125	(15,000)	(133)	(268)	153	27,877
Highways	5,699	0	5,699	(873)	(373)	0	143	4,596
Birmingham Property Services	33,102	0	33,102	(1,465)	(376)	(774)	(248)	30,239
<b>Total Economy Directorate</b>	<b>136,258</b>	<b>1,670</b>	<b>137,928</b>	<b>(27,525)</b>	<b>(7,027)</b>	<b>(4,544)</b>	<b>1,262</b>	<b>100,094</b>
<b>Finance &amp; Governance Directorate</b>	<b>78,810</b>	<b>0</b>	<b>78,810</b>	<b>(23,272)</b>	<b>2,034</b>	<b>(2,815)</b>	<b>29</b>	<b>54,786</b>
<b>Strategic Services Directorate</b>	<b>13,019</b>	<b>0</b>	<b>13,019</b>	<b>(9,200)</b>	<b>(1,659)</b>	<b>(3)</b>	<b>348</b>	<b>2,505</b>
	<b>518,201</b>	<b>1,670</b>	<b>519,871</b>	<b>(126,689)</b>	<b>(30,360)</b>	<b>(3,703)</b>	<b>3,069</b>	<b>362,188</b>



ADULT SOCIAL CARE & HEALTH		2017/18 £'000	Project Officer Narratives
Property Schemes	Previous Budget at Q3	2,052	Programme of Refurbishments of Older Adults Services and Learning Disability Services. All schemes are grant funded.
	New resources in Q4	0	
	Previously Reported Variance	(1,902)	Reported in previous Quarterly Monitoring Reports
	(slippage) /acceleration at Q4	737	Cabinet Members agreed in August 2015 to acquire a long leasehold interest in land owned by the Public Park in Harborne (Grove Park) a charitable trust. There has been a number of complex legal and charitable challenges and it had been expected that these would not be resolved until after the start of 2018/19. However, sufficient progress was made to complete the transaction in March 2018.
	(Under) / Overspend in Q4	0	
	<b>Outturn</b>	<b>887</b>	
Improvements to Social Care Delivery	Previous Budget at Q3	2,736	New and enhanced IT systems to support the delivery of Adults & Communities services.
	New resources in Q4	0	
	Previously Reported Variance	(907)	Reported in previous Quarterly Monitoring Reports
	(slippage) /acceleration at Q4	0	
	(Under) / Overspend in Q4	234	This scheme funds assistive equipment (e.g. hoists, wheelchairs and beds). Additional resources available under the Better Care Fund grant mean that additional expenditure on these adaptations and equipment can be charged against the capital element of the Better Care Fund.
	<b>Outturn</b>	<b>2,063</b>	
Independent Living	Previous Budget at Q3	4,603	Delivery of major adaptation schemes through the Disabled Facilities Grant.
	New resources in Q4	0	
	Previously Reported Variance	0	
	(slippage) /acceleration at Q4	(297)	In 2017 the Council commissioned new contracts for the provision of equipment and building works in relation to the Independent Living Service. As a result of a dispute arising from this process works are restricted to the provision of equipment and small or urgent works. As a consequence expenditure on these schemes has been lower than anticipated.
	(Under) / Overspend in Q4	0	
	<b>Outturn</b>	<b>4,306</b>	

CHILDREN, YOUNG PEOPLE AND FAMILIES		2017/18 £'000	Project Officer Narratives
<b>Devolved Capital</b>	Previous Budget at Q3	2,804	Allocated to Maintained Schools to fund capital works.
	New resources in Q4	0	
	<i>Previously Reported Variance</i>	0	
	(slippage) /acceleration at Q4	(859)	Spend is informed by 400+ school decisions and schools can carry forward their allocation for up to 3 years.
	(Under) / Overspend in Q4	0	
	<b>Outturn</b>	<b>1,945</b>	
<b>Basic Need/Additional Primary Places</b>	Previous Budget at Q3	38,641	Building programme aimed at expanding school provision in order to meet pupil place requirements.
	New resources in Q4	0	
	<i>Previously Reported Variance</i>	(13,600)	<i>Reported in previous Quarterly Monitoring Reports</i>
	(slippage) /acceleration at Q4	1,038	There have been a number of legal and charitable complications around the Uffculme lease for Chamberlain House and it had previously been expected that these would not be resolved until after the start of the new financial year. However, sufficient progress was made to complete the transaction toward the end of March 2018.
	(Under) / Overspend in Q4	0	Minor variation
	<b>Outturn</b>	<b>26,079</b>	
<b>Early Years Schemes</b>	Previous Budget at Q3	2,773	Funding for additional places in the nursery sector - mainly based at primary schools.
	New resources in Q4	0	
	<i>Previously Reported Variance</i>	(1,300)	<i>Reported in previous Quarterly Monitoring Reports</i>
	(slippage) /acceleration at Q4	(771)	The final negotiations around the Early Years Health and Well Being contract has led to delays in commencing planned works at Fox Hollies, Castle Vale and Four Dwellings.
	(Under) / Overspend in Q4	0	
	<b>Outturn</b>	<b>702</b>	
<b>IT Investment</b>	Previous Budget at Q3	1,989	IT Investment in Children's Services.
	New resources in Q4	0	
	<i>Previously Reported Variance</i>	(1,118)	<i>Reported in previous Quarterly Monitoring Reports</i>
	(slippage) /acceleration at Q4	(234)	Minor variations across a number of schemes
	(Under) / Overspend in Q4	0	
	<b>Outturn</b>	<b>637</b>	

PLACE DIRECTORATE - OTHER GENERAL FUND		2017/18 £'000	Project Officer Narratives
<b>Waste Management Services</b>	Previous Budget at Q3	5,387	Waste Depot Modernisation Programme and Mobile IT project. Phase 1 of the Depot Modernisation Programme will deliver improvements to Perry Barr and Lifford Depots and the Mobile IT Project.
	New resources in Q4	0	
	<i>Previously Reported Variance</i>	(2,730)	<i>Reported in previous Quarterly Monitoring Reports</i>
	(slippage) /acceleration at Q4	(813)	Slippage relates to the Waste Depot redevelopment project budget reflecting a move from the redevelopment of three depots to two which result from the development of the Waste Strategy. Two new projects have been identified as priorities - these are at an early stage of development and require funding to be re-phased.
	(Under) / Overspend in Q4	0	
	<b>Outturn</b>	<b>1,844</b>	
<b>Bereavement Services</b>	Previous Budget at Q3	5,636	Development of the Cemetery at Sutton New Hall for the provision of additional burial plots.
	New resources in Q4	0	
	<i>Previously Reported Variance</i>	0	
	(slippage) /acceleration at Q4	(350)	The scheme has been delayed as weather conditions and frozen ground have prevented completion of the landscaping works. Completion is expected by summer 2018.
	(Under) / Overspend in Q4	(15)	
	<b>Outturn</b>	<b>5,271</b>	
<b>Markets</b>	Previous Budget at Q3	5,088	Relocation of Birmingham Wholesale Markets to Witton including purchase of land and construction of a building at a new site.
	New resources in Q4	0	
	<i>Previously Reported Variance</i>	(342)	<i>Reported in previous Quarterly Monitoring Reports</i>
	(slippage) /acceleration at Q4	(1,235)	The variance is due to delay in the final fit out of traders' units at the new wholesale market and therefore slippage into 2018/19 in the Council's retrospective contributions towards traders' costs for this work. This arose from issues with the sprinkler system and roller shutter doors, and protracted negotiations with tenants to support their relocation from the current city centre market.
	(Under) / Overspend in Q4	22	
	<b>Outturn</b>	<b>3,533</b>	

PLACE DIRECTORATE - OTHER GENERAL FUND		2017/18 £'000	Project Officer Narratives
<b>Adult Education &amp; Youth</b>	Previous Budget at Q3	758	Relocation of Brasshouse Adult Education Centre to the Library of Birmingham.
	New resources in Q4	0	
	<i>Previously Reported</i>	0	
	<i>Variance</i>		
	(slippage) /acceleration at Q4	(211)	Variances of less than £0.200m across 3 schemes
	(Under) / Overspend in Q4	0	
	<b>Outturn</b>	<b>547</b>	
<b>Strategic Libraries</b>	Previous Budget at Q3	570	Library of Birmingham - residual budgets to complete the fit out of a wide range of relatively small items and to complete works to doors and flooring.
	New resources in Q4	0	
	<i>Previously Reported</i>	0	
	<i>Variance</i>		
	(slippage) /acceleration at Q4	(180)	
	(Under) / Overspend in Q4	(60)	
	<b>Outturn</b>	<b>330</b>	

PLACE DIRECTORATE - HOUSING PRIVATE SECTOR GENERAL FUND		2017/18 £'000	Project Officer Narratives
<b>Empty Homes</b>	Previous Budget at Q3	550	Expenditure to bring privately owned long term void properties back into use through compulsory
	New resources in Q4	0	
	<i>Previously Reported</i>	0	
	(slippage) /acceleration at Q4	(325)	Underspend on demand-led Empty Properties programme due to a lower number of compensation payments agreed. The Empty Properties programme is funded on an on-going basis from a revolving fund as properties are bought and sold.
	(Under) / Overspend in Q4	0	
	<b>Outturn</b>	<b>225</b>	
<b>Housing Related Loans - InReach</b>	Previous Budget at Q3	36,584	Provision of loans to InReach (Birmingham) Limited - a wholly owned company of BCC which has been set
	New resources in Q4	0	
	<i>Previously Reported</i>	(17,580)	<i>Reported in previous Quarterly Monitoring Reports</i>
	(slippage) /acceleration at Q4	(9,845)	St Vincent Street (Embankment) - slippage due to ongoing resolution of contractual issues. Slippage on the INReach Voids programme due to delays in receiving Secretary of State consent. Brasshouse Centre - Delayed disposal of site to INReach due to ongoing valuation negotiations. Key Hill - Delayed disposal of site to INReach due to ongoing valuation negotiations.
	(Under) / Overspend in Q4	(270)	Changes to anticipated value of loans to INReach as scheme details are being developed.
	<b>Outturn</b>	<b>8,889</b>	
<b>Housing Options</b>	Previous Budget at Q3	12,868	Programme of refurbishment of temporary accommodation to improve services for the homeless.
	New resources in Q4	0	
	<i>Previously Reported</i>	(7,500)	<i>Reported in previous Quarterly Monitoring Reports</i>
	(slippage) /acceleration at	(2,425)	Slippage on the Barry Jackson project due to delays in achieving planning consent.
	(Under) / Overspend in Q4	157	
	<b>Outturn</b>	<b>3,100</b>	

PLACE DIRECTORATE - HOUSING REVENUE ACCOUNT		2017/18 £'000	Project Officer Narratives
<b>Housing Improvement Programme</b>	Previous Budget at Q3	58,439	Capital Investment Programme - various projects to carry out improvements to stock including major structural works.
	New resources in Q4	0	
	<i>Previously Reported Variance</i>	6,468	<i>Reported in previous Quarterly Monitoring Reports</i>
	(slippage) /acceleration at Q4	(1,524)	Reinstatement of previously accelerated spend projections, including Central Heating, Windows and Communal Decorations being lower than forecast at quarter 3 due to the capacity of contractors to carry out the additional works in 2017/18.
	(Under) / Overspend in Q4	(620)	Net underspend largely due to fire protection works that were anticipated on low rise flats based on indicative estimates but are no longer required and further reduction in kitchen and bathroom replacements in void properties. This is partially offset by an increase in structural investigations due to extensive investigative works being carried out in relation to external cladding and Large Panel Systems blocks due the complexity of the potential investment works required.
	<b>Outturn</b>	<b>62,763</b>	
<b>Redevelopment</b>	Previous Budget at Q3	63,282	Birmingham Municipal Housing Trust (BMHT) new build housing Stock Replacement Programme and Affordable Rent Programmes, together with related housing development, including sales and clearance.
	New resources in Q4	0	
	<i>Previously Reported Variance</i>	(13,646)	<i>Reported in previous Quarterly Monitoring Reports</i>
	(slippage) /acceleration at Q4	(5,636)	Slippage on various BMHT schemes largely due to adverse weather conditions in the final quarter of the year and unanticipated delays with the supply of materials. Slippage on clearance schemes due to further delays in acquisitions including higher value commercial premises at Meadway; delays in letting demolition contracts at various sites due to the identification of asbestos and finalising contracts; and slippage on rehousing due to delays in in BMHT completions and complex rehousing issues at certain schemes.
	(Under) / Overspend in Q4	(173)	Minor variations across a number of schemes.
	<b>Outturn</b>	<b>43,827</b>	
<b>Other Programmes</b>	Previous Budget at Q3	4,880	Mainly capital works to void properties and major adaptation works to HRA properties.
	New resources in Q4	0	
	<i>Previously Reported Variance</i>	752	<i>Reported in previous Quarterly Monitoring Reports</i>
	(slippage) /acceleration at Q4	(19)	
	(Under) / Overspend in Q4	1,214	Overspend largely due to additional adaptation investment carried out on Council dwellings funded from savings identified above and additional Right To Buy receipts. Note that this budget is responsive/ demand led, based on medical assessments of individual tenants needs.
	<b>Outturn</b>	<b>6,827</b>	

<b>ECONOMY DIRECTORATE - REGENERATION</b>		<b>2017/18 £'000</b>	<b>Project Officer Narratives</b>
<b>Enterprise Zone - Paradise Circus Redevelopment</b>	Previous Budget at Q3	18,771	The major redevelopment of the Paradise Circus site. An investment plan resourced by the LEP for projects / programmes delivering development and long term growth.
	New resources in Q4	0	
	<i>Previously Reported Variance</i>	0	
	(slippage) /acceleration at Q4	(4,921)	The original 2017/18 budget comprised an allowance for Phase 2 and Phase 2 works of £3.6m which have not taken place as Phase 1 works experienced delays from relocating Birmingham City University, impacts from the A38 Tunnel works, asbestos removal and more recently the principal contractor going into liquidation. A revised Business Case and budget is currently being prepared which will take on board revisions to the overall construction cost package and profiles to reflect these delays along with other associated project scope and cost increases.
	(Under) / Overspend in Q4	0	
	<b>Outturn</b>	<b>13,850</b>	
<b>East Aston RIS</b>	Previous Budget at Q3	2,000	East Aston Regional Investment Site - Advanced Manufacturing Hub (AMH). Programme of land acquisition, demolitions, remediation and site assembly to enable developers to relocate to a strategically important manufacturing site.
	New resources in Q4	0	
	<i>Previously Reported Variance</i>	(1,375)	<i>Reported in previous Quarterly Monitoring Reports</i>
	(slippage) /acceleration at Q4	648	Accelerated expenditure relating to acquisition of land, demolition and remediation costs.
	(Under) / Overspend in Q4	1,182	For this project there is a collaboration agreement with the Homes & Communities Agency to share in land disposal receipts in the East Aston RIS area. The spend relates to BCC paying the HCA their share of the proceeds of an old BCC plot of land and is fully funded by capital receipts.
	<b>Outturn</b>	<b>2,455</b>	
<b>Unlocking Housing Sites</b>	Previous Budget at Q3	3,000	Project for providing grants and/or loans to property developers to unlock sites with problems which make them uneconomical to develop. This project is demand led.
	New resources in Q4		
	<i>Previously Reported Variance</i>	(93)	<i>Reported in previous Quarterly Monitoring Reports</i>
	(slippage) /acceleration at Q4	(1,076)	This grant programme provides funding where housing projects have a viability/profitability gap. There is a due diligence process which requires projects to be appraised and approved before grants and construction commences. Although the programme is fully committed, the profile of the spend will tend to be towards the end of the programme in 2019.
	(Under) / Overspend in Q4	0	
	<b>Outturn</b>	<b>1,831</b>	

<b>ECONOMY DIRECTORATE - REGENERATION</b>		<b>2017/18 £'000</b>	<b>Project Officer Narratives</b>
<b>Life Sciences</b>	Previous Budget at Q3	0	Development of a new Biomedical Innovation Hub within the Birmingham Research Park Campus as a focal point and incubation facility for companies within the Biomedical/Life Sciences sectors by providing access to state of the art facilities and laboratories for new, small and early stage companies.
	New resources in Q4	1,670	Development of a new Biomedical Innovation Hub within the Birmingham Research Park Campus funded by Capital Receipts and approved by Cabinet in October 2013.
	<i>Previously Reported</i>	0	
	(slippage) /acceleration at	0	
	(Under) / Overspend in Q4	0	
	<b>Outturn</b>	<b>1,670</b>	



ECONOMY DIRECTORATE - EMPLOYMENT & SKILLS		2017/18 £'000	Project Officer Narratives
National College for High Speed Rail	Previous Budget at Q3	8,520	Construction of a new building that will serve as the operational training headquarters for High Speed Rail College at Birmingham.
	New resources in Q4	0	
	Previously Reported Variance	(3,502)	Reported in previous Quarterly Monitoring Reports
	(slippage) /acceleration at Q4	(202)	Having successfully opened in August 2017 the build cost came in under budget at around £0.200m. A number of desired works identified in the original specification could however not be completed before the funding cessation date of 31st March 2018. As a result an extension of funding is now being sought from the GBSLEP into 2018./19 to progress these works at a cost of £0.077m.
	(Under) / Overspend in Q4	0	
	<b>Outturn</b>	<b>4,816</b>	
ERDF Business Growth & Property investment	Previous Budget at Q3	5,153	ERDF Business Support Programmes comprises two projects - Business Growth Programme and Property Investment Programme to provide grant assistance targeted at up to 576 existing small and medium enterprises.
	New resources in Q4	0	
	Previously Reported	0	
	(slippage) /acceleration at Q4	(1,107)	The BGP programme provides capital and revenue grants to SME's to support business investment and job creation funded from ERDF grant. Expenditure cannot commence until the project is appraised, approved and offered.
	(Under) / Overspend in Q4	0	
	<b>Outturn</b>	<b>4,046</b>	

<b>ECONOMY DIRECTORATE - TRANSPORTATION</b>		<b>2017/18 £'000</b>	<b>Project Officer Narratives</b>
<b>Inner Ring Road schemes - Ashted Circus</b>	Previous Budget at Q3	2,030	Ashted Circus - projects to reduce congestion on the Inner Ring Road.
	New resources in Q4	0	
	<i>Previously Reported Variance</i>	(488)	<i>Reported in previous Quarterly Monitoring Reports</i>
	(slippage) /acceleration at Q4	211	Forecast has been exceeded due to bringing forward some landscaping works. The LEP has actively encouraged accelerated grant drawdown from next financial year into this financial year which will fund this accelerated spend.
	(Under) / Overspend in Q4	0	
	<b>Outturn</b>	<b>1,753</b>	
<b>Longbridge Connectivity</b>	Previous Budget at Q3	2,856	A number of schemes at Longbridge to improve traffic management and accessibility for pedestrians and cyclists.
	New resources in Q4	0	
	<i>Previously Reported Variance</i>	(806)	<i>Reported in previous Quarterly Monitoring Reports</i>
	(slippage) /acceleration at Q4	(207)	Delays on completion of statutory undertakers works due to unforeseen ground conditions which has led to subsequent delays on the Civil Works Programme.
	(Under) / Overspend in Q4	0	
	<b>Outturn</b>	<b>1,843</b>	
<b>Journey Reliability</b>	Previous Budget at Q3	1,349	Minor schemes comprising Journey Reliability; Peddimore Improvement Works; Heartlands Spine Road; Selly Oak New Road and other minor schemes <£0.100m.
	New resources in Q4	0	
	<i>Previously Reported Variance</i>	(342)	<i>Reported in previous Quarterly Monitoring Reports</i>
	(slippage) /acceleration at Q4	7	
	(Under) / Overspend in Q4	0	
	<b>Outturn</b>	<b>1,014</b>	

<b>ECONOMY DIRECTORATE - TRANSPORTATION</b>		<b>2017/18 £'000</b>	<b>Project Officer Narratives</b>
<b>Holloway Circus</b>	Previous Budget at Q3	1,759	Project to reduce congestion on the Inner Ring Road
	New resources in Q4	0	
	<i>Previously Reported Variance</i>	(1,059)	
	(slippage) /acceleration at Q4	1,098	Works are progressing well and ahead of programme. Funds from the Integrated Transport Block grant and Enterprise Zones totalling £0.775m and £0.324m respectively will need to be brought forward from 2018/19 to cover the 2017/18 overspend.
	(Under) / Overspend in Q4	0	
	<b>Outturn</b>	<b>1,798</b>	
<b>Clean Air &amp; Hydrogen Buses</b>	Previous Budget at Q3	4,540	Clear Air Hydrogen Bus Pilot to ascertain the commercial viability of refuelling and operating hydrogen buses to contribute towards the zero emission impact required for Birmingham to achieve air quality compliance.
	New resources in Q4	0	
	<i>Previously Reported Variance</i>	(3,050)	<i>Reported in previous Quarterly Monitoring Reports</i>
	(slippage) /acceleration at Q4	(490)	The Office for Low Emission Vehicles (OLEV) approved late slippage of £0.490m on the basis that £1m of grant for hydrogen infrastructure would be defrayed, but hydrogen buses procurement was delayed due to future bus operator negotiations.
	(Under) / Overspend in Q4	0	
	<b>Outturn</b>	<b>1,000</b>	

<b>ECONOMY DIRECTORATE - HIGHWAYS</b>		<b>2017/18 £'000</b>	<b>Project Officer Narratives</b>
<b>Network Integrity</b>	Previous Budget at Q3	4,071	The Network Integrity and Efficiency programme is made up of relatively small value schemes to enhance and protect the highway network and support the localism agenda through measures to address local transport issues identified at ward level. This is all funded by the Integrated Transport Block grant. It also includes a holding budget of ITB resources for funding the various schemes including Ward Minor Transport Measures above.
	New resources in Q4	0	
	<i>Previously Reported Variance</i>	(71)	<i>Reported in previous Quarterly Monitoring Reports</i>
	(slippage) /acceleration at Q4	(360)	Minor slippage of <£0.100m over a number of schemes.
	(Under) / Overspend in Q4	35	Minor variation.
	<b>Outturn</b>	<b>3,675</b>	

FINANCE & GOVERNANCE DIRECTORATE		2017/18 £'000	Project Officer Narratives
Gateway / Grand Central Residual Costs	Previous Budget at Q3	1,000	
	New resources in Q4	0	
	Previously Reported Variance	500	Reported in previous Quarterly Monitoring Reports
	(slippage) /acceleration at Q4	751	The increase in cost over forecast is attributable to the timing of compensation settlement with claimants which are commercial issues that are outside of the City Council's direct control and higher than anticipated professional fees being incurred in defending the City Council's position in respect of a significant on-going compensation claim.
	(Under) / Overspend in Q4	0	
	<b>Outturn</b>	<b>2,251</b>	
Capital Loans & Equity	Previous Budget at Q3	36,600	Capital Equity Investments.
	New resources in Q4	0	
	Previously Reported Variance	(2,600)	Reported in previous Quarterly Monitoring Reports
	(slippage) /acceleration at Q4	0	
	(Under) / Overspend in Q4	0	
	<b>Outturn</b>	<b>34,000</b>	
Commonwealth Games Preliminary Costs	Previous Budget at Q3	5,800	Commonwealth Games - acquisition of land.
	New resources in Q4	0	
	Previously Reported Variance	0	
	(slippage) /acceleration at Q4	(5,033)	Slippage due to ongoing negotiations to finalise valuation of land to be acquired including assessment of site conditions
	(Under) / Overspend in Q4	0	
	<b>Outturn</b>	<b>767</b>	

STRATEGIC SERVICES DIRECTORATE		2017/18 £'000	Project Officer Narratives
Corporate ICT Investment	Previous Budget at Q3	13,198	A ten year programme for enhancements to the Core ICT across Birmingham City Council made up of various projects including replacement servers, infrastructure and enhancements to software.
	New resources in Q4	0	
	Previously Reported Variance	(9,203)	<i>Reported in previous Quarterly Monitoring Reports</i>
	(slippage) /acceleration at Q4	(1,659)	Spend on the Corporate Investment Plan has been put on hold whilst BCC have been in negotiations with Capita with regards the ceasing of the Service Birmingham Joint Venture. This was approved by Cabinet in December 2017. Since then, BCC have been putting together a transition programme to reflect the new arrangements required for the future. This is going to Cabinet on 27th March after which date spend will resume.
	(Under) / Overspend in Q4	169	
	<b>Outturn</b>	<b>2,505</b>	

<b>CAPITAL OUTTURN 2017/18 - HIGH LEVEL CEP</b>					<b>Annex 3</b>
	<b>2017/18</b>	<b>2017/18</b>	<b>2017/18</b>	<b>2017/18</b>	<b>2017/18</b>
	<b>Qtr 4 Revised Budget</b>	<b>Outturn</b>	<b>Variance</b>	<b>Previously Reported Variance</b>	<b>Further Variance at Outturn</b>
	<b>£'000's</b>	<b>£'000's</b>	<b>£'000's</b>	<b>£'000's</b>	<b>£'000's</b>
<b><u>Adult Social Care &amp; Health Directorate</u></b>					
Property Schemes	2,052	887	(1,165)	(1,902)	737
IT Schemes	565	13	(552)	(546)	(6)
Adults Carefirst Replacement Scheme	944	331	(613)	(551)	(62)
Improvements to Social Care Delivery	2,736	2,063	(673)	(907)	234
Independent Living	4,604	4,306	(298)	0	(298)
<b>Total Adult Social Care &amp; Health Directorate</b>	<b>10,901</b>	<b>7,600</b>	<b>(3,301)</b>	<b>(3,906)</b>	<b>605</b>
<b><u>Children, Young People &amp; Families Directorate</u></b>					
Aiming Higher for Disabled Children	183	183	0	0	0
Devolved Capital Allocation to Schools	2,804	1,945	(859)	0	(859)
Schools Condition Allowance	19,447	16,380	(3,067)	(2,953)	(114)
Basic Needs / Additional Primary Places	38,642	26,079	(12,563)	(13,600)	1,037
Early Years	2,773	702	(2,071)	(1,300)	(771)
IT Investment	1,989	637	(1,352)	(1,118)	(234)
Other minor schemes	52	1	(51)	0	(51)
<b>Total Children, Young People &amp; Families</b>	<b>65,890</b>	<b>45,927</b>	<b>(19,963)</b>	<b>(18,971)</b>	<b>(992)</b>

	2017/18	2017/18	2017/18	2017/18	2017/18
	Qtr 4 Revised Budget	Outturn	Variance	Previously Reported Variance	Further Variance at Outturn
	£'000's	£'000's	£'000's	£'000's	£'000's
<b><u>PLACE DIRECTORATE</u></b>					
<b>Other - General Fund</b>					
Sport - Swimming Pool Facilities	10,398	10,562	164	164	0
Waste Management Services	5,387	1,844	(3,543)	(2,730)	(813)
Parks	5,395	2,732	(2,663)	(2,766)	103
Bereavement Services	5,636	5,271	(365)	0	(365)
Markets	5,088	3,533	(1,555)	(342)	(1,213)
Community Initiatives	392	0	(392)	(392)	0
Regulation & Enforcement	368	215	(153)	(361)	208
Highways - Land Drainage & Flood Defence	1,176	41	(1,135)	(1,090)	(45)
Adult Education & Youth	758	546	(212)	0	(212)
Strategic Libraries	570	330	(240)	0	(240)
Museums & Arts	0	54	54	0	54
Community Libraries	1,482	479	(1,003)	(1,105)	102
Community Development & Play	48	15	(33)	(28)	(5)
Community Chest	1	0	(1)	0	(1)
Neighbourhood & Community Services Other	6	8	2	0	2
Other Services	0	0	0	0	0
<b>Total Place Other GF</b>	<b>36,705</b>	<b>25,630</b>	<b>(11,075)</b>	<b>(8,650)</b>	<b>(2,425)</b>

	2017/18	2017/18	2017/18	2017/18	2017/18
	Qtr 4 Revised Budget	Outturn	Variance	Previously Reported Variance	Further Variance at Outturn
	£'000's	£'000's	£'000's	£'000's	£'000's
<b>Private Sector Housing</b>					
Empty Homes	550	225	(325)	0	(325)
Housing Related Loans	36,584	8,889	(27,695)	(17,580)	(10,115)
Housing Options	12,868	3,100	(9,768)	(7,500)	(2,268)
Other Programmes	15	15	0	0	0
<b>Total Private Sector Housing GF</b>	<b>50,017</b>	<b>12,229</b>	<b>(37,788)</b>	<b>(25,080)</b>	<b>(12,708)</b>
<b>HRA</b>					
Housing Improvement Programme	58,439	62,763	4,324	6,468	(2,144)
Redevelopment	63,282	43,827	(19,455)	(13,646)	(5,809)
Other Programmes	4,880	6,827	1,947	752	1,195
<b>Total HRA</b>	<b>126,601</b>	<b>113,417</b>	<b>(13,184)</b>	<b>(6,426)</b>	<b>(6,758)</b>
<b>Total Place Directorate</b>	<b>213,323</b>	<b>151,276</b>	<b>(62,047)</b>	<b>(40,156)</b>	<b>(21,891)</b>



	2017/18	2017/18	2017/18	2017/18	2017/18
	Qtr 4 Revised Budget	Outturn	Variance	Previously Reported Variance	Further Variance at Outturn
	£'000's	£'000's	£'000's	£'000's	£'000's
<b><u>ECONOMY DIRECTORATE</u></b>					
<b><u>Planning &amp; Regeneration Schemes</u></b>					
<b>Major Projects</b>					
Enterprise Zone - Paradise Circus	18,771	13,850	(4,921)	0	(4,921)
Enterprise Zone - Site Development & Access	2,500	0	(2,500)	(2,500)	0
Enterprise Zone - Southside Links	86	114	28	(71)	99
EZ Phase II - HS2 Site Enabling	1,000	0	(1,000)	(1,000)	0
Jewellery Quarter Cemetery	1,184	5	(1,179)	(1,134)	(45)
Unlocking Housing Sites	3,000	1,831	(1,169)	(93)	(1,076)
East Aston RIS	1,826	2,280	454	(1,375)	1,829
Life Sciences	3,108	2,135	(973)	(1,023)	50
Other	207	180	(27)	0	(27)
<b>Public Realm</b>					
Metro Centenary Square	7,774	7,223	(551)	(1,000)	449
Making the Connection	284	111	(173)	(81)	(92)
Longbridge	1,359	181	(1,178)	(1,160)	(18)
Other	610	326	(284)	(299)	15

	2017/18	2017/18	2017/18	2017/18	2017/18
	Qtr 4 Revised Budget	Outturn	Variance	Previously Reported Variance	Further Variance at Outturn
	£'000's	£'000's	£'000's	£'000's	£'000's
<b>Infrastructure</b>					
One Station	251	7	(244)	(251)	7
A34 Corridor - Perry Barr	200	154	(46)	(200)	154
Other	4	16	12	0	12
Planning - Other	164	107	(57)	0	(57)
<b>Total Planning &amp; Regeneration Projects</b>	<b>42,328</b>	<b>28,520</b>	<b>(13,808)</b>	<b>(10,187)</b>	<b>(3,621)</b>
<b>Employment &amp; Skills</b>					
National College for HS2	8,520	4,816	(3,704)	(3,502)	(202)
ERDF Business Growth & Property Investment	5,153	4,046	(1,107)	0	(1,107)
<b>Total Employment &amp; Skills</b>	<b>13,673</b>	<b>8,862</b>	<b>(4,811)</b>	<b>(3,502)</b>	<b>(1,309)</b>
<b>Highways Programme</b>					
Safer Routes to Schools	517	326	(191)	(200)	9
Section 106 & S278 Schemes	73	107	34	(51)	85
Network Integrity	4,071	3,675	(396)	(71)	(325)
Road Safety	692	290	(402)	(353)	(49)
Other minor schemes	346	198	(148)	(198)	50
<b>Total Highways</b>	<b>5,699</b>	<b>4,596</b>	<b>(1,103)</b>	<b>(873)</b>	<b>(230)</b>

	2017/18	2017/18	2017/18	2017/18	2017/18
	Qtr 4 Revised Budget	Outturn	Variance	Previously Reported Variance	Further Variance at Outturn
	£'000's	£'000's	£'000's	£'000's	£'000's
<b><u>Transportation</u></b>					
<b>Major Projects</b>					
Ashted Circus	2,030	1,753	(277)	(488)	211
Metro Extension	6,493	6,497	4	(110)	114
Iron Lane	2,050	167	(1,883)	(1,950)	67
Minworth Unlocking	791	791	0	0	0
Battery Way Extension	656	563	(93)	(196)	103
Longbridge Connectivity	2,856	1,843	(1,013)	(806)	(207)
A457 Dudley Road	300	64	(236)	(100)	(136)
Peddimore	330	251	(79)	(80)	1
Journey Reliability	477	444	(33)	(342)	309
Tame Valley	614	78	(536)	(450)	(86)
Selly Oak New Road Phase 1B	240	241	1	(10)	11
Wharfdale Bridge	75	24	(51)	(50)	(1)
Snow Hill Station	218	280	62	0	62
Other	576	721	145	472	(327)

	2017/18	2017/18	2017/18	2017/18	2017/18
	Qtr 4 Revised Budget	Outturn	Variance	Previously Reported Variance	Further Variance at Outturn
	£'000's	£'000's	£'000's	£'000's	£'000's
<b>Inclusive &amp; Sustainable Growth</b>					
Holloway Circus	1,759	1,798	39	(1,059)	1,098
Bromford Gyratory	569	558	(11)	0	(11)
Southside / Hurst Street	952	464	(488)	(382)	(106)
Clean Air & Hydrogen Buses	4,540	1,000	(3,540)	(3,050)	(490)
Journey Reliability	872	570	(302)	0	(302)
Other	2,324	937	(1,387)	(1,360)	(27)
<b>Walking &amp; Cycling</b>	12,897	7,685	(5,212)	(4,916)	(296)
<b>Local Measures</b>	9	13	4	0	4
<b>Infrastructure Development</b>	590	562	(28)	(60)	32
<b>Section 106 / 278</b>	556	573	17	(14)	31
<b>Funding to be Allocated</b>	351	0	(351)	(317)	(34)
<b>Total Transportation</b>	<b>43,125</b>	<b>27,877</b>	<b>(15,248)</b>	<b>(15,268)</b>	<b>20</b>
<b>Birmingham Property Services</b>					
Access to Buildings	231	0	(231)	(231)	0
Attwood Green Projects	449	209	(240)	(216)	(24)
Red Rose Shopping Centre	543	0	(543)	(543)	0
Arena Central	1,364	115	(1,249)	(1,249)	0
Council House Complex - Development Costs	370	324	(46)	0	(46)
NEC Wholly Owned Company	29,800	29,635	(165)	0	(165)
Other	346	(44)	(390)	0	(390)
<b>Total Birmingham Property Services Projects</b>	<b>33,103</b>	<b>30,239</b>	<b>(2,864)</b>	<b>(2,239)</b>	<b>(625)</b>
<b>Total Economy Directorate</b>	<b>137,928</b>	<b>100,094</b>	<b>(37,834)</b>	<b>(32,069)</b>	<b>(5,765)</b>

	2017/18	2017/18	2017/18	2017/18	2017/18
	Qtr 4 Revised Budget	Outturn	Variance	Previously Reported Variance	Further Variance at Outturn
	£'000's	£'000's	£'000's	£'000's	£'000's
<b><u>Finance &amp; Governance Directorate</u></b>					
Revenue Reform Projects	40,599	17,488	(23,111)	(23,195)	84
Gateway / Grand Central Residual Costs	1,000	2,251	1,251	500	751
Corporate Resources	104	133	29	65	(36)
IT Projects	0	0	0	118	(118)
Digital Birmingham	0	0	0	(3)	3
Capital Loans & Equity Funds	30,187	34,000	3,813	(2,600)	6,413
SAP New Developments	1,120	147	(973)	(972)	(1)
Commonwealth Games Preliminary Costs	5,800	767	(5,033)	0	(5,033)
<b>Total Finance &amp; Governance Directorate</b>	<b>78,810</b>	<b>54,786</b>	<b>(24,024)</b>	<b>(26,087)</b>	<b>2,063</b>
<b><u>Strategic Services Directorate</u></b>					
Corporate ICT Investment	13,019	2,505	(10,514)	(9,203)	(1,311)
<b>Total Strategic Services Directorate</b>	<b>13,019</b>	<b>2,505</b>	<b>(10,514)</b>	<b>(9,203)</b>	<b>(1,311)</b>
<b>TOTAL CAPITAL PROGRAMME</b>	<b>519,871</b>	<b>362,188</b>	<b>(157,683)</b>	<b>(130,392)</b>	<b>(27,291)</b>

**TREASURY MANAGEMENT ANNUAL REPORT****1. Outline**

This report reviews the results of the full financial year as well as providing quarter 4 monitoring information in line with normal quarterly management reporting. The most significant elements of treasury management activity during 2017/18 were:

- At 31st March 2018, the Council's total loan debt net of treasury investments stood at £3,301.4m, compared to the net loan debt of £3,064.8m as at 31st March 2017.
- The increase in loan debt is largely due to additional borrowing for a 3-year advance payment in pension fund contributions made in April 2017.
- City Council treasury investments held at 31st March 2018 were £85.9m. The Council also held investments of £76.4m as accountable body.
- The City Council did not breach any of its prudential limits set under the Local Government Act 2003 and the CIPFA Prudential Code for Capital Finance.
- Loan interest, repayment charges and associated costs totalled £200.1m gross, and (£77.7m) after recharges to other services. This was £105.6m below the budget of £27.9m. This was due largely to a one-off saving from the reprofiling of MRP charges of £98.3m, which was approved with the Council Plan and Budget 2018+.

## **2. Background**

- 2.1 The City Council, like all local authorities, is permitted by government to finance capital investment and day to day cash flows from borrowing, in accordance with the prudential borrowing system. The Council's net loan debt at 31st March 2018 stood at £3,301.4m (excluding accountable body investments). This report reviews how the debt and associated investments were managed during the financial year 2017/18.
- 2.2 The City Council has adopted CIPFA's Code of Practice for Treasury Management in the Public Services which includes the requirement to present a treasury management Annual Report. CIPFA recently revised the Treasury Management Code in December 2017, and the full effect of this will be reflected in 2018/19 reporting.
- 2.3 Loans and investments are shown at nominal value unless otherwise indicated, consistent with budget and monitoring reports and the Prudential Indicators. The basis of accounting in the Financial Accounts is different in some cases where required by proper accounting practices.

## **3. The objective of treasury management**

- 3.1 CIPFA defines the objective of Treasury Management as "the management of the organisation's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks". In balancing risk against return, Local Authorities should be more concerned to avoid risks than to maximise return. In particular, this requires a balance to be struck when borrowing between:
  - a) The security offered by long term fixed rate funding;
  - b) The expected cost of short term and variable rate funding, compared with long term funding

Similarly, when investing surplus funds the emphasis should be on the security of capital invested rather than maximising the rate of return.

## **4. Financial markets during 2017/18**

- 4.1 In 2017/18 the UK economy showed signs of slowing, but the latest statistics show that this was far better than anticipated by many forecasts following the EU referendum in June 2016. The fall in sterling associated with the referendum result was beneficial to UK exports. Sterling has remained around 15% to 20% below its pre-referendum peak. Political and economic uncertainty remains, following the surprise General Election in June 2017 and the continuing lack of clarity on Brexit.

The Bank of England's Monetary Policy Committee (MPC) increased Bank Rate by 0.25% in November 2017, which was significant in that it was the first rate increase in ten years. However it was a reversal of the cut of 0.25% made in August 2016 following the referendum result. That increase resulted in higher money market rates. Market expectations have priced in a further 0.25% from May 2018 (and another 0.25% late in the financial year), which have impacted short-term borrowing levels, which also firmed significantly around year end as usual.

The change in sentiment in the outlook for interest rates led to significant volatility in UK Gilt yields, with lows in June and higher by the end of the financial year. The impact can be seen in the PWLB borrowing rates available to local authorities (see chart at Annex 1).

- 4.2 Credit risks for the Council's investments remained relatively stable during the year, reflecting continued recovery from the worst of the credit crunch.

## **5. Treasury strategy and activities during the year**

- 5.1 The City Council's actual net loan debt at 31st March 2018 was £3,301.4m compared to the expected net loan debt at the time of the Original Budget in March 2017 of £3,787.4m. This is due to slippage in the capital expenditure and other cashflow movements across the Council. New long term loans taken amounted to £157.2m compared to the original assumption of £500.0m new long term borrowing. The lower than planned level of long term borrowing is due to the lower overall borrowing requirement.

- 5.2 The treasury strategy for the year:

- Maintained a balanced strategy which enabled the Council to benefit from current low short term interest rates, maintaining a significant short term and variable rate loan portfolio
- Acknowledged the risk that maintaining a significant short term and variable rate loan debt may result in increasing borrowing costs in the longer term, but balanced this against the savings arising from cheaper variable rates in the short term
- Reviewed treasury management activity in the context of the Council's current financial position together with the outlook for interest rates
- Continuously reviewed the advantages and disadvantages of different sources of borrowing.

- 5.3 Opportunities to improve risk management or make savings by prematurely repaying loans are kept under review. No loans were prematurely repaid during 2017/18.

- 5.4 The City Council's Treasury Strategy in recent years has sought to maintain a significant exposure to short-term and variable-rate borrowing in order to take advantage of cheaper short-term rates at around bank base rate. The variable and short term borrowing of £547.2m at 31st March 2017 (see Table 7.1) was



borrowed at an average rate of 0.65%. By borrowing the £547.2m short-term, savings were generated of £4.65m per annum compared with longer term borrowing rates. However, in order to manage the uncertain interest cost of short term borrowing, the short term debt portfolio size was kept broadly in line with the indicative £500m in the Strategy for the year.

- 5.5 The majority of the Council's borrowing needs during the year were met from short term borrowing, minimising interest costs. £157.2m of long term fixed rate borrowing was taken during the year, from a range of sources and from 2 years to 24 years maturity, at interest rates from 0.70% to 2.56% and averaging 1.5% (details are provided at Annex 2).
- 5.6 HRA loan debt is accounted for separately in accordance with the two pool debt system, which the City Council introduced following the reform of Housing Subsidy. The level of HRA loan debt has decreased from £1,123.0m to £1,090.2m, taking account new capital investment and HRA debt repayment provision (or MRP) in the year. No long term loans were taken for the HRA during the year, in order to maintain prudent exposure for the HRA to cheaper short term interest rates.

## **6. Investment management**

- 6.1 Under the current treasury strategy, a working balance of around £40m short term investments is targeted in order to provide liquidity to meet cash flow fluctuations.
- 6.2 Treasury Investments are made in accordance with the creditworthiness criteria in the Treasury Management Policy and are also reported to Cabinet as part of the quarterly capital monitoring reports in line with the liquidity management objective for investments. Lending has continued to be limited to very short periods (of no longer than three months) to the institutions within the Treasury Management Policy's criteria. A range of information has been used to assess investment risk, in addition to credit ratings. Regular meetings are held to review outstanding investments and criteria for new investments in the light of developments in market conditions. None of the City Council's treasury investments has been impaired or suffered default.
- 6.3 Actual investments are reported quarterly to Cabinet as part of accountability for decisions made under treasury management delegations. Annex 3.1 lists all investments made during Quarter 4 of 2017/18 for the City Council.
- 6.4 Investments outstanding at 31st March 2018 are summarised as follows.

Period Outstanding	Value Invested £m	Average Interest Rate %
Instant Access	85.93	0.43%
Fixed Overnight	0.00	0.00%
Up to 3 months	0.00	0.00%
3 to 6 months	0.00	0.00%
<b>Total</b>	<b>85.93</b>	<b>-</b>

- 6.5 The new EU regulations for Money Market Funds (MMFs) were finally approved and published in July 2017, and existing funds will have to be compliant by no later than 21st January 2019. As such the MMFs used during 2017/18 still maintained a Constant Net Asset Value (CNAV), but are expected to convert to the new Low Volatility Net Asset Value (LVNAV) structure during 2018/19.
- 6.6 The rules for UK banks' ring-fencing were finalised during 2017/18 by the Prudential Regulation Authority and banks began the complex implementation process ahead of the statutory deadline of 1st January 2019. Barclays, the bank used by the Council for its day-to-day banking transactions, was the first to complete its ring-fence restructure over the 2018 Easter weekend; wholesale deposits including local authority deposits will henceforth be accepted by Barclays Bank plc (branded Barclays International), which is the non ring-fenced bank. Standard & Poor's (S&P) upgraded Barclays Bank's long-term rating to A from A- after the bank announced its plans for its entities post ring-fencing.
- 6.7 The Council also continues to manage substantial funds as Accountable Body for an increasing number of Government programmes: the Growing Places Fund, the Regional Growth Fund and the Advanced Manufacturing Supply Chain Initiative (AMSCI). These funds are managed by the City Council but are not the Council's own money. The unspent balance of the funds at 31st March 2018 was £76.4m as set out in Annex 3.2. These funds are being invested in accordance with the Accountable Body agreements in very low-risk deposits with the UK Government (predominantly in the DMADF and Treasury Bills).

## 7. **Debt profile**

- 7.1 Long term borrowing is taken at a range of maturities to ensure that debt maturing in any year does not generally exceed 10% of total external debt, and that short-term/variable rate debt does not exceed the limit of 30% set in the City Council's prudential indicators (full maturity profile at Annex 4). This ensures that the Council is not overly exposed to the risk of high refinancing costs in any year. The following table summarises how the maturity profile of the Council's debt changed within the year.

Debt Profile (General Fund and HRA combined)	31.03.17	31.03.18	Average Interest
			Payable in 2017/18
	£m	£m	%
Fixed rate over 40 years	430.0	370.0	3.8
Fixed rate 20 to 40 years	1,189.7	1,212.3	4.7
Fixed rate 10 to 20 years	654.4	734.3	5.9
Fixed rate 5 to 10 years	270.3	283.3	5.3
Fixed rate 1 to 5 years	146.0	191.9	5.3
Fixed < 1 year (note 1)	45.0	48.3	3.3
Variable and short term	358.7	547.2	0.7
Gross Debt	3,094.1	3,387.3	
Investments < 1 year	(29.3)	(85.9)	0.4
Net Debt	3,064.8	3,301.4	

*Nominal value of debt and excluding accruals; LOBO loans at final maturity*

The average interest rate paid on all the City Council's debt in 2017/18 was 4.33%. This includes the cost of historic debt taken when fixed interest rates were higher.

The average maturity profile of 20.4 years assumes that Lender's Option Borrower's Option (LOBO) loans are repaid at their final maturity date. A full maturity profile at 31st March 2018 compared to 31st March 2017 is given in Annex 4.

At 31st March 2018 the debt portfolio included £162.3m LOBOs, less than 5% of the total portfolio. No LOBO loans have had their options called by the lenders since the arrangements were entered into, and given the current and forecast interest rate environment it is considered to be a very low risk that this will take place.

- 7.2 At 31st March 2018, the gross loan debt of the HRA and General Fund pools is summarised by maturity as follows:

Debt Profile	31.03.18	31.03.18	31.03.18
	HRA	GF	TOTAL
	£m	£m	£m
Fixed rate over 40 years	220.8	149.2	370.0
Fixed rate 20 to 40 years	520.0	692.3	1,212.3
Fixed rate 10 to 20 years	142.7	591.6	734.3
Fixed rate 5 to 10 years	49.4	233.9	283.3
Fixed rate 1 to 5 years	52.5	139.4	191.9
Fixed < 1 year	16.1	32.2	48.3
Variable and short term	88.7	458.5	547.2
Total Debt	1,090.2	2,297.1	3,387.3

*Note: LOBO loans shown at final maturity*

The Council's short term loan debt at 31 March 2018 is more balanced between the General Fund and the HRA than in previous years. The loans attributed to

the HRA at the Reform in April 2012 were all long term loans, but no additional long term borrowing has been taken for the HRA during the year, in order to maximise the HRA's exposure to cheaper short term interest rates.

## 8. Revenue cost of borrowing

- 8.1 The actual net cost of borrowing to corporate treasury budgets was (£77.7m). This is £105.6m below the budget, due largely to the one-off saving of £98.3m arising from a backdated reprofiling of MRP charges for debt repayment (approved by City Council in March 2018). The Treasury Management outturn is summarised in the table below:

	Budget £'m	Actual £'m	Variation £'m	Narrative
Gross interest payable	142.5	135.9	(6.6)	Interest savings arising mainly from lower than budgeted interest rates and improved cashflows
Interest receivable	(0.1)	(0.3)	(0.2)	
Revenue charge for debt repayment	148.4	63.2	(85.2)	One-off reduction in debt repayment provision due to reprofiling of MRP (£98.3m) partially offset by increased HRA debt repayment (£13.1m)
Early payment discount - Pension	(3.0)	(3.0)	0.0	
Contributions to (from) reserves	2.8	2.8	0.0	
Other Costs	(0.1)	1.5	1.6	
<b>Total Treasury Management Budget</b>	<b>290.5</b>	<b>200.1</b>	<b>(90.4)</b>	
<i>Less recharges to:</i>				
HRA	(76.4)	(89.4)	(13.0)	Largely due to a service decision to increase debt repayment from £24.8m to £37.9m
Other Services	(186.2)	(188.5)	(2.3)	
<b>Net Corporate Treasury</b>	<b>27.9</b>	<b>(77.7)</b>	<b>(105.6)</b>	

## 9. Prudential Indicators

- 9.1 The City Council is required under the Local Government Act 2003 and the CIPFA Prudential Code for Capital Finance in Local Authorities to set various prudential indicators and limits covering capital finance and treasury management. The outturn position against the Council's approved prudential indicators are attached at Annex 5 and 6. The City Council did not breach any of its prudential limits set under the Local Government Act 2003 and the CIPFA Prudential Code for Capital Finance.
- 9.2 CIPFA revised the Prudential Indicators with effect from 2018/19, and future monitoring will be carried out in accordance with the revised indicators.

## 10. Risk management and performance

- 10.1 Risk management is at the centre of treasury performance and monitoring. The City Council has adopted the CIPFA Treasury Management Code's policy

recommendation that “the successful identification, monitoring and control of risk are the prime criteria by which the effectiveness of its treasury management activities will be measured.”

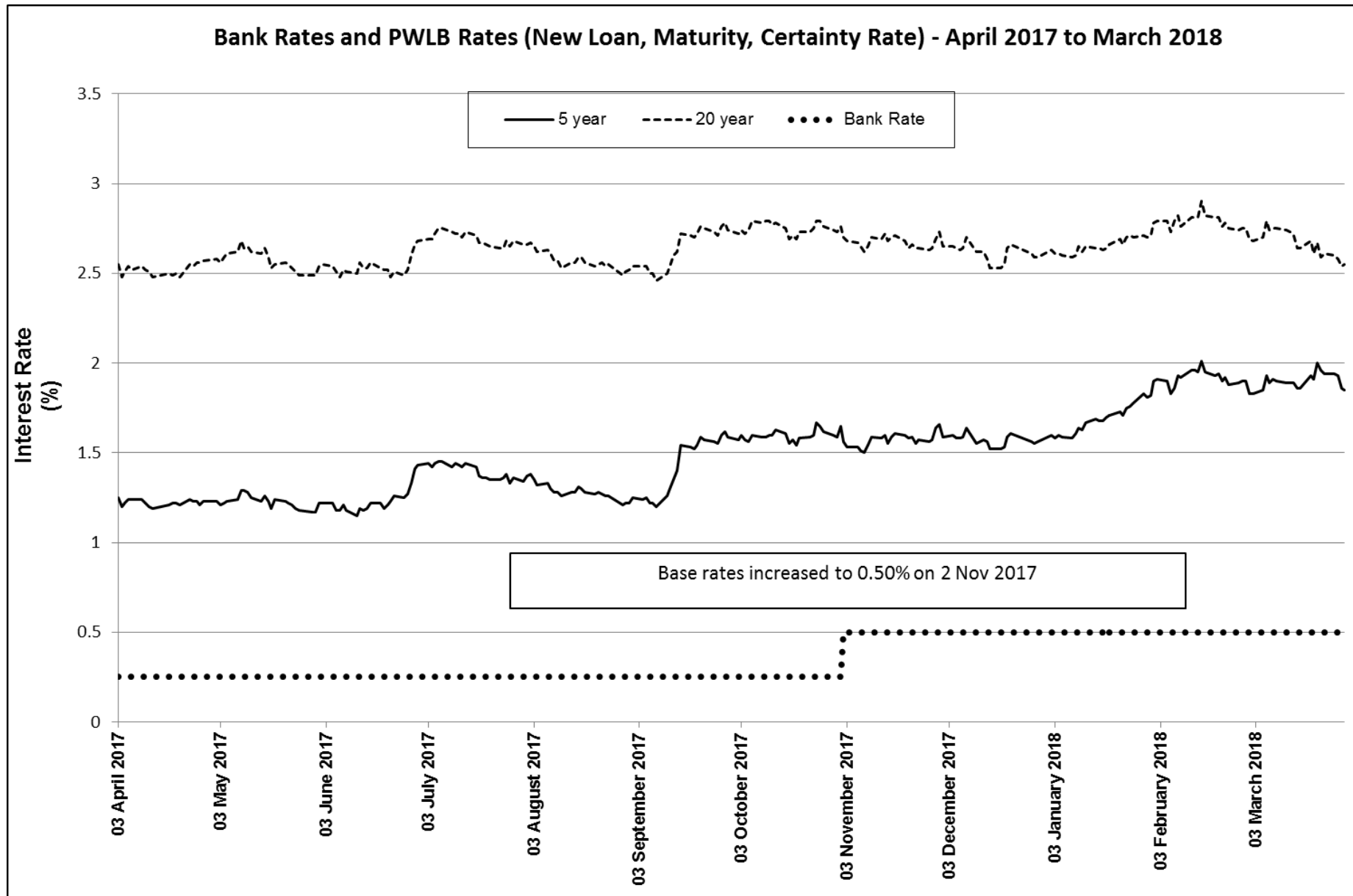
- 10.2 There is no single quantitative measure which summarises the management of the different types of treasury risk and their financial impact. Key reporting and review processes include:
- Quarterly monitoring reports to Cabinet provide an overview of key treasury decisions and indicators.
  - The adequacy of risk control arrangements are tested regularly by internal and external audit.
  - The City Council’s Treasury Management Policy and Strategy sets out policies, limits and strategies for managing treasury risks, which have been reviewed throughout this report.

Headline indicators include:

Has the Council complied with the CIPFA Treasury Management Code?	YES
Were the Council’s lending criteria complied with during the year?	YES
Did any treasury investments default in the year?	NO
Were the Council’s treasury prudential limits complied with?	YES
Were revenue costs kept within budget?	YES

## 11. Decisions taken under treasury management delegations

- 11.1 Each quarter, decisions taken by the Corporate Director of Finance and Governance and the treasury management team are reported to Cabinet as part of Capital and treasury monitoring. Long term borrowing decisions during Quarter 4 are included in Annex 2, and investment activity during Quarter 4 is reported at Annex 3 below.
- 11.2 During the quarter, revised terms were agreed under investment delegations with Millennium Point Property Ltd (MPPL) relating to the Council’s existing loan to the company, of which £11.6m remains outstanding. MPPL own Millennium Point which houses Thinktank, the Council’s science museum collection. The loan agreement enables the company to repay the loan at any time. The relevant market rates are now substantially lower than when the loan was agreed, and a reduction in the interest rate from 5.81% to 3.2% has been agreed, along with a revised repayment profile which brings forward full repayment from 2031 to 2028. The alternative was that MPPL repaid the loan, with loss of all the interest income. The reduction of around £300,000 in annual interest will be a cost to the Finance and Governance / Economy portfolios.



1st April 2017 - 31st March 2018

Annex 2

**New Long Term Loans taken out during the year.**

Date of loan	Loan	Counter Party	Interest Rate	Maturity Date
20 April 2017	£15m	Phoenix Life Limited	2.292%	20 April 2035
20 April 2017	£15m	Phoenix Life Limited	2.347%	20 April 2037
20 April 2017	£15m	Phoenix Life Limited	2.443%	20 April 2041
21 April 2017	£10m	Derbyshire County Council	0.80%	23 April 2019
28 April 2017	£5m	North Yorkshire County Council	0.80%	29 April 2019
28 April 2017	£2m	Rugby Borough Council	0.81%	30 April 2019
24 April 2017	£3m	Stevenage Borough Council	0.80%	24 April 2019
27 June 2017	£17.2m	PETPS (Birmingham) Pension Funding Scottish Limited Partnership	1.92%	31 July 2036
28 July 2017	£10m	Devon County Council	0.75%	29 July 2019
15 August 2017	£5m	Gloucester County Council	0.72%	15 August 2019
25 August 2017	£10m	Wandsworth Borough Council (London)	0.70%	27 August 2019
28 March 2018	£20m	PWLB	2.56%	28 March 2035
28 March 2018	£30m	PWLB	2.55%	28 March 2034

**Long Term Loans prematurely repaid during the year.**

Date of repayment	Loan/ (Repayment)	Counter Party	Interest Rate	Maturity Date	Premia/ (Discounts)
-------------------	----------------------	---------------	---------------	---------------	------------------------

No long term loans were prematurely repaid during the year.

## Annex 3.1

**Treasury Management Investment Details**  
**1st January 2018 to 31st March 2018**

**New Investments Market Fixed Term Deposits**

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

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

**New Investments Call Accounts**

	<b>No of Transactions</b>		<b>Average Balance £</b>	<b>Average Rate Earned</b>
	<b>Investments</b>	<b>Withdrawals</b>		
Barclays Bank PLC FIBCA A/C	25	22	6,763,850.20	0.30%
Svenska Handelsbanken	2	2	10,996,703.30	0.30%
HSBC	3	7	4,882,777.23	0.30%

**New Investments Money Market Funds**

	<b>No of Transactions</b>		<b>Average Balance £</b>	<b>Average Rate Earned</b>
	<b>Investments</b>	<b>Withdrawals</b>		
Aberdeen (SWIP)	1	2	55,555.56	0.38%
Amundi Money Market Fund	5	3	38,260,000.00	0.44%
Federated Money Market Fund	15	16	18,818,888.89	0.42%
CCLA	3	5	1,666,666.67	0.42%
Standard Life (Ignis) Sterling Liquidity	4	9	7,977,777.78	0.44%

**Note**

Investment activity in previous quarters has been reported in the relevant quarterly Capital & Treasury Monitoring to Cabinet. This appendix reports on the exercise of investment delegations to the Corporate Director of Finance & Governance in the last quarter of the financial year.



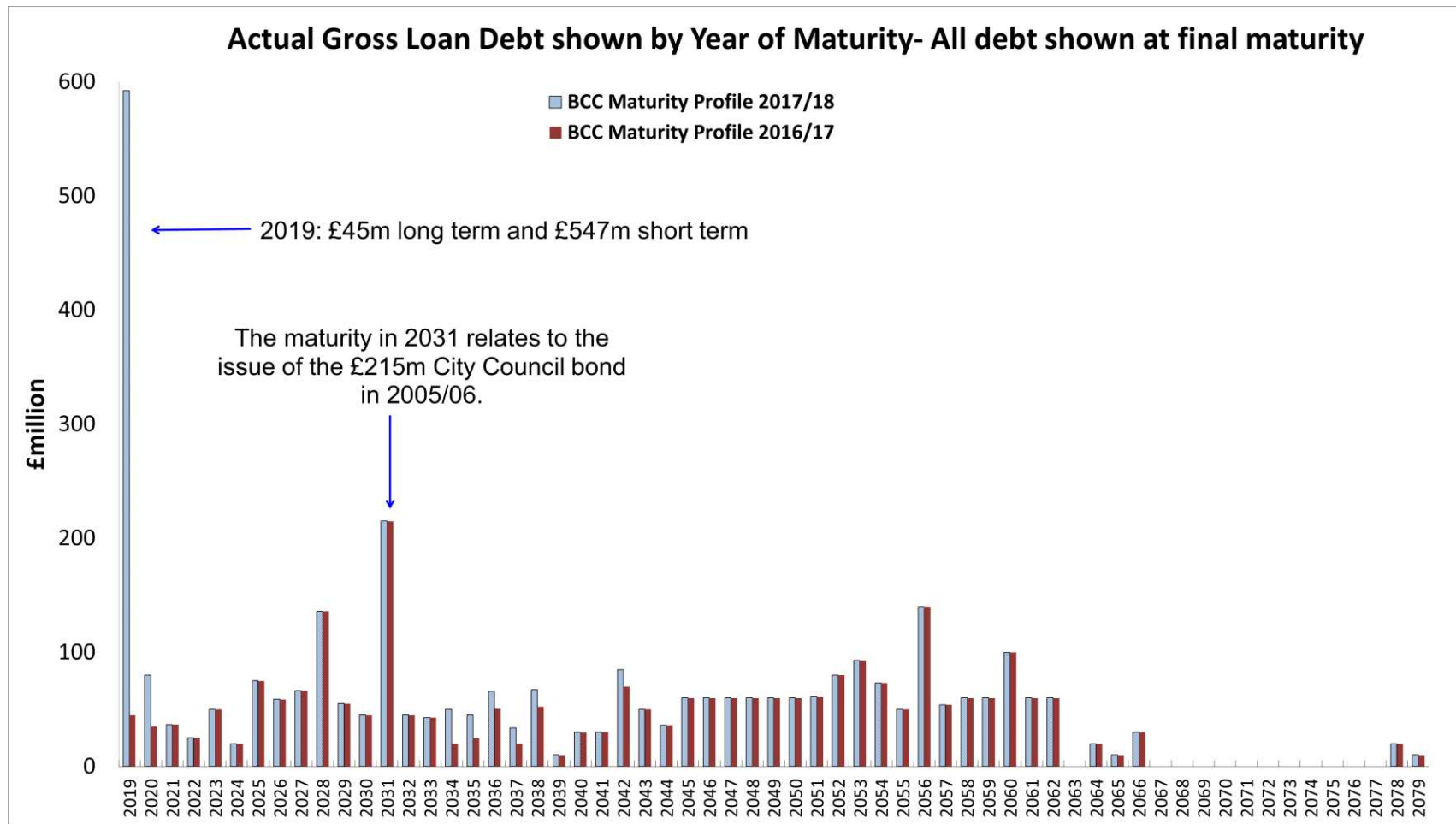
## Annex 3.2

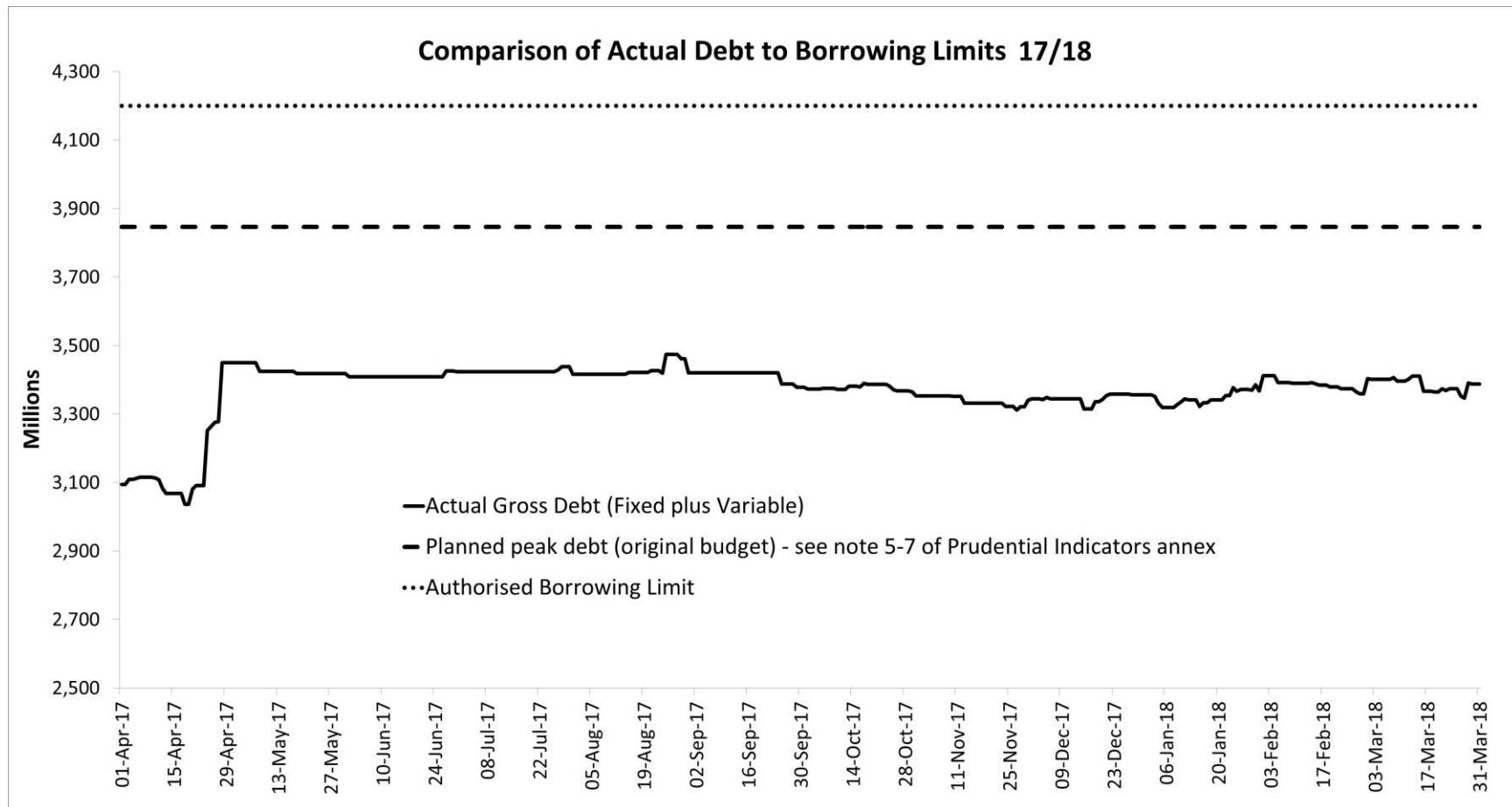
**Accountable Body Investments - 31st March 2018**

	Growing Places Fund	Advanced Manufacturing Supply Chain Initiative	Regional Growth Fund	Total
	£000	£000	£000	£000
Goldman Sachs Money Market Fund	2,886	4,677		<b>7,563</b>
JP Morgan Money Market Fund			1,504	<b>1,504</b>
<b>Total Money Market Funds</b>	<b>2,886</b>	<b>4,677</b>	<b>1,504</b>	<b>9,067</b>
Debt Management Office				<b>0</b>
Treasury Bills	43,370	23,989		<b>67,359</b>
<b>Total Accountable Body investments</b>	<b>46,256</b>	<b>28,666</b>	<b>1,504</b>	<b>76,426</b>

**Note**

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





## Annex 6A

*This appendix provides monitoring against the City Council's approved Prudential Indicators*

**DEBT AND PRUDENTIAL INDICATORS**

WHOLE COUNCIL		17/18 Indicators	17/18 Outturn
		£m	£m
<b>Capital Finance</b>			
1	Capital Expenditure - Capital Programme	464.2	362.2
2	Capital Expenditure - other long term liabilities	27.9	27.9
3	Capital expenditure	492.1	390.1
4	Capital Financing Requirement (CFR)	4,621.7	4,670.1
<b>Planned Debt</b>			
5	Peak loan debt in year	3,845.9	3,473.8
6	+ Other long term liabilities (peak in year)	471.0	472.4
7	= Peak debt in year	4,316.9	3,946.2
8	does peak debt exceed year 3 CFR?	no	no
<b>Prudential limit for debt</b>			
9	Gross loan debt	4,200.0	3,473.8
10	+ other long term liabilities	500.0	472.4
11	= Total debt	4,700.0	3,946.2

**Notes**

- 1 Forecast capital expenditure has increased since the indicator was set due to additions to the capital programme, as reported in the quarterly capital monitoring reports.
- 4 The Capital Financing Requirement represents the underlying level of borrowing needed to finance historic capital expenditure (after deducting debt repayment charges). This includes all elements of CFR including Transferred Debt.
- 5-7 These figures represent the forecast peak debt (which may not occur at the year end). The Prudential Code calls these indicators the Operational Boundary.
- 8 It would be a cause for concern if the City Council's loan debt exceeded the CFR, but this is not the case due to positive cashflows, reserves and balances. The Prudential Code calls this Borrowing and the capital financing requirement.
- 11 The Authorised limit for debt is the statutory debt limit. The City Council may not breach the limit it has set, so it includes allowance for uncertain cashflow movements and potential borrowing in advance for future needs.

## Annex 6B

## DEBT AND PRUDENTIAL INDICATORS

HOUSING REVENUE ACCOUNT		17/18	17/18
		Indicators	Outturn
		£m	£m
<b>Capital Finance</b>			
1	Capital expenditure	137.8	113.4
<b>HRA Debt</b>			
2	Capital Financing Requirement (CFR)	1,098.2	1,090.2
3	Statutory cap on HRA debt	1,150.4	1,150.4
<b>Affordability</b>			
4	HRA financing costs	96.5	101.8
5	HRA revenues	283.8	285.1
6	HRA financing costs as % of revenues	34.0%	35.7%
7	HRA debt : revenues	3.9	3.8
8	Forecast Housing debt per dwelling	£17,722	£17,678
9	Estimate of the incremental impact of new capital investment decisions on housing rents.	£0.00	£0.00
(expressed in terms of ave. weekly housing rent)			

**Notes**

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

## Annex 6C

## DEBT AND PRUDENTIAL INDICATORS

GENERAL FUND		17/18	17/18
		Indicators	Outturn
		£m	£m
<b>Capital Finance</b>			
1	Capital expenditure (including other long term liabilities)	354.3	276.6
2	Capital Financing Requirement (CFR)	3,523.5	3,579.9
<b>General Fund debt</b>			
3	Peak loan debt in year	2,747.7	2,383.6
4	+ Other long term liabilities (peak in year)	471.0	472.4
5	= Peak General Fund debt in year	3,218.7	2,856.0
<b>General Fund Affordability</b>			
6	Total General Fund financing costs	265.6	161.1
7	General Fund net revenues	821.8	821.8
8	General Fund financing costs (% of net revenues)	32.3%	19.6%
9	Estimate of the incremental impact of new capital investment decisions on Council Tax.	£0.00	£0.00
Expressed in terms of Council Tax (Band D equiv)			
(impact already included in Council Tax increases assumed in LTFP)			

**Note**

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

## Annex 6D

## PRUDENTIAL INDICATORS

TREASURY MANAGEMENT		17/18	17/18
		Indicators	Outturn
<b>CIPFA Treasury Management Code</b>			
1	Has the authority adopted the TM Code?	Yes	Yes
			<b>Forecast</b>
<b>Interest rate exposures</b>		<b>Limit</b>	<b>Maximum</b>
2	upper limit on fixed rate exposures	130%	91%
3	upper limit on variable rate exposures	30%	20%
<b>Maturity structure of borrowing</b>			<b>Forecast</b>
(lower limit and upper limit)		<b>Limit</b>	<b>Year End</b>
4	under 12 months	0% to 30%	20%
5	12 months to within 24 months	0% to 30%	2%
6	24 months to within 5 years	0% to 30%	3%
7	5 years to within 10 years	0% to 30%	11%
8	10 years to within 20 years	5% to 40%	20%
9	20 years to within 40 years	10% to 60%	36%
10	40 years and above	0% to 40%	7%
<b>Investments longer than 364 days</b>			
upper limit on amounts maturing in:			
		<b>Limit</b>	<b>Forecast</b>
11	1-2 years	200	0
12	2-3 years	100	0
13	3-5 years	100	0
14	later	0	0

**Note**

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

## **HOUSING REVENUE ACCOUNT – FINANCIAL COMMENTARY 2017/18**

### **1. Financial Background – 2017/18**

- 1.1. The HRA Self Financing Business Plan and Budget 2017+ formed a part of the overall Council Plan 2017+ that was approved at a full Council meeting on 28 February 2017 and this set out the long term financial strategy, asset management plans including new build, treasury management strategy, future rent projections and performance targets.
- 1.2. This HRA Self Financing Business Plan and Budget 2017+ established the budget strategy for 2017/18 and a balanced budget was approved for the financial year.

### **2. HRA Outturn 2017/18**

- 2.1. An in-year break-even position was projected for the HRA (as reported to Cabinet as part of the monthly corporate revenue monitoring reports), maintaining the retained balance at £4.734m (including the minimum balance of £4.000m in accordance with previous External Audit recommendations).
- 2.2. The table below summarises the final approved budget for the year and compares this to the actual outturn (of a net in-year surplus of £0.082m) for all the key services.

#### **Housing Revenue Account**

	<b>Revised Budget £'m</b>	<b>Actual Outturn £'m</b>	<b>Variation £'m</b>
Rent Income/Recharge Income	(281.665)	(280.557)	1.108
Repairs	64.460	57.517	(6.943)
Local Housing Management Costs	69.692	66.678	(3.014)
Estate Services Costs	16.978	15.859	(1.119)
Revenue Funding of Capital (including MRR)	54.014	50.588	(3.426)
Capital Financing	51.691	51.933	0.242
Debt Repayment Provision	24.830	37.900	13.070
<b>Net Position</b>	<b>0.000</b>	<b>(0.082)</b>	<b>(0.082)</b>

- 2.3 The major variations during the year included:
  - Lower than budgeted net rental income, largely as a result of higher than budgeted numbers of properties sold to tenants exercising their Right to Buy (782 compared to a budget of 400)
  - Substantially lower than budgeted expenditure on repairs to Council dwellings, due mainly to reduced numbers of properties becoming void in the year (£2.979m) and lower than budgeted performance related payments to contractors (£4.141m)
  - Reduced local housing management and estate services costs, as a result of delayed equal pay payments (£2.748m) and a significant number of vacancies not filled as service redesigns are progressed.
  - Lower than budgeted revenue funding of capital investment, substantially due to greater than anticipated availability of capital receipts arising from Right to Buy sales (as noted above), resulting in a reduced reliance on revenue resources to support capital investment.



- 2.4 A debt repayment provision of £37.900m is proposed for 2017/18. This will reduce total HRA borrowing to £1.090bn at the year-end. This compares to a borrowing cap of £1.150bn. This strategy is proposed as this is considered the most financially efficient option for the HRA and maximises its capital financing flexibility. This also affords a future option for further new borrowing in the future at lower rates if this is necessary to support the capital expenditure programme.

### **3. Key Service Highlights for 2017/18**

The following service achievements for 2017/18 should be noted:

#### **3.1. Investment (further details are set out in the Capital Section of the Report)**

- handover of a further 286 new affordable homes for rent under the BMHT programme
- completion of the programme for the replacement of windows, heating systems, rewires to continue the on-going maintenance of properties, benefitting more than 7,000 homes
- External funding of £4.785m secured substantially from Homes England (£4.753m)

#### **3.2. Repairs Service**

- the annual gas servicing programme was completed for all properties
- emergency repairs were completed in line with agreed timescales
- all responsive and right to repair jobs were undertaken or issued to repairs contractors for completion in line with agreed timescales
- all empty properties requiring repairs (where the property is to be relet) were completed or issued to repairs contractors for completion in line with agreed timescales

#### **3.3. Local Housing and Estate Services**

- year end current tenants arrears of £12.940m (or 4.7% of the total rent due) in line with the target
- delivery of key local estate services – night time security, caretaking, older peoples accommodation
- continuation of a low level of voids (626 at 31 March 2018 – equivalent to 1% of total dwellings) compared to a budget of 700 properties.

### **4. Housing Revenue Account Balances**

- 4.1. The balances on the HRA are also accounted for separately and the position is set out in the table below.

	£'m
<b>Balances at 31 March 2017</b>	<b>(4.734)</b>
Surplus in year (see section 2.2 above)	(0.082)
<b>Balances at 31 March 2018</b>	<b>(4.816)</b>

**COLLECTION FUND OUTTURN – 2017/18****1. Background**

- 1.1. The Council is required to establish and maintain a Collection Fund under the Local Government Finance Acts 1988 and 1992. The Fund accounts for the collection of Council Tax and Business Rates or National Non-Domestic Rates (NNDR) and the distribution of sums received to relevant authorities. These amounts are kept separate from the main activities of the Council which are accounted for in the General Fund. Transfers from the Collection Fund to the General Fund are made at a planned level and, therefore, if the actual position is better or worse than planned leading to a greater surplus/deficit than previously forecast, this will be rolled forward to be taken into account in the next budget setting round, which will be 2019/20 in this instance.

**2. Council Tax****2.1. Council Tax Summary**

The Collection Fund position for 2017/18 applicable to the Council Tax element of the Fund is summarised below:

<b>Table 1</b>	<b>£m</b>	<b>£m</b>
Income:		
Council Tax Income due in 2017/18	(366.029)	
Adjustment to sums due for prior years	1.885	
Contribution to Bad Debt Provision	9.074	
<b>Total Income</b>		(355.070)
Budgeted Precepts 2017/18		
Birmingham City Council	313.597	
New Frankley in Birmingham Parish	0.046	
Sutton Coldfield Town Council	1.833	
West Midlands Police & Crime Commissioner	28.898	
West Midlands Fire and Rescue Authority	14.173	
<b>Total Expenditure</b>		358.547
<b>2017/18 In Year Deficit</b>		<b>3.477</b>
<b>2016/17 Surplus b/fwd</b>		<b>(5.566)</b>
<b>Cumulative Council Tax Surplus c/fwd</b>		<b>(2.089)</b>

- 2.2. The actual in-year deficit on the Council Tax element of the Collection Fund for 2017/18 was £3.5m. The cumulative balance brought forward from 2016/17 amounted to a surplus of £5.6m, giving a closing cumulative surplus at the end of 2017/18 of £2.1m.

2.3. A £2.3m cumulative surplus was forecast when setting the 2018/19 budget, resulting in a small deficit of £0.2m to be carried forward into future years. The make-up of this is summarised in table 2:

<b>Table 2</b>	<b>£m</b>	<b>£m</b>
<b>Forecast Cumulative Surplus for 2017-18 Budget Setting</b>		<b>(2.258)</b>
Decreased in year net growth after exemptions and discounts	1.320	
Improvement for reduced prior year adjustments	(1.151)	
		0.169
<b>Cumulative Council Tax Surplus c/fwd</b>		<b>(2.089)</b>

2.4. The Council's share of the surplus is £1.8m, which compares to a £2.0m surplus anticipated when the Council Tax for 2018/19 was set. This is a reduction of approximately £0.2m which will be taken into account when setting the budget for 2019/20. The allocation of the total accumulated surplus, from Council Tax at 31 March 2018 is outlined in Table 3:

<b>Table 3</b>	<b>Forecast</b>	<b>Outturn</b>	<b>Variance</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Council	(1.987)	(1.839)	0.148
Police & Crime Commissioner	(0.182)	(0.167)	0.015
Fire & Rescue Authority	(0.089)	(0.083)	0.006
<b>Total Surplus</b>	<b>(2.258)</b>	<b>(2.089)</b>	<b>0.169</b>

#### 2.5. Council Tax Arrears

A summary of the Council Tax Arrears position for the end of 2017/18 is shown in Table 4.

<b>Table 4</b>	<b>Prior Years</b>	<b>2017/18</b>	<b>Total</b>
	<b>£m</b>	<b>£m</b>	<b>£m</b>
Balance b/f prior years	98.367		98.367
Adjustments	(1.885)		(1.885)
Due in year		366.029	366.029
Collected	(13.809)	(337.555)	(351.364)
Amounts Written Off	(11.578)	(0.107)	(11.685)
Credits Written On	1.105	0.006	1.111
<b>Council Tax Arrears</b>	<b>72.200</b>	<b>28.373</b>	<b>100.573</b>

A summary of the Council Tax Arrears position for 2017/18 compared with 2016/17 is shown in Table 5.

Table 5	31 March 2017	31 March 2018	Change
	£m	£m	£m
Council Tax Arrears Prior Years	71.456	72.200	0.744
Council Tax Arrears In Year	26.911	28.373	1.462
<b>Council Tax Debtors</b>	<b>98.367</b>	<b>100.573</b>	<b>2.206</b>

## 2.6. Provision for Doubtful Debts

The provision for bad and doubtful debts stands at £35.9m as at 31 March 2018, a slight decrease from the £37.4m set aside at the end of 2016/17. The 2017/18 year end provision is compared in Table 6 to the prior year:

Table 6	31 March 2017	31 March 2018	Change
	£m	£m	£m
Council Tax Arrears Debtors (Gross)	98.367	100.573	2.206
Less Provision for Bad or Doubtful Debts	(37.360)	(35.860)	1.500
<b>Council Tax Debtors (Net)</b>	<b>61.007</b>	<b>64.713</b>	<b>3.706</b>
Bad Debt Provision as % of Gross Debtors	38.0%	35.6%	-2.4%

During the year there has been a net amount of £10.6m written off relating to Council Tax debts (£11.7m debt write offs less £1.1m of credits written on) compared with £10.2m net write-offs in 2016-17. After making a further contribution to the provision for bad and doubtful debts of £9.1m in 2017/18, the overall provision has decreased by £1.5m.

## 2.7. Collection Performance

Set out below is the in-year collection performance for the past three years. This shows the in-year collection rates as reported to the Ministry for Housing Communities and Local Government (MHCLG) as required by the Final Quarterly Return for the Collection of Council Tax and Business Rates (QRC4).

The adjusted actual in year collection rate was 94.5% which includes adjustments as per QRC4 guidelines.

Table 7 shows the comparative prior year rates:

Table 7	Actual In Year Council Tax Collection Rates		
	2015/16	2016/17	2017/18
QRC4 Base	94.6%	94.6%	94.5%

The eventual collection rate for any year is expected to reach the estimated rate of 97.1% assumed when setting the budget. The Council will continue to collect outstanding debt in future years.

### 3. Business Rates - National Non-Domestic Rates (NNDR)

3.1. As of 1<sup>st</sup> April 2017 the Council has been part of a Business Rates Pilot for the local retention of 100% Business Rates. This means that the Council retains 99% of Business Rates income from 1<sup>st</sup> April 2017 with 1% being paid over to the West Midlands Fire & Rescue Authority. Prior to 1<sup>st</sup> April 2017 Business Rates was apportioned between Central Government (50%), The City Council (49%) and the West Midlands Fire & Rescue Authority (1%).

#### 3.2. Business Rates Summary

The Collection Fund position for 2017/18 applicable to the Business Rates element of the Fund is summarised below:

Table 8	£m	£m	£m	£m
	Outside the EZ		Enterprise Zone (EZ)	
Business Rates Income due for 2017/18	(449.564)		(3.514)	
Adjustments for Prior Years	6.531		0.869	
Contribution to Appeals Provision	9.381		2.557	
		(433.652)		(0.088)
Contribution to Bad Debt Provision	9.038		0.053	
Cost Of Collection Allowance	1.893		-	
		10.931		0.053
Total Income		(422.721)		(0.035)
Expenditure:				
Budgeted Proportionate Shares 2017/18:				
Central Government	-		-	
Birmingham City Council	399.303		-	
West Midlands Fire and Rescue Authority	4.033		-	
Enterprise Zone	-		1.525	
Total Expenditure		403.336		1.525
2017/18 In Year Deficit/(Surplus)		(19.385)		1.490
2016/17 Deficit b/fwd	3.680		-	
Back Dated Appeals Spread Adjustment	-		-	
		3.680		-
Cumulative Business Rates Deficit/(Surplus) c/fwd		(15.705)		1.490

3.3. Excluding the Enterprise Zone (EZ) the actual in-year surplus on the Business Rates element of the Collection Fund for 2017/18 was £19.4m. The cumulative balance brought forward from 2016/17 amounted to a deficit of £3.7m. Therefore the closing position at the end of 2017/18 is a surplus of £15.7m. This is entirely due to the relatively low number of appeals lodged for the 2017/18 year as at 31<sup>st</sup> March 2018 following revaluation which came into effect on 1<sup>st</sup> April 2017. It is anticipated that this £15.7m will be required to be refunded in future years once Business Rates Appeals have been lodged. The Council has planned for this in its Council Plan and Budget 2018+.

3.4. A £14.4m cumulative surplus was forecast when setting the 2018/19 budget. There has therefore been an improvement of £1.3m (£15.7m less £14.4m) which will be carried forward and taken into account when setting the budget for 2019/20. This improvement is mainly due to a reduction in Business Rates Reliefs awarded compared with those that were anticipated when setting the budget for 2018/19.

3.5. The following table shows the proportionate shares of the 2017/18 Business Rates surplus compared with the forecast for the 2018/19 budget setting process:

Table 9:	Forecast	Outturn	(Improvement)/ Decline
	£m	£m	£m
Central Government (50% of 16/17 b/fwd)	1.840	1.840	0.000
Fire (1%)	(0.144)	(0.157)	(0.013)
BCC (49% of 16/17 b/fwd plus 99% of 17/18)	(16.116)	(17.388)	(1.272)
<b>Total</b>	<b>(14.420)</b>	<b>(15.705)</b>	<b>(1.285)</b>

3.6. Within the Enterprise Zone the actual in year income generated relating to Business Rates was £0.035m. This compares to £1.525m when the budget for 2017/18 was set resulting in a significant deficit of £1.490m. However, further compensatory grants are due into the General Fund of £1.262m for EZ related Business Rates Reliefs awarded during the year that Central Government have committed to fund.

### 3.7. Business Rates Arrears 2017/18

A summary of the Business Rates Arrears position for the end of 2017/18, including the element attributable to the Enterprise Zone, is shown in Table 10:

Table 10	Prior Years	2017-18	Total
	£m	£m	£m
NNDR Arrears b/fwd	95.232		95.232
Prior Year Adjustments/Net of Refunds	(7.400)		(7.400)
Due in year:			
Non EZ		449.564	449.564
Enterprise Zone (EZ)		3.514	3.514
Collected	(4.566)	(428.075)	(432.641)
Amounts Written Off	(11.117)	-	(11.117)
Credits Written On	1.864	0.024	1.888
<b>Business Rates Arrears</b>	<b>74.013</b>	<b>25.027</b>	<b>99.040</b>

A summary of the Business Rates Arrears position for 2017/18 compared with 2016/17 is shown in Table 11:

Table 11	31 March 2017	31 March 2018	Change
	£m	£m	£m
Business Rates Arrears Prior Years	72.017	74.013	1.996
Business Rates Arrears In Year	23.215	25.027	1.812
<b>Business Rates Debtors</b>	<b>95.232</b>	<b>99.040</b>	<b>3.808</b>

3.8. Provision for Doubtful Debts

The Business Rates Bad Debt provision has moved from £53.2m to £53.1m, a decrease of £0.1m. The 2017/18 year end provision is compared in Table 12 to the previous year:

Table 12	31 March 2017	31 March 2018	Change
	£m	£m	£m
Business Rates Arrears (Gross)	95.232	99.040	3.808
Less Provision for Bad or Doubtful Debts	(53.194)	(53.056)	0.138
<b>Business Rates Debtors (Net)</b>	<b>42.038</b>	<b>45.984</b>	<b>3.946</b>
Bad Debt Provision as % of Gross Debtors	55.9%	53.6%	(2.3%)

During the year there has been a net amount of £9.2m written off relating to Business Rates debts (£11.1m debt write offs less £1.9m of credits written on) compared with £10.7m net write-offs in 2016-17. After making a further contribution to the provision for bad and doubtful debts in 2017/18 of £9.1m, including £0.1m relating to the Enterprise Zone, the overall provision has decreased by £0.1m.

3.9. Collection Performance

For Business Rates the adjusted actual in year collection rate calculated was 97.1% (2016/17: 97.2%). This is the in-year collection rate as reported to the Ministry for Housing Communities and Local Government as required by the Final Quarterly Return for the Collection of Council Tax and Business Rates (QRC4) and is inclusive of allowable adjustments. Set out below is the QRC4 in-year collection performance for the past three years.

Table 13	Actual In Year Business Rates Collection Rates		
	2015/16	2016/17	2017/18
QRC4 Base	96.7%	97.2%	97.1%

The eventual collection rate for any year is expected to reach the estimated rate of 98.0% assumed when setting the budget. The Council will continue to collect outstanding debt in future years.

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

**Report to:**  
**Report of:**

**CABINET**  
**Corporate Director - Place**

**Date of Decision:**  
**SUBJECT:**

**24<sup>th</sup> May 2018**  
**BIRMINGHAM CITY COUNCIL RESPONSE TO**  
**GRENFELL TOWER TRAGEDY- ONE YEAR ON**

**Key Decision:** Yes  
**If not in the Forward Plan:**  
 (please "X" box)  
**Relevant Cabinet Member(s)**  
**Relevant O&S Chair:**  
**Wards affected:**

**Relevant Forward Plan Ref: 5110/2018**  
**Chief Executive approved** ☐  
**O&S Chair approved** ☐  
**Councillor Peter Griffiths, Housing and Homes**  
**Housing and Homes Overview and Scrutiny Committee**  
**All**

**1. Purpose of Report**

- 1.1 To update Cabinet on the immediate and ongoing action taken in Birmingham following the Grenfell Tower tragedy in June 2017.
- To outline the follow up actions required following the report to Cabinet on 27<sup>th</sup> June 2017.
- 1.2 To outline the approach and criteria for prioritisation for the installation of automatic fire suppression systems, including sprinklers, in residential tower blocks owned by Birmingham City Council (BCC).

**2. Decision(s) Recommended**

That the Cabinet:

- 2.1 Notes and agrees the detailed action referred to in the report.
- 2.2 Agrees to the proposed approach for the installation of fire suppressant measures including sprinklers in residential tower blocks owned by Birmingham City Council.

**Lead Contact Officer:** Rob James, Director of Housing

**Telephone Number:** 0121 464 7699

**E-mail Address:** [robert.james@birmingham.gov.uk](mailto:robert.james@birmingham.gov.uk)

**3. Consultation**



### 3.1 Internal

Briefings have been shared with all elected members and members of the City Council's Leadership Team on the action taken immediately following the news of the fire at Grenfell Tower. Subsequent updates have also been provided.

### 3.2 External

Briefings have been shared with all Birmingham MPs.

Verbal briefing to the Birmingham Social Housing Partnership on 15th June with follow up written briefings.

Briefing to Housing Birmingham Partnership.

Information from briefings shared with Association of Retained Council Housing (ARCH).

Information requested by the Ministry of Housing Communities and Local Government has been submitted as requested.

Engagement at City Housing Liaison Board.

Engagement at Local Housing Liaison Boards.

Numerous media statements issued.

Visits to tower blocks with fire service to discuss fire safety with tenants and leaseholders.

## 4. Compliance Issues

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

- 4.1.1 The measures being taken to ensure the safety of tenants in the Council managed high rise accommodation are in line with the Council's vision of "Birmingham – a city of growth where every child, citizen and place matters" and support the key priority of "Housing – a great place to live".

### 4.2 Financial Implications (Will decisions be carried out within existing finance and Resources?)

- 4.2.1 The capital funding for the installation of fire suppressant measures including sprinklers is contained within the Housing Public Sector Capital Budget 2018+. The programme will be funded in line with the anticipated resources set out in the Council's Business Plan and Budget 2018+ as approved at the council meeting on 27<sup>th</sup> February 2018.

The Council Housing Investment Programme includes £19m of planned expenditure relating to the retrofit of fire suppressant systems (sprinklers) as part of an overall three-year programme with an anticipated cost of approximately £31m, in relation to which Central Government has been approached for a contribution of £19.4m towards these costs. In the event that this funding is not forthcoming, the costs will be funded through Prudential Borrowing.

All other measures can be delivered within existing approved HRA revenue budgets.

### 4.3 Legal Implications

In accordance with the Housing Act 1985, Housing act 2004 and Landlord and Tenant Act 1985 the Council has the statutory obligations to maintain the housing stock. The Council, working in partnership with the Fire and Rescue Authority, are under a duty to ensure fire safety in the housing stock pursuant to the Housing Act 2004 and the Regulatory Reform (Fire Safety) Order 2005.

#### 4.4 Public Sector Equality Duty

An Equality Assessment Form (Ref: ea002170) was completed for the Cabinet report dated 27 June 2017.

### 5. Relevant Background/Chronology of Key Events

- 5.1 The fire at Grenfell Tower in Kensington and Chelsea, in June 2017 resulted in a number of fatalities and has had a significant impact on the industry, but more importantly on how tenants feel about living in high rise accommodation.
- 5.2 Birmingham has 213 tower blocks and immediately following the tragic event, briefings to all elected members and MPs were produced and a report presented to Cabinet on 27th June 2017, detailing BCC's response. This has been followed up with further briefings.
- 5.3 Birmingham's Immediate and Ongoing Response to Engage and Ensure Resident Safety
- 5.3.1 To provide reassurance to our tenants and to comply with requests from the Ministry of Housing, Communities and Local Government (MHCLG), a number of measures have been undertaken since June 2017.
- 5.3.2 All 213 tower blocks have been inspected: Birmingham City Council Housing has an "in house" team of fire risk assessors, accredited by West Midlands Fire Service through the British Safety Council. As a result of these inspections, repairs are identified and then carried out. In addition, as part of our programme of fire stopping works, we maintain the following:
- Flat/communal doors that resist fire for half an hour
  - Fire safety signage
  - Self-closing refuse chute hoppers
  - Fire retardant decorative coatings to communal areas
  - Sprinklers installed to bin rooms
  - Wired/battery operated smoke alarms
  - Emergency lighting/standby battery systems
- 5.3.3 Additional detailed fire inspections have been carried out by technical officers and photographs taken of all external elevations of each block. Any repairs identified have been executed.

#### 5.4 Inspection of External Cladding

- 5.4.1 A number of BCC tower blocks have external cladding systems, but none of these share the same cladding as Grenfell Tower. To identify any improvements and to ensure the continued safety of its residents, we have continued to undertake a review of all cladding systems and specifications for work undertaken over many years to refurbish tower blocks. This has been carried out in conjunction with West Midlands Fire Service.

5.5 Joint Working with West Midlands Fire Service

- 5.5.1 Business Continuity Plans have been reviewed with the Fire Service and joint visits have enabled the fire fighting teams to carry out regular familiarisation visits to our tower blocks within their catchment areas so that any flood/fire incidents can be tackled effectively. These visits have also enabled us to deliver further fire prevention advice to tenants.

5.5. Installation of Sprinkler Systems

- 5.5.1 The Cabinet Report in June 2017 confirmed that the Council would be installing sprinkler systems in all of its high rise blocks.
- 5.5.2 The reports on the budget presented to Cabinet and Full Council in February 2018 have been agreed and the required £31m expenditure is factored into the Capital Programme through a mixture of capital receipts, Housing Revenue Account revenue contribution and additional borrowing. Several approaches have been made to government to make a grant funded contribution of £19.4m for this work to be undertaken. All leaders of the political groups in Birmingham signed a letter to the Prime Minister requesting this funding which was in addition to letters sent to the government from the Cabinet Member, Housing and Homes.
- 5.5.3 A further report on 27<sup>th</sup> March 2018 confirmed an amendment to the Capital Investment Programme over three years which would authorise the commencement of this work. The Cabinet report dated 27<sup>th</sup> March 2018, is the subject of a request for 'call-in' and is being considered at the Cabinet meeting today (24<sup>th</sup> May 2018)
- 5.5.4 The current Repairs and Maintenance / Investment contractors were required to provide fire suppression system submissions and an evaluation of these has been carried out by officers within Procurement, Finance and Housing services.
- 5.5.5 A detailed specification was defined by BCC after site visits, recommendations from sprinkler companies, BAFSA (British automatic fire sprinkler association) and initial submissions from the contractors.
- 5.5.6 The requirement is to install suppression systems to 213 tower blocks, comprising of 10606 flats in the following areas of the City:

CENTRAL WEST	4221
EAST	1828
NORTH	1070
SOUTH	3487

- 5.5.7 Prices have been provided from each contractor to install a fire suppression system based on a centralised system and a localised system in blocks located in their

contract area. The most appropriate technical solution for each flat will be decided upon installation.

5.5.8 The proposed installation over a three year period has been based on the following priority criteria:

1. All sheltered high rise blocks (37 blocks - 1700 units)
2. Most flats per floor
3. Tallest residential 14 stories and above (34 blocks, 3049 units)
4. 10 – 14 stories (71 blocks, 3363 units)
5. Under 10 stories (70 blocks, 2355 units)

This will deliver the installation of sprinklers to approximately 2725 flats in 2018/19 and 4408 flats in 2019/20 with the remainder to be completed in 2020/21.

5.5.9 In addition to the above a sub-criteria will be applied to select the blocks to benefit from these works by taking into account of the height of the blocks and whether there is only a single staircase.

## 5.6. Residents' Assurance

5.6.1 Since June 2017 a programme of visits to all 10,500 flats in the 213 blocks has been undertaken to engage with residents about any concerns they may have. A fire safety reminder leaflet was delivered to every high rise flat in 2017.

5.6.2 We have engaged with tenants through the City Housing Liaison Board, briefing them on the progress made with reassuring tenants of existing and proposed fire safety measures, including automatic fire suppression systems. This was well received.

5.6.3 An online video featuring a Council officer was posted on social media promoting West Midlands Fire Service working in partnership with the Housing Service. This was a joint fire safety campaign, which involved undertaking several safe and well visits. Many tenants participated and felt this was a worthwhile exercise.

5.6.4 Tenants have been encouraged to become involved with the 'Block Champion' initiative. This provides those involved with an added opportunity to input into the work being done to inform tenants about matters of fire safety.

5.6.5 Tenancy conditions are currently being reviewed and these will be strengthened to remind tenants of their responsibility with regards to fire safety. Planned correspondence with tenants will also include fire safety.

## 5.7 Review of Policies and Procedures

A review of all the current policies and procedures has been undertaken to enhance fire safety in tower blocks, including resilience planning and business continuity plans.

## 5.8 Partnership Working with Housing Associations

Regular updates and information sharing concerning remedial works to tower blocks has been shared with housing association colleagues through our Housing Birmingham Partnership Board.

Housing Associations (Registered Social Landlords) are required to report on block inspections directly to the MHCLG.

## 5.9 Information for Ministry of Housing, Communities and Local Government

5.9.1 Information concerning council owned blocks has been input onto the MHCLG Data Collection system (Delta) and indications are that civil servants are satisfied with the information we have provided. No requests have been received to undertake further tests at our tower blocks through the Building Research Establishment (BRE) testing centre.

5.9.2 The focus of attention now is collecting information on privately owned blocks as detailed above. Again, all information we have been able to gather so far has been input onto the Delta system.

### 5.9.3 Private ACM Clad Buildings

MHCLG has requested Local Authorities to identify privately owned residential blocks that may have ACM cladding similar to that used at Grenfell Tower. Housing staff have so far identified 132 private high rise residential properties in Birmingham. Information on these blocks has been provided on the MHCLG database.

MHCLG and West Midlands Fire Service have been liaising to identify the remedial actions required.

- Advice notes have been issued regarding responsibilities of building owners and how to assess risk. These include a flow chart of the steps to be taken to ensure remediation works are undertaken.
- Over the last few months MHCLG working with local authorities and other social landlords to input data to populate the online system.
- Where necessary building owners have completed remedial works.
- Officers from MHCLG thanked local authorities for their perseverance in gathering this data.

## 5.10 Hackitt Review of Building Regulations - Progress

A review of the current Building Regulations is being undertaken by Dame Judith Hackitt. The interim report states that the following will be recommended:

- Interim report published – ‘current system not fit for purpose’
- System needs a complete review in terms of roles, guidance notes, competence of those involved, residents voices, quality assurance – the current guidance is too complex and unclear
- Better processes for tenants to complain will be recommended
- Interim recommendations can and will be implemented now as parliament is minded to accept these in advance of the final report
- Noted that the Fire Service do not have powers to enforce on matter relating to the external façade of residential buildings, but do have these powers for commercial buildings

## 5.11 School and Hospitals

Information regarding cladding systems on School and Hospital Buildings has also been requested. Adult Social Care and Education Services have worked with schools and hospitals and an update on the information provided to Government is provided below:

- 5.11.1 University Hospitals Birmingham NHS Trust and the Queen Elizabeth Hospital are not one of the Category 1 hospitals listed by NHSi. (Category 1 Hospitals are those with cladding which has been identified as a fire risk).
- 5.11.2 The QEHB was built to conform to The Building Regulations 2000, HTM 81 and The Regulatory Reform (Fire Safety) Order 2005, the cladding on the Trust has been confirmed as non-combustible.
- 5.11.3 All staff at QEHB have yearly mandatory fire training. The Trust has regular fire alarm tests and evacuation procedures are in place should this be required. The lifts are being reviewed for their safe use in the event of fire. Automatic fire doors are fitted as standard throughout the hospital. Fire risk assessments are updated regularly and are currently being reviewed. The Trust met with West Midlands Fire Service with other healthcare facilities last week and they offered to help should any support be required but their current focus is on residential blocks as you might expect.
- 5.11.4 Heart of England NHS Trust covers HEFT, Good Hope and Solihull Hospitals and has advised that after the Grenfell Tower Fire incident, a multi-disciplinary team of Estates Officers, Project leads and Fire Safety Advisors surveyed all of the buildings on all three acute hospital sites, to identify the location of any cladding and the design specification of that cladding. The outcome of the surveys was that there are very few buildings, that fall under the responsibility of the Trust, where cladding has been used in the buildings' design, and of those buildings, only two, Ward Block 1 at Good Hope Hospital, which is a medium to high rise building, and the Hybrid Theatre at Heartlands Hospital, where patients may not necessarily be evacuated, would be considered of a slightly higher risk, and further assessments of the cladding on these buildings will be undertaken.
- 5.11.5 The Trust's Head of Estates has met West Midlands Fire Service, along with other regional Estates leaders and remains in regular dialogue with them with regard to this matter to ensure that relevant information is shared appropriately.
- 5.11.6 The Community Health Care Trust has confirmed that it has complied with the requests for information issued by NHS Improvement regarding ensuring that assessments on 'externally clad buildings' have taken place and that current and suitable fire risk assessments are current.
- 5.11.7 The Trust has contacted the Fire Authority and made it aware of the situation and is working with them going forward in assessing its property portfolio.
- 5.12 Schools
- 5.12.1 Education Services completed an online Department for Education survey indicating how many school buildings are over 18m high (more than 3 storey high) and how many school buildings have residential use and are over 18m high. The response was limited to the maintained estate only:
  - There are no maintained school buildings that are over 18m high
  - There are no maintained school buildings with residential use that are over

18m high

- 5.12.2 DfE carried out their own survey on the Academies and the Free Schools buildings. We are aware that further testing was carried out at BOA Ormiston Academy as the building is over 18m high and cladded with Aluminium Composite Material (ACM). The investigation concluded that no mitigation was required.

**6. Evaluation of Alternative Option(s):**

- 6.1 A review of all current processes and procedures has been undertaken. Additional fire suppressant measures have been considered and recommended as Birmingham's approach to fire safety in tower blocks. Any additional or alternative options will be considered following any recommendations from the investigation into the fire at Grenfell Tower and from the publication of Dame Judith Hackitt's full report on the review of Building Regulations.

**7. Reasons for Decisions**

- 7.1 The information provided in this report provides Cabinet with an update on the work undertaken to ensure safety in residential tower blocks, hospitals and schools. It provides specific information on the approach being taken to ensure safety of tenants in Birmingham City Council tower blocks.

**Signatures**

**Date**

Cabinet Member

.....  
Cllr Peter Griffiths, Housing and Homes

.....

Chief Officer

.....  
Jacqui Kennedy, Corporate Director - Place

.....

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

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

## Equality Act 2010

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

The public sector equality duty is as follows:

1	<p>The Council must, in the exercise of its functions, have due regard to the need to:</p> <ul style="list-style-type: none"> <li>(a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by the Equality Act;</li> <li>(b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;</li> <li>(c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.</li> </ul>
2	<p>Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:</p> <ul style="list-style-type: none"> <li>(a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;</li> <li>(b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;</li> <li>(c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.</li> </ul>
3	<p>The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.</p>
4	<p>Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:</p> <ul style="list-style-type: none"> <li>(a) tackle prejudice, and</li> <li>(b) promote understanding.</li> </ul>
5	<p>The relevant protected characteristics are:</p> <ul style="list-style-type: none"> <li>(a) Marriage &amp; civil partnership</li> <li>(b) Age</li> <li>(c) Disability</li> <li>(d) Gender reassignment</li> <li>(e) Pregnancy and maternity</li> <li>(f) Race</li> <li>(g) Religion or belief</li> <li>(h) Sex</li> <li>(i) Sexual orientation</li> </ul>



## BIRMINGHAM CITY COUNCIL

### PUBLIC REPORT

**Report to:** CABINET  
**Report of:** Corporate Director Finance & Governance  
**Date of Decision:** 24<sup>th</sup> May 2018  
**SUBJECT:** EQUAL PAY AND TUPE- CITYSERVE SERVICES

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

#### 1. Purpose of report:

1.1 The two reports – public and private- must be read together.

1.2 This report sets out matters relating to equal pay and TUPE.

1.3 On 24th January 2018 Cabinet approved the provision of equal pay indemnities in certain circumstances. Further delegated authority is sought in respect of equal pay indemnities requested after March 2018.

1.4 This matter was not included in the Forward Plan because consideration is required as a matter of urgency due to current proposals to TUPE transfer staff. Further, this matter has previously been considered by Cabinet on 24<sup>th</sup> January 2018 and Legal Services is seeking a confirmation of the delegated authority made by that Cabinet Report.

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

That the Cabinet:-

1. Note the contents of this report.

**Lead Contact Officer(s):** Colin Diamond  
**Telephone No:** 0121 464 2808

**E-mail address:** [Colin.Diamond@birmingham.gov.uk](mailto:Colin.Diamond@birmingham.gov.uk)

## **Consultation**

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

### Internal

The relevant Cabinet Members, the Leader and relevant Corporate Officers have been consulted. Officers from finance and legal have been involved in the preparation of the report as appropriate.

### External

Extensive consultation has been undertaken with educational institutions about the proposed migration of the Cityserve cleaning services, they have indicated support for the recommendations in the private report in relation to indemnities.

## **Compliance Issues:**

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

The recommended decision is consistent with the Council's current strategy as to Equal Pay as set out in a report to Cabinet in July 2014.

### Financial Implications

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

No additional liabilities are created as a result of the contents of the private report.

### Legal Implications

The effect of Transfer of Undertakings Protection of Employment Regulations 1996 (TUPE) work so as to protect the rights of the employee to the extent that it provides for the contracts of employees made with the transferor (the old employer) to be treated 'post transfer' as if they had always been made with the transferee (the new employer). All of the old employers "rights, powers, duties and liabilities, under or in connection with" the transferring employees' contracts pass to the new employer unless alternative provision is made.

Public Sector Equality Duty (see separate guidance note)

The litigation risk of the different groups of equal pay claims is kept under review.

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

An approved report was presented to cabinet on 14 November 2017 requesting permission to authorise the undertaking of formal consultation with schools and other educational establishments relating to the migration of the cleaning services into these establishments.

Formal consultation with schools and educational establishments indicated the majority were broadly in favour of the proposals but they required assurances around equal pay indemnities up until the point of transfer.

On 24th January 2018 Cabinet approved the provision of equal pay indemnities in certain circumstances where services were transferred to educational establishments or third party independent contractors.

Recommendations are made in the private report in respect of the continued provision of equal pay indemnities.

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

As per Private report.

**Reasons for Decision(s):**

To manage any potential liability facing the Council in respect of equal pay claims issued against the Council.

**Signatures**

**Date**

Leader, Councillor Ian Ward ..... ..

Deputy Leader, Councillor Brigid Jones ..... ..

Clive Heaphy, Corporate Director, ..... ..  
Finance and Governance

**List of Background Documents used to compile this Report: None**

**List of Appendices accompanying this Report (if any):** 1. Cabinet Report 24<sup>th</sup> January 2018

**Report Version**

**Dated**

Birmingham City Council

**BIRMINGHAM CITY COUNCIL**

**PUBLIC REPORT**

**Report to:** CABINET  
**Report of:** Corporate Director, Finance and Governance  
**Date of Decision:** 24<sup>th</sup> January 2018  
**SUBJECT:** EQUAL PAY AND TUPE- SCHOOLS

**Key Decision:** Yes  
**If not in the Forward Plan:** Relevant Forward Plan Ref:  
(please "X" box) Chief Executive approved x  
O&S Chair approved x  
**Relevant Cabinet Member(s) or** Councillor Ian Ward, Councillor Brigid Jones  
**Relevant Executive Member:**  
**Relevant O&S Chair:** Councillor Mohammed Aikhlaq, Corporate Resources  
and Governance  
**Wards affected:** ALL

**1. Purpose of report:**

- 1.1 The two reports – public and private- must be read together, as the private report does not repeat information contained in the public report.
- 1.2 This report sets out matters relating to equal pay and TUPE of cleaning staff from Cityserve to various educational establishments.
- 1.3 This matter had not previously been included in the Forward Plan because consideration has been required as a matter of urgency due to proposals as to TUPE transfer with effect from January 2018.

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

That the Cabinet:-

1. Notes the contents of this report.

**Lead Contact Officer(s):** Kate Charlton, City Solicitor  
**Telephone No:** 0121 303 2151

**E-mail address:** [kate.charlton@birmingham.gov.uk](mailto:kate.charlton@birmingham.gov.uk)

### **3.Consultation**

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

#### 3.1 Internal

The Leader, the relevant Cabinet Members and relevant Corporate Officers have been consulted. Officers from Finance and Legal have been involved in the preparation of this report as appropriate.

#### 3.2 External

Extensive consultation has been undertaken with educational institutions about the proposed migration of the Cityserve cleaning services, they have indicated support for the recommendations – see also private report.

### **4 Compliance Issues:**

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

The recommended decision is consistent with the Council's current strategy as to Equal Pay as set out in a report to Cabinet in August 2017.

#### 4.2 Financial Implications

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

The proposals in the Private report do not create any additional liabilities.

#### 4.3 Legal Implications

The effect of Transfer of Undertakings Protection of Employment Regulations 1996 (TUPE) is to protect the rights of the employee to the extent that they provide for the contracts of employees made with the transferor ( the old employer ) to be treated 'post transfer' as if they had always been made with the transferee( the new employer). All of the old employers' "rights, powers, duties and liabilities, under or in connection with" the transferring employees' contracts pass to the new employer unless alternative provision is made.

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

The litigation risk of the different groups of equal pay claims is kept under review.



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

The Cityserve Cleaning Service Migration cabinet report approved at Cabinet on 14th November 2017 recommended the start of formal consultation with key stakeholders on the proposal to migrate Cityserve's cleaning service into schools, academies and children's centres. The plan was for migration to take place on a phased basis between December 2017 and March 2018.

The consultations have revealed that educational establishments are largely in support of the recommendations to migrate cleaning staff into their establishment, and under their direct management, however concerns were expressed around the possibility that they would inherit any historic or current equal pay claims being made against the council.

The private report therefore deals with the legal and financial implications of the requests made by the educational establishments in relation to indemnities.

If no action is taken to address the issues highlighted the service will not only place additional financial pressures on schools but also increase the financial risk of Cityserve not meeting its approved budget.

### Evaluation of alternative option(s):

As per Private report.

### Reasons for Decision(s):

To manage any potential liability facing the Council in respect of equal pay claims issued against the Council.

### Signatures


#### Date

Leader – Councillor Ian Ward



12-1-18

Deputy Leader – Councillor Brigid Jones



15-1-18

Clive Heaphy, Corporate Director, Finance and Governance



List of Background Documents used to compile this Report: None - exempt

Birmingham City Council

**List of Appendices accompanying this Report (if any): None**

**Report Version V.7**

**Dated 12.01.18**

**BIRMINGHAM CITY COUNCIL  
PUBLIC REPORT**

<b>Report to:</b>	<b>CABINET</b>
<b>Report of:</b>	<b>Assistant Director Planning</b>
<b>Date of Decision:</b>	<b>24 May 2018</b>
<b>SUBJECT:</b>	<b>PHOENIX BUSINESS PARK, BRICKFIELD ROAD, TYSELEY – PROPOSED COMPULSORY PURCHASE ORDER</b>
<b>Key Decision:</b>	<b>Yes</b>
<b>If not in the Forward Plan:</b>	<b>Relevant Forward Plan Ref: 003698/2017</b>
<b>(please "X" box)</b>	<b>Chief Executive approved <input type="checkbox"/></b>
<b>Relevant Cabinet Member:</b>	<b>O&amp;S Chair approved <input type="checkbox"/></b>
<b>Relevant O&amp;S Chair:</b>	<b>Councillor Ian Ward, Leader</b>
<b>Wards affected:</b>	<b>Councillor Zafar Iqbal, Economy, Skills and Transport South Yardley</b>

**1. Purpose of report:**

- 1.1 To seek approval for the making of a compulsory purchase order (CPO) on behalf of Euro Property Investments Limited (part of the Euro Packaging group) to enable them to acquire the long leasehold interest in land at Phoenix Business Park on Brickfield Road in order to consolidate and expand their business operations.

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

That Cabinet:

- 2.1 Authorises, subject to (i) the completion of the agreement at paragraph 2.2 below and (ii) the grant of planning permission for the proposed development, the making of a Compulsory Purchase Order under Section 226(1)(a) of the Town and Country Planning Act 1990, in respect of the area identified and edged black on the plan at Appendix 1 (the 'Order Land'), including where necessary, acquisition of new rights under Section 13 of the Local Government (Miscellaneous Provisions) Act 1976, to be entitled The Birmingham City Council (Brickfield Road Tyseley) Compulsory Purchase Order (the 'CPO') in order to facilitate an employment development.
- 2.2 Authorises the City Solicitor to complete an Indemnity Agreement under which all costs, expenses and compensation arising from the CPO are met by Euro Property Investments Limited.
- 2.3 Authorises the City Solicitor to take all necessary steps, including the execution of documents as required, to secure the making, confirmation and implementation of the CPO, as well as the publication and service of all necessary notices, including High Court Enforcement Officer Notices.
- 2.4 Authorises the Assistant Director Property to voluntarily negotiate for, and acquire, all interests in land required in advance of, and alongside, making the CPO.
- 2.5 Authorises the Assistant Director Property to negotiate and agree the terms for a new lease with Euro Property Investments Limited in order to facilitate their development proposals.
- 2.6 Instructs the City Solicitor to confirm the CPO, if granted power to do so by the Secretary of State, and
- 2.7 Instructs the City Solicitor to negotiate, execute and complete all necessary documents to give effect to the above recommendations.

<b>Lead Contact Officer(s):</b>	Doug Lee, Development Planning Manager
<b>Telephone No:</b>	0121 464 9858
<b>E-mail address:</b>	doug.lee@birmingham.gov.uk



### **3. Consultation**

#### **3.1 Internal**

- 3.1.1 The members for the South Yardley Ward; Councillors Nawaz Ali, Zaker Choudhry and Zafar Iqbal; have been consulted on the report and either have no issues with the report or support the proposals put forward by Euro Packaging. The comments made by the Ward Councillors are detailed in Appendix 2.
- 3.1.2 Officers in Birmingham Property Services, City Finance and Legal Services have been involved in the preparation of this report.

#### **3.2 External**

- 3.2.1 The owners of the long leasehold of Phoenix Business Park have been informed of the proposals and have confirmed that they have been in discussions with Euro Packaging but have not reached agreement. They object to the City Council's proposed use of its compulsory purchase powers (see para. 5.5).

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

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

- 4.1.1 The proposed expansion of Euro Packaging contributes towards the City Council's Plan and Budget 2018+ and the aim to be a city of growth in every respect. In particular the proposals will contribute to the key priority of Jobs and Skills as well as the growth aspirations of both the City Council and the West Midlands Combined Authority.
- 4.1.2 The proposals accord with the Birmingham Development Plan 2031(BDP) and the objective to create a prosperous, successful and enterprising economy with benefits felt by all. The proposals are consistent with the policies and proposals for the economic growth of the city and the creation of jobs set out in the BDP. The Brickfield Road site is identified as core employment land with such land identified as being the focus of economic regeneration activities and additional development opportunities likely to come forward during the plan period (Policy TP19). The BDP also sets out in the Implementation section the City Council's willingness to use its compulsory purchase powers to assemble sites as one of the mechanisms to ensure delivery of the policies and proposals within the plan. Further details on the planning and policy context are set out in Appendix 4.

#### **4.2 Financial Implications**

##### **(Will decisions be carried out within existing finance and Resources?)**

- 4.2.1 An Indemnity Agreement between the City Council and the developer (Euro Property Investments Limited on behalf of Euro Packaging Limited) with appropriate additional security as required will be prepared to ensure that all of the costs associated with the CPO, including progressing the order and all the costs of site acquisition, all compensation and delivery of the redevelopment, will be borne by the developer.

4.2.2 In the meantime (prior to Cabinet approval and the completion of the Indemnity Agreement at 4.2.1 above), solicitors acting on behalf of Euro Property Investments Limited have provided an undertaking to pay on an indemnity basis up to a maximum of £10,000 (excluding VAT) all costs and disbursements of the City Council in order to pursue the acquisition of the site, whether or not the City Council proceeds to make a CPO, upon receipt of costs schedules from the City Council.

4.2.3 As the freehold of the site is owned by the City Council, Euro Packaging will need to renegotiate the terms of the existing leasehold with the City Council at the appropriate time as matters progress.

#### 4.3 Legal Implications

4.3.1 The relevant legal powers for the proposed CPO are contained in Section 226 (1) (a) of the Town and Country Planning Act 1990 and in respect of new rights, Section 13 of the Local Government (Miscellaneous Provisions) Act 1976. Section 226 (1) (a) enables acquiring authorities to exercise their compulsory acquisition powers if they consider that acquiring the land in question will facilitate the carrying out of development, redevelopment or improvement on, or in relation to the land being acquired and it is not certain that they will be able to acquire it by agreement.

4.3.2 Appendix 3 provides further justification for the use of compulsory purchase powers.

4.3.3 In considering whether to make a CPO the rights of property owners under the Human Rights Act 1998, particularly Article 8, Article 14 and Article 1 of the first Protocol have been taken into account (see Appendix 5). It is considered that any future compulsory acquisition would not constitute an unlawful interference with any of these rights.

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

4.4.1 From the available information it is considered that the CPO process will not give rise to any illegal discrimination and will support equality of opportunity by optimising the site's economic growth potential. The proposed redevelopment of the site is considered to provide potential benefits that will include opportunities that can be shared by potential job-seekers.

4.4.2 The CPO, by bringing a step closer the commencement of the development, has the potential to impact on the business owners and employees who currently operate on the site. However the proposed approach of supporting businesses to relocate is expected to minimise this impact. It is considered that this approach should enable many of the businesses to successfully relocate. The timely exercise of CPO powers and measures to inform business owners about the CPO process, will contribute to keeping them informed about this stage prior to commencement of the development. As the CPO progresses it's impact will continue to be reviewed.

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

5.1 Euro Packaging supply bespoke packaging products to a range of customers including many of the world's leading retailers. Their global HQ is located at 20 Brickfield Road in Tyseley and incorporates manufacturing, distribution, research and development, and offices. At the current time 480 people are employed at the Tyseley HQ making Euro Packaging a significant employer in East Birmingham.

- 5.2 Due to the success of the company and the need to diversify into new business areas Euro Packaging have a pressing need to expand at their Tyseley site. The expansion would incorporate a new business line and would create up to 300 new jobs bringing Euro Packaging's workforce at Tyseley up to 780. Euro Packaging has estimated that the new investment will be between £14 – 15 m. However the options to expand within their current footprint are very limited due to the constraints of the existing site and the company has therefore approached the owners of the adjacent Phoenix Business Park regarding the acquisition of their site to facilitate this expansion. The only other option would be to consider relocation of the business outside of the city which they state is "a measure that we do not want to contemplate (although ultimately we may be forced to do so)".
- 5.3 Phoenix Business Park is also located on Brickfield Road in Tyseley and measures approximately 1.5 ha (shown on Appendix 1). The site has been sub-divided into 16 smaller plots and currently incorporates a number of occupiers and a range of uses including but not limited to the storage of vehicles; the storage of building materials; the storage of scaffolding and waste management. The site was previously granted temporary planning approval in 2007, for a period of three years for the sub-division of the site into 16 plots and a range of storage uses on the site. This approval (2006/00735/PA) subsequently lapsed in 2010 although the uses have continued on site. Over time three planning applications have been submitted since to seek to regularise this position, the most recent of which, planning application 2016/10590/PA for change of use and sub-division of the site into 16 plots to be used as open storage and car parking was refused on the 20 July 2017. At the current time, therefore, there is no current planning approval for the uses on site.
- 5.4 The freehold of the site is owned by the City Council but is let on a long leasehold of 125 years from the 10<sup>th</sup> December 1998. In 2002 it is understood that the lease was assigned to the current main occupier of the site.
- 5.5 The Council is advised that Euro Packaging has held discussions with the lessee over the course of the last 18 months regarding the acquisition of the long leasehold interest. These discussions included a formal offer for the site in November 2016. Euro Packaging understood at that time that the offer had been received favourably and heads of terms were subsequently forwarded to the lessee's solicitors. Matters have however since stalled. As a result on the March 13<sup>th</sup> 2017, Euro Property Investments Limited (part of the Euro Packaging group) wrote requesting that the City Council use its compulsory purchase power to acquire the site and facilitate the expansion of the business.
- 5.6 As set out above, the proposals will result in approximately 300 new jobs in an area of high unemployment (levels of unemployment within the East Birmingham Corridor are consistently above both the national and Birmingham average). Euro Packaging's proposals would incorporate a new building on the site as well as its appropriate remediation (the site is a landfill site (the former Bayliss Brickworks)). Euro Packaging have also progressed a planning application for their proposals in support of the City Council's use of its compulsory purchase powers which was registered on the 26 February 2018. The application (2018/01359/PA) is an outline application with some matters reserved (save for access, scale and appearance) for the erection of a building for general industrial / warehouse and distribution purposes (Use Class B2 and B8).
- 5.7 The proposals are consistent with both national and local planning policy and the site is identified as Core Employment Land within the Birmingham Development Plan 2017. The proposals would also bring an under-utilised site (which currently does not have planning permission) into productive use (see Appendix 3).

5.8 In conclusion it is considered that the proposals would bring about the development, redevelopment and improvement of the site and as set out above would bring direct economic, social and environmental benefits for the area and the community. This will promote the economic, social and environmental well-being of the area.

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

6.1 Euro Packaging have explored whether they can expand within their existing site but have indicated that their current site is fully utilised and cannot be reconfigured to accommodate the extent of operations and investment in the business proposed. The company has stated that if they cannot expand at Tyseley then they will look outside Birmingham and therefore the proposed investment and jobs will be lost to the city.

6.2 A further alternative would be for the City Council not to use its compulsory purchase powers and for Euro Packaging to continue negotiations for the acquisition of the site. There is no certainty that these negotiations would be successful, either in a reasonable timescale or at all, and there is therefore a risk that the company may contemplate relocation elsewhere. Euro Packaging will continue to progress negotiations for the voluntary acquisition of the site at the same time as the compulsory purchase process.

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

7.1 The recommended use of the City Council's compulsory purchase powers will help facilitate the expansion of Euro Packaging Limited's business and the creation of approximately 300 new jobs in an area of high unemployment.

7.2 The proposals will also bring an under-utilised site into more productive use as well as enhance the local environment.

## **Signatures**

## **Date**

Cllr Ian Ward  
Leader of the City Council

.....

Ian MacLeod  
Assistant Director Planning;  
Economy

.....

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

1. Letter from Euro Packaging requesting that the City Council use its compulsory purchase powers to facilitate the expansion of the business; 13<sup>th</sup> March 2017
2. Letter from Coley & Tilley Solicitors, solicitors acting for Euro Property Investments Limited, providing an undertaking to cover the City Council's costs in progressing a compulsory purchase order up until completion of an indemnity agreement.
3. Planning application 2018/01359/PA, Phoenix Park, Brickfield Road.
4. Birmingham Development Plan (BDP) 2031, adopted by the City Council on 10<sup>th</sup> January 2017

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

1. Plan of land and rights to be acquired at Phoenix Business Park.

2. Comments of proposals received from South Yardley Ward Members.
3. Justifications for Compulsory Purchase Order
4. Planning and Policy Context
5. Compulsory Purchase – The Human Rights Act 1998 and the European Convention of Human Rights.
6. Equality Analysis

## **PROTOCOL PUBLIC SECTOR EQUALITY DUTY**

- 1 The public sector equality duty drives the need for equality assessments (Initial and Full). An initial assessment should, be prepared from the outset based upon available knowledge and information.
- 2 If there is no adverse impact then that fact should be stated within the Report at section 4.4 and the initial assessment document appended to the Report duly signed and dated. A summary of the statutory duty is annexed to this Protocol and should be referred to in the standard section (4.4) of executive reports for decision and then attached in an appendix; the term 'adverse impact' refers to any decision-making by the Council which can be judged as likely to be contrary in whole or in part to the equality duty.
- 3 A full assessment should be prepared where necessary and consultation should then take place.
- 4 Consultation should address any possible adverse impact upon service users, providers and those within the scope of the report; questions need to assist to identify adverse impact which might be contrary to the equality duty and engage all such persons in a dialogue which might identify ways in which any adverse impact might be avoided or, if avoidance is not possible, reduced.
- 5 Responses to the consultation should be analysed in order to identify:
  - (a) whether there is adverse impact upon persons within the protected categories
  - (b) what is the nature of this adverse impact
  - (c) whether the adverse impact can be avoided and at what cost – and if not –
  - (d) what mitigating actions can be taken and at what cost
- 6 The impact assessment carried out at the outset will need to be amended to have due regard to the matters in (4) above.
- 7 Where there is adverse impact the final Report should contain:
  - a summary of the adverse impact and any possible mitigating actions (in section 4.4 or an appendix if necessary)
  - the full equality impact assessment (as an appendix)
  - the equality duty – see page 9 (as an appendix).

## **Equality Act 2010**

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

The public sector equality duty is as follows:

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

**Phoenix Business Park,  
Brickfield Road, Tyseley**



Planning & Development  
1 Lancaster Circus  
Queensway  
Birmingham B4 7DJ.



Date:25/4/2018

Scale 1:1,500



**Birmingham**  
City Council

© Crown Copyright and database rights 2018 Ordnance Survey 100021326



## **Appendix 2**

### **Comments on Proposal received from South Yardley Ward Members**

Councillor Nawaz Ali

Email dated 9/8/17 – “No issues subject to any relevant planning”

Councillor Zaker Choudhry

Email dated 9/8/17 – “I have no issues”

Councillor Zafar Iqbal

Email dated 10/8/17 – “I am fully in support of the proposals by Euro Packaging”

## **Appendix 3**

### **JUSTIFICATIONS FOR COMPULSORY PURCHASE ORDER**

#### **Section 226 (1) (a) Town and Country Planning Act 1990 (as amended)**

1. The powers provided in the amended section 226(1) (a) enables acquiring authorities to exercise their compulsory acquisition powers if they think that acquiring the land in question will facilitate the carrying out of development, redevelopment or improvement on, or in relation to, the land being acquired and it is not certain that they will be able to acquire it by agreement. The acquisition of the long leasehold interest in Phoenix Business Park on Brickfield Road will allow redevelopment to take place and will facilitate the expansion of the adjacent business, Euro Packaging.
2. The wide power in section 226(1)(a) is subject to subsection (1A) as amended by Section 99 of the Planning and Compulsory Purchase Act 2004. This provides that the acquiring authority must not exercise the power unless they think that the proposed development, redevelopment or improvement is likely to contribute to achieving the promotion or improvement of the economic, social or environmental well-being of the area. The proposed redevelopment of Phoenix Business Park will contribute to all three of these objectives in the following ways:
  - Economic – The acquisition of the site will facilitate the expansion of the adjacent business, Euro Packaging, and enable the business to diversify into new business areas. Overall Euro Packaging has estimated that the new investment in the site as a result of the expansion will be between £14 – 15m.
  - Social – Euro Packaging are a successful company and major employer within the Tyseley area; a part of the city which has high levels of unemployment. The expansion of the business will directly create up to 300 new jobs as well as jobs during the construction of the new building. The ability to expand the business also helps to sustain the existing 480 jobs that are located at Tyseley – the company has indicated that if they cannot expand at Tyseley then they will look outside Birmingham. There are current businesses that operate at Phoenix Business Park – these are mainly storage businesses (cars, building materials, scaffolding etc) and although no breakdown of jobs on the site has been provided it is considered that there may be between 50 and 100 jobs on the site. As matters progress the City Council, as acquiring authority, and Euro Packaging will work with the affected businesses on the site in terms of relocation of the businesses and jobs affected.
  - Environmental – Phoenix Business Park is located on a landfill site (the former Bayliss Brickworks) and the proposals from Euro Packaging will incorporate the appropriate remediation of the site. The site is currently used for a variety of storage uses and the City Council has received a number of complaints regarding the condition and activities on the site over recent years. Some of these complaints related to the storage of waste and the burning of material on the site – activities which the current owners have stated will cease on site (although the site continues to be monitored by Planning Enforcement). The proposed redevelopment of the site will incorporate a new building on the site which should enhance the quality of the local environment.

Ministry of Housing, Communities and Local Government ; Guidance on Compulsory Purchase Process and the Crichel Down Rules; February 2018

3. Government guidance advises acquiring authorities in the preparation and submission of compulsory purchase orders and the matters that the Secretary of State can be expected to take into consideration when reaching a decision on whether to confirm an order.
4. The guidance states that acquiring authorities should use compulsory purchase powers where it is expedient to do so. However, a compulsory purchase order should only be made where there is a compelling case in the public interest. The expansion of and diversification of Euro Packaging's business will bring substantial economic benefits to the local area, not least the creation of 300 new jobs. The Minister confirming the order has to be able to take a balanced view between the intentions of the acquiring authority and the concerns of those with an interest in the land that it is proposing to acquire compulsorily and the wider public interest. Accordingly the City Council considers that it can present a comprehensive justification for the acquisition of the land in the public interest. The individual owners of the site will receive financial compensation for their interests and Euro Packaging and the City Council will work to relocate affected businesses in accordance with the compensation code.
5. The guidance provides that compulsory purchase is intended as a last resort to secure the assembly of all the land needed for the implementation of projects. Nevertheless it is recognised that valuable time will be lost if the acquiring authority waits for negotiations to break down before starting the compulsory purchase process. It is also noted that initiating the compulsory purchase process will make the seriousness of the authority's intentions clear from the outset, which in turn might encourage those whose land is affected to enter more readily into meaningful negotiations. To date negotiations to acquire the property voluntarily have been unsuccessful which has resulted in Euro Packaging approaching the City Council to use its compulsory purchase powers. The City Council will endeavour to acquire the interests within Appendix 1 voluntarily before it implements compulsory purchase powers.
6. At paragraph 13 the guidance states that the acquiring authority should have a clear idea of how it intends to use the land which it is proposing to acquire. In this regard Euro Packaging have clearly set out their proposals for the site to the City Council and have recently submitted a planning application (2018/01359/PA) to the City Council for the erection of a building for general industrial / warehouse and distribution uses (Uses Class B2 and B8).
7. Paragraph 13 goes on to state that the acquiring authority should be able to show that all necessary resources are likely to be available to achieve its proposals within a reasonable timescale. Euro Packaging has confirmed that they have the resources to implement the proposals on the site and that they intend to proceed with the development as soon as possible.
8. At paragraph 15 the acquiring authority is also required to show that the scheme is unlikely to be blocked by any physical or legal impediments to implementation. Appendix 4 sets out the planning and policy support for the proposal and a planning application for the development has been submitted in February 2018 and is expected to be determined in May 2018. Subject to the grant of planning consent and acquisition of the site Euro Packaging have indicated that there is no further impediment to the implementation of their proposals.

9. Section 1 of the guidance at paragraph 76 sets out factors to which the Secretary of State can be expected to consider when deciding whether to confirm an order made under section 226(1)(a). These include:
- (i) Whether the purpose for which the land is being acquired fits in with the adopted planning framework. While the Birmingham Development Plan (BDP) does not include any site specific proposals for Phoenix Business Park the proposals accord with the objective to create a prosperous, successful and enterprising economy with benefits felt by all. The proposals are consistent with the policies and proposals for the economic growth of the city and the creation of jobs set out in the BDP. The Brickfield Road site is identified as core employment land with such land identified as being the focus of economic regeneration activities and additional development opportunities likely to come forward during the plan period (Policy TP19).
  - (ii) The extent to which the proposed purpose will contribute to the achievement of the promotion or improvement of the economic, social or environmental wellbeing of the area. The redevelopment has potential to deliver with respect to each of these elements as outlined above. See paragraph 2 of this Appendix for detail.
  - (iii) Whether the purpose for which the acquiring authority is proposing to acquire the land could be achieved by any other means. Euro Packaging have explored whether they can expand within their existing site but have indicated that their current site is fully utilised and cannot be reconfigured in order to accommodate the extent of operations and investment in the business proposed. The company has stated that if they cannot expand at Tyseley then they will look outside Birmingham and therefore the proposed investment and jobs will be lost to the city. The current long leaseholders of Phoenix Business Park have sought to regularise the use of the site for open storage and car parking and object to the proposed use of the City Council's powers to facilitate Euro Packaging's proposals. However it is considered that overall the proposals from Euro packaging will generate more significant economic and other benefits for the area.

## Appendix 4

### Planning and Policy Context

#### National Planning Policy Framework (NPPF) (2012)

The NPPF promotes sustainable growth and development, seeking positive improvements in the quality of the built environment including the improvement of conditions in which people live, work, travel and take leisure.

The Framework states at paragraph 14 that at the heart of the National Planning Policy Framework is a **presumption in favour of sustainable development**, which should be seen as a golden thread running through both plan-making and decision-taking.

Paragraph 7 acknowledges that planning has an important economic role by contributing to building a strong, responsive and competitive economy, by ensuring that sufficient land of the right type is available in the right places and at the right time to support growth and innovation; and by identifying and coordinating development requirements, including the provision of infrastructure.

At paragraph 17 the Framework sets out 12 core principles that should underpin both plan-making and decision-taking. The proposals put forward by Euro Packaging are consistent with this overall approach; in particular to:

- Proactively drive and support sustainable economic development to deliver the homes, business and industrial units, infrastructure and thriving local places that the country needs. Every effort should be made objectively to identify and then meet the housing, business and other development needs of an area, and respond positively to wider opportunities for growth. Plans should take account of market signals, such as land prices and housing affordability, and set out a clear strategy for allocating sufficient land which is suitable for development in their area, taking account of the needs of the residential and business communities.
- Always seek to secure high quality design and a good standard of amenity for all existing and future occupants of land and buildings.
- Support the transition to a low carbon future in a changing climate, taking full account of flood risk and coastal change, and encourage the reuse of existing resources, including conversion of existing buildings, and encourage the use of renewable resources (for example, by the development of renewable energy).
- Encourage the effective use of land by reusing land that has been previously developed (brownfield land), provided that it is not of high environmental value.
- Actively manage patterns of growth to make the fullest possible use of public transport, walking and cycling, and focus significant development in locations which are or can be made sustainable.

The Framework emphasises that planning has a major role in building a strong competitive economy. Paragraph 18 states that the Government is committed to securing economic growth in order to create jobs and prosperity, building on the country's inherent strengths, and to meeting the twin challenges of global competition and of a low carbon future. Paragraph 19 adds that the Government is committed to ensuring that the planning system does everything it can to support sustainable economic growth. Planning should operate to encourage and not act as an impediment to sustainable growth. Therefore significant weight should be placed on the need to support economic growth through the planning system. The Euro Packaging proposals will allow their business to both grow and diversify which is consistent with the Framework's emphasis on promoting economic growth.

The Proposals are also consistent with paragraph 21 which states that planning policies should recognise and seek to address potential barriers to investment, including a poor environment or any lack of infrastructure, services or housing. To achieve this, local planning authorities should draw up local plans that set out a clear economic vision and strategy for their area which positively and proactively encourages sustainable economic growth (as the City Council has done with the BDP). In addition local planning authorities are also encouraged to:

- Set criteria, or identify strategic sites, for local and inward investment to match the strategy and to meet anticipated needs over the plan period.
- Support existing business sectors, taking account of whether they are expanding or contracting and, where possible, identify and plan for new or emerging sectors likely to locate in their area. Policies should be flexible enough to accommodate needs not anticipated in the plan and to allow a rapid response to changes in economic circumstances.
- Plan positively for the location, promotion and expansion of clusters or networks of knowledge driven, creative or high technology industries.
- Identify priority areas for economic regeneration, infrastructure provision and environmental enhancement; and
- Facilitate flexible working practices such as the integration of residential and commercial uses within the same unit.

#### Birmingham Development Plan 2017

The Birmingham Development Plan (BDP) was adopted in 2017 and is the City's statutory planning framework guiding decisions on all development and regeneration activity to 2031. The BDP sets out how and where new homes, jobs, services and infrastructure will be delivered and the type of places and environments that will be created.

The Euro Packaging proposals accord with the BDP and the objective to create a prosperous, successful and enterprising economy with benefits felt by all. The proposals are consistent with the policies and proposals for the economic growth of the city and the creation of jobs set out in the BDP.

Paragraph 7.1 recognises that Birmingham is one of the most important employment areas within the UK and states that strengthening this position and ensuring that the City has a successful and prosperous economy will require the City to provide for a wide range of opportunities for economic development and job creating activity. Policy TP17 states that provision will be made for a portfolio of 'readily available' employment land and that in addition to Regional Investment Sites (Policy TP18) a 5 year minimum reservoir of 96ha will be maintained throughout the plan period.

Paragraph 7.12 of the BDP states that in order to ensure that the city has a sufficient supply of land for employment uses to support the needs of businesses and meet the challenging targets set out in Policy TP17, the City will need to retain and recycle its limited reservoir of good quality employment land in employment use. A significant proportion of the City's employment land lies within established employment locations which have been identified as core employment areas. The Brickfield Road site is identified as core employment land with such land identified as being the focus of economic regeneration activities and additional development opportunities likely to come forward during the plan period (Policy TP19).

Paragraph 7.2 notes that the projected growth in Birmingham's population will require the City to plan for the creation of a significant number of jobs. The increase in employment will need to meet the City's growing population and help reduce the levels of unemployment and worklessness that currently exist. Paragraph 7.46 reinforces this point and states that one of

the key challenges the City faces in the future is ensuring significant jobs are created and that new employment opportunities are accessible to the local population. In accordance with Policy TP26 the City Council will work closely with Euro Packaging to identify and promote job training opportunities for local people and encourage the use of the local supply chain to meet the needs of new development.

The Brickfield Road site and Euro Packaging's current premises both fall within the Tyseley Environmental Enterprise District (TEED) which is identified within Policy TP15 as an area which has the potential to accommodate new waste and sustainable energy technologies, including recycling, Combined Heat and Power and waste recovery. Paragraph 6.91 states that the TEED has the potential to cluster complementary waste and sustainable energy uses. It then goes on to add that the City Council will actively encourage and promote appropriate recycling and CHP schemes in this location.

The BDP also sets out in the Implementation section the City Council's willingness to use its compulsory purchase powers to assemble sites as one of the mechanisms to ensure delivery of the policies and proposals within the plan. Again the use of the City Council's compulsory purchase powers to facilitate the expansion and diversification of Euro Packaging's business is consistent with this approach.

### Tyseley Environmental Enterprise District - Local Development Order (LDO) 2017

As outlined above the BDP and Tyseley Environmental Enterprise District (TEED) Economic Zone has identified the Tyseley industrial area as a principal location in Birmingham for CO2 reduction as part of a low carbon, low waste economy through encouraging recycling, energy production and renewables including manufacturing and supply chain development. To promote such activities and to provide clear planning guidance for the area the City Council has adopted a Local Development Order for Tyseley. The primary aim of the Local Development Order (LDO) is to increase flexibility within the LDO area by allowing certain changes of use without the need for specific planning permission.

The expansion and diversification of Euro Packaging's business is consistent with the objectives of the Tyseley LDO.

### Planning History

The most recent planning history for the Phoenix Business Park site is set out below:

**2006/00735/PA:** Subdivision of site into 16 plots and change of use from external storage of scaffolding to external storage of: Plot 1) Building materials, plant & vehicles. Plot 3/8-9) Scaffolding, plant & vehicles including siting of portable buildings, container & storage enclosure. Plot 4) Skips & vehicle/s. Plot 5) Building materials & vehicle/s including siting of portable building & containers. Plot 6) Stones, gravel & sand, plant and vehicles including siting of portable building & container. Plot 7) Plant & vehicles including siting of portable building & containers. Plot 10) Scaffolding & vehicles. Plot 11/12) Cars awaiting repair & associated vehicles. Plot 13) Skips & vehicles including siting of portable building & container. Plot 14) Vehicles. Plot 15) Building materials & vehicles including siting of portable building & containers. Plot 16) Stones, plant & vehicles including siting of container, and siting of 3 portacabins for use as cafe (Plot 2). 27 April 2006 - temporary approval for a period of three years.

**2015/0930/ENF:** Enforcement investigation into unauthorised uses and subdivision of site. Investigated and found to be in non-compliance. Site owner advised to submit planning application to regularise uses on site.

**2015/08931/PA:** Subdivision of site into 16 plots for a variety of industrial and waste uses. Application withdrawn 8 January 2016.

**2016/06923/PA:** Subdivision of site into 16 plots for a variety of industrial and waste uses. 7 October 2016 – application refused as ‘The application has not demonstrated by means of air quality assessment (dust and odour), full details and specifications of plant and machinery, clarification of all waste types, annual throughput and waste origins, clarifications on use classes sought and a sufficient Transport Statement (TS) that the proposal would not have an adverse impact upon visual amenity, neighbour amenity and highway safety. As such, the Local Planning Authority is therefore unable to undertake a proper assessment of the planning application’.

**2016/10590/PA:** Change of use and subdivision of site into 16 plots to be used as open storage and car parking. 20 July 2017 - application refused as ‘The application has not adequately demonstrated by means of a sufficient Transport Statement (TS), containing information on specific storage types, typical levels of vehicle movements and a HGV turning head within the site, that the proposal does not adversely impact upon highway safety. As such the proposal would be contrary to Policies PG3 and TP44 of the Birmingham Development Plan 2017 and the National Planning Policy Framework.’

**2018/01359/PA:** Outline planning application with some matters reserved (save for access, scale and appearance) for the erection of a building for general industrial / warehouse and distribution purposes (Use Classes B2 and B8). Application to be determined.



## **Appendix 5**

### **Compulsory Purchase – The Human Rights Act 1998 and the European Convention of Human Rights**

Section 6 Human Rights 1998 Act prohibits public authorities from acting in a way that is incompatible with the European Convention on Human Rights (“The Convention.”) There are 2 main articles of The Convention, which are applicable to the recommendations in this report.

#### **ARTICLE 8**

1. “Everyone has the right to respect for private and family life, his home and his correspondence.”
2. “There shall be no interference by a public authority with the exercise of this right except such as is in accordance with the law and is necessary in a democratic society in the interests of national security, public safety or the economic well-being of the country, for the prevention of disorder or crime, for the protection of health or morals, or for the protection of the rights and freedoms of others.

#### **ARTICLE 1 of the FIRST PROTOCOL**

“Every natural or legal person is entitled to the peaceful enjoyment of his possessions. No one shall be deprived of his possessions except in the public interest and subject to the conditions provided for by law and by the general principles of international law.

The preceding provisions shall not, however, in any way impair the right of a State to enforce such laws as it deems necessary to control the use of property in accordance with the general interest or to secure the payment of taxes or other contributions or penalties. “

#### **Guidance**

Article 8 applies where a local authority is considering disturbing residents’ private and family lives and removing them from their homes. It may also be relevant where residents who, although not directly affected by removal or dispossession, suffer significant disruption to their lives as a consequence of the authority’s actions.

Article 1 of the First Protocol applies where a local authority is considering the use of CPO powers to acquire private interests, and where it is proposing to dispossess residents of their homes.

The approach to be taken to give effect to rights under The Convention is also reflected in paragraph 12 of the DCLG’s Guidance on the Compulsory Purchase Process and the Crichton Down Rules for the disposal of surplus land acquired by, or under the threat of, compulsion:-

*“A compulsory purchase order should only be made where there is a compelling case in the public interest. An acquiring authority should be sure that the purposes for which the compulsory purchase order is made justify interfering with the human rights of those with an interest in the land affected. Particular consideration should be given to the provisions of Article 1 of the First Protocol to the European Convention on Human Rights and, in the case of a dwelling, Article 8 of the Convention”.*

The European Court of Human Rights has recognised in the context of Article 1 of the First Protocol that “regard must be had to the fair balance that has to be struck between the

competing interests of the individual and of the community as a whole”, i.e. compulsory purchase must be proportionate. Both public and private interests are to be taken into account in the exercise of the Council’s powers. Similarly, any interference with Article 8 rights must be “necessary in a democratic society” i.e. the proposed interference must be necessary. In pursuing a CPO, the Council has to carefully consider the balance to be struck between individual rights and the wider public interest having regarded also the availability of compensation for compulsory purchase.

### **Consideration of Human Rights Issues**

Article 8(1) provides that everyone has the right to respect for his/her property but Article 8(2) allows the State to restrict the rights to respect for the property to the extent necessary in a democratic society and for certain listed public interest purposes e.g. public safety, economic well-being, protection of health and protection of the rights of others.

In considering Articles 8 and Article 1 of the First Protocol of The Convention in the context of dispossession and compulsory purchase, it is necessary to answer the following:

1. Does a right protected by these Articles apply?
2. Is the interference in accordance with law?
3. Does the interference pursue a legitimate aim?
4. Is the interference necessary in a democratic society?

### **Does a Right Protected by these Articles Apply?**

#### **ARTICLE 1 of the FIRST PROTOCOL**

“Every natural or legal person is entitled to the peaceful enjoyment of his possessions...”  
Clearly the dispossession of an owner of their property through CPO and enforced rehousing will impinge on this right. Also, as a tenancy is a possession under this provision, the rights of tenants must be taken into consideration. The Council must therefore consider all the possible justifications for this interference as detailed in considerations (a), (b) and (c) set out below.

#### **ARTICLE 8**

Article 8.1 provides that everyone has the right to respect for his/her private and family life, home and correspondence. Article 8.2 allows the State to restrict these rights to respect to the extent necessary in a democratic society and for certain listed public interest purposes. The essence of this right lies in the concept of respect for the home as a right to privacy, in the same context as private and family life and correspondence. Article 8.1 does not concern itself with the person’s right to the peaceful enjoyment of their home as a possession; this is dealt with under Article 1 of the First Protocol.

Clearly Article 8 does apply and therefore it is necessary for the Council to consider the possible justifications for the interference (Article 8(2)) as follows:

#### **(a) Is the interference in accordance with law?**

There is a clear legal basis for making the CPO under section 226(1)(a) of the Town and Country Planning Act 1990.

**(b) Does the interference pursue a legitimate aim?**

The CPO is necessary to implement a redevelopment scheme and following the grant of planning permission and the acquisition of the site there will be no impediments to implementation.

**(c) Is the interference necessary in a democratic society?**

This requires a balanced judgement to be made between the public interest and the rights of individuals, and the rights and freedoms of others.

**Conclusion**

The Council has considered the effect of the above articles of The Convention and decided that, on balance, it is in the general public interest and of benefit to the community to make the CPO over and above the interest of the individuals affected.

Interference with Convention rights is considered by the Council to be justified. The Council in making this Order has had particular regard to meeting the alternative housing needs of any affected households, and the rights of individuals and businesses to compensation in accordance with the Land Compensation Act 1973 (as amended.) and the Land Compensation Act 1961 and Compulsory Purchase Act 1965 is considered to be both necessary and proportionate in that the land to be acquired is the minimum to achieve this Scheme's objectives

# Equality Analysis

## Birmingham City Council Analysis Report

<b>EA Name</b>	Phoenix Business Park, Brickfield Road, Tyseley CPO
<b>Directorate</b>	Economy
<b>Service Area</b>	Economy - P&R Planning And Development
<b>Type</b>	New/Proposed Function
<b>EA Summary</b>	The EA considers the impact of the proposed Compulsory Purchase Order in occupiers, businesses and the local community.
<b>Reference Number</b>	EA002067
<b>Task Group Manager</b>	doug.lee@birmingham.gov.uk
<b>Task Group Member</b>	
<b>Date Approved</b>	2018-05-01 00:00:00 +0100
<b>Senior Officer</b>	richard.cowell@birmingham.gov.uk
<b>Quality Control Officer</b>	richard.woodland@birmingham.gov.uk

### Introduction

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

#### **Initial Assessment**

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

#### **Relevant Protected Characteristics**

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

- Impact
- Consultation
- Additional Work

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

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

## 1 Activity Type

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

## 2 Initial Assessment

### 2.1 Purpose and Link to Strategic Themes

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

Euro Packaging's global HQ is at 20 Brickfield Road in Tyseley and incorporates manufacturing, distribution, research and development, and offices. Due to the success of the company and the need to diversify into new business areas Euro Packaging have a pressing need to expand at their Tyseley site. The expansion would incorporate a new business line and would create up to 300 new jobs bringing Euro Packaging's workforce at Tyseley up to 780 with the new investment estimated at between £14 - 15 m.

The leasehold owners of the adjacent Phoenix Business Park (also on Brickfield Road) have been approached by Euro Packaging regarding the acquisition of their site to facilitate this expansion. Despite negotiations agreement has not been reached between the two parties and Euro Packaging have approached the City Council to use it's compulsory purchase powers to help facilitate the expansion of their business.

Phoenix Business Park has been sub-divided into 16 plots by the long leaseholders and incorporates a number of occupiers and a range of mainly storage uses including building materials and scaffolding.

If the site is acquired and the Euro Packaging proposals progress the existing occupiers and storage uses on the site would need to relocate. The City Council as acquiring authority will work to relocate the affected businesses in accordance with the compensation code. The long leaseholders of the site (who also operate their business from the site) will also receive financial compensation in accordance with the compensation code.

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

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

### 2.2 Individuals affected by the policy

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

### 2.3 Relevance Test

Protected Characteristics	Relevant	Full Assessment Required
Age	Not Relevant	No
Disability	Not Relevant	No
Gender	Not Relevant	No

Gender Reassignment	Not Relevant	No
Marriage Civil Partnership	Not Relevant	No
Pregnancy And Maternity	Not Relevant	No
Race	Not Relevant	No
Religion or Belief	Not Relevant	No
Sexual Orientation	Not Relevant	No

## **2.4 Analysis on Initial Assessment**

The proposal is site specific as it directly impacts on the owners and occupants of Phoenix Business Park. To date the long leaseholders of Phoenix Business Park (and who also operate from part of the site) have not provided detailed information on the other occupiers on the site (the site is divided up for a number of different storage uses).

Negotiations with the long leaseholders of the site for the voluntary acquisition of their interest will continue in parallel with the progress of the CPO. The City Council as acquiring authority will also meet and engage with the existing occupiers and businesses on the site to understand their relocation requirements and to help them to relocate. Compensation will also be payable in accordance with the compensation code.

It is currently estimated that there could be between 50 to 100 jobs on the site. However the expansion of Euro Packaging will create approximately 300 jobs that will benefit the local community and ensure that the company can expand it's business from the current site rather than have to consider other locations. The proposed development would also bring an under-utilised site into productive use as well as enhance the local environment (the site is also a former landfill site). Overall it is considered that the Euro Packaging proposals will generate more significant economic, environmental and social benefits for the area than the current use of the site.

There is a legal basis for the City Council using its compulsory purchase powers in section 226 of the Town and Country Planning Act 1990. The proposal is also consistent with national and local planning policy in terms of planning and the use of compulsory purchase powers.

In proposing to use its compulsory purchase powers the City Council has considered the European Convention on Human Rights particularly Article 8 and Article 1. The City Council has considered the effect of the above Articles of the Convention and has decided that, on balance it is in the general public interest and of benefit to the community to make the CPO over and above the interest of the individual's affected.

### **3 Full Assessment**

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

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

The powers provided in the amended section 226(1) (a) of the Town and Country Planning Act enables acquiring authorities to exercise their compulsory acquisition powers if they think that acquiring the land in question will facilitate the carrying out of development, redevelopment or improvement on, or in relation to, the land being acquired and it is not certain that they will be able to acquire it by agreement. The acquisition of the long leasehold interest in Phoenix Business Park on Brickfield Road will allow redevelopment to take place and will facilitate the expansion of the adjacent business, Euro Packaging.

As the CPO progresses the City Council will engage with the current occupiers of the site. As the acquiring authority the City Council will also work to relocate the affected businesses (including the long leaseholders) in accordance with the compensation code.

In considering whether to make a CPO the rights of property owners under the Human Rights Act 1998, particularly Article 8, Article 14 and Article 1 of the first Protocol have been taken into account (see Appendix 5). It is considered that any future compulsory acquisition would not constitute an unlawful interference with any of these rights.

From the available information it is considered that the CPO process will not give rise to any illegal discrimination and will support equality of opportunity by optimising the site's economic growth potential. The proposed redevelopment of the site is considered to provide potential benefits that will include opportunities that can be shared by potential job-seekers.

The CPO, by bringing a step closer the commencement of the development, has the potential to impact upon the business owners and employees who currently operate on the site. However the proposed approach of supporting businesses to relocate is expected to minimise this potential impact. It is considered that this approach should enable many of the businesses to successfully relocate.

The timely exercise of CPO powers and measures to inform business owners about the CPO process, will contribute to keeping them informed about this stage prior to commencement of the development. As the CPO progresses it's impact will continue to be reviewed.

### **4 Review Date**

12/06/17

### **5 Action Plan**

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

## PUBLIC REPORT

<b>Report to:</b>	<b>CABINET</b>
<b>Report of:</b>	<b>DIRECTOR OF COMMISSIONING &amp; PROCUREMENT</b>
<b>Date of Decision:</b>	<b>24<sup>th</sup> MAY 2018</b>
<b>SUBJECT:</b>	<b>PLANNED PROCUREMENT ACTIVITIES (JULY 2018 – SEPTEMBER 2018) AND QUARTERLY CONTRACT AWARD SCHEDULE (JANUARY 2018 – MARCH 2018)</b>
<b>Key Decision:</b>	<b>No</b>
<b>If not in the Forward Plan:</b>	<b>Relevant Forward Plan Ref: n/a</b>
<b>(please "tick" box)</b>	<b>Chief Executive approved <input type="checkbox"/></b>
<b>Relevant Cabinet Member(s) or</b>	<b>O&amp;S Chair approved <input type="checkbox"/></b>
<b>Relevant Executive Member:</b>	<b>Cllr Majid Mahmood – Commercialism, Commissioning and Contract Management</b>
<b>Relevant O&amp;S Chair:</b>	<b>Cllr Mohammed Aikhlaq, Corporate Resources and Governance</b>
<b>Wards affected:</b>	<b>All</b>

**1. Purpose of report:**

- 1.1 This report provides details of the planned procurement activity for the period July 2018 – September 2018 and all contract award decisions made under Chief Officer's delegation during the previous quarter. Planned procurement activities reported previously are not repeated in this report.

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

That Cabinet

- 2.1 Notes the planned procurement activities under officer delegations set out in the Constitution for the period July 2018 – September 2018 as detailed in Appendix 1.
- 2.2 Notes the contract award decisions made under Chief Officers delegation during the period January 2018 – March 2018 as detailed in Appendix 2.

**Lead Contact Officer (s):**

Nigel Kletz  
 Corporate Procurement Services  
 Strategic Services Directorate  
 0121 303 6610  
 Nigel.kletz@birmingham.gov.uk

**Telephone No:**

**E-mail address:**



### **3. Consultation**

#### **3.1 Internal**

This report to Cabinet is copied to Cabinet Support Officers and to Corporate Resources and Governance Overview & Scrutiny Committee and is the process for consulting with relevant cabinet and scrutiny members. At the point of submitting this report Cabinet Members/ Corporate Resources and Governance Overview & Scrutiny Committee Chair have not indicated that any of the planned procurement activity needs to be brought back to Cabinet for executive decision.

#### **3.2 External**

None

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

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

Details of how the contracts listed in Appendix 1 and Appendix 2 support relevant Council policies, plans or strategies, will be set out in the individual reports.

#### **4.2 Financial Implications**

Details of how decisions will be carried out within existing finances and resources will be set out in the individual reports.

#### **4.3 Legal Implications**

Details of all relevant implications will be included in individual reports.

#### **4.4 Public Sector Equality Duty**

Details of Risk Management, Community Cohesion and Equality Act requirements will be set out in the individual reports.

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

- 5.1 At the 1 March 2016 meeting of Council changes to procurement governance were agreed which gives Chief Officers the delegated authority to approve procurement contracts up to the value of £10m over the life of the contract. Where it is likely that the award of a contract will result in staff employed by the Council transferring to the successful contract under TUPE, the contract award decision has to be made by Cabinet.
- 5.2 In line with the Procurement Governance Arrangements that form part of the Council's Constitution, this report acts as the process to consult with and take soundings from Cabinet Members and the Corporate Resources and Governance Overview & Scrutiny Committee. It also informs members of the contracts awarded under Chief Officers delegation (£164,176 and over) between the period October 2016 – December 2016.
- 5.3 This report sets out the planned procurement activity over the next few months where the contract value is between the EU threshold (£181,302) and £10m. This will give members visibility of all procurement activity within these thresholds and the opportunity to identify whether any procurement reports should be brought to Cabinet for approval even though they are below the £10m delegation threshold.
- 5.4 It should be noted that the EU threshold has changed from £164,176 to £181,302 and will apply from 1<sup>st</sup> January 2018 for a period of 2 years.
- 5.5 Individual procurements may be referred to Cabinet for an executive decision at the request of Cabinet, a Cabinet Member or the Chair of Corporate Resources and Governance Overview & Scrutiny Committee where there are sensitivities or requirements that necessitate a decision being made by Cabinet.
- 5.6 Procurements below £10m contract value that are not listed on this or subsequent monthly reports can only be delegated to Chief Officers if specific approval is sought from Cabinet. Procurements above £10m contract value will still require an individual report to Cabinet in order for the award decision to be delegated to Chief Officers if appropriate.
- 5.7 A briefing note including financial information is appended to the Private report for each item on the schedule.

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

- 6.1 The report approved by Council Business Management Committee on 16 February 2016 set out the case for introducing this process. The alternative option is that individual procurements are referred to Cabinet for decision.

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

- 7.1 To enable Cabinet to identify whether any reports for procurement activities should be brought to this meeting for specific executive decision, otherwise they will be dealt with under Chief Officer delegations up to the value of £10m, unless TUPE applies to current Council staff.
- 7.2 To inform Cabinet of contract award decisions made under Chief Officers delegation during the period January 2018 – March 2018 as detailed in Appendix 2.

**Signatures:****Date:**

Name of Officer: .....  
Nigel Kletz – Director of Commissioning & Procurement

.....  
Councillor Majid Mahmood - Commercialism, Commissioning and Contract Management

**List of Background Documents used to compile this Report:****List of Appendices accompanying this Report (if any):**

1. Appendix 1 - Planned Procurement Activity July 2018 – September 2018
2. Appendix 2 – Quarterly Award Schedule January 2018 – March 2018
3. Appendix 3 – Training For The Adults Social Care Workforce – P0263
4. Appendix 4 - Management and Employee Development Training Services Framework Agreement (P0371) – Recommended For Award

**Report Version**    1                    **Dated**    10/05/2018

## APPENDIX 1 – PLANNED PROCUREMENT ACTIVITIES (JULY 2018 – SEPTEMBER 2018 )

Type of Report	Title of Procurement	Ref	Brief Description	Contract Duration	Directorate	Portfolio Commercialism, Commissioning and Contract Management Plus	Finance Officer	Contact Name	Planned CO Decision Date	Comments - including any request from Cabinet Members for more details
Approval to Tender Strategy	Land Remediation for the Development of Housing for the Commonwealth Games Village (CWGV)	TBC	The Council is purchasing land (due to be completed in May 2018) from BCU Property Ltd at Holford Drive, Perry Barr which will form part of the site where the Commonwealth Games Village will be sited. Initial due diligence of the site has identified there is significant contamination in the ground that requires specialist remediation before any construction of the village can commence.	16 weeks	Economy	Deputy Leader	Guy Olivant	Ian MacLeod / Charlie Short	03/07/2018	
Approval to Tender Strategy	Agency Service for the disposal of residential and commercial units within the Commonwealth Games Athletes Village in Legacy mode (post Games)	TBC	The Commonwealth Games Athletes Village is being designed to provide the following type of residential units post-games; Private Rented Sector, Social Housing (through the Council's Housing Revenue Account), an extra care village and open market sales.	6 years	Economy	Deputy Leader	Guy Olivant	Kate Oates / Charlie Short	26/06/2018	
Strategy / Award	Clean Air Zone Programme Management	TBC	The service required is for the continuation of programme management services to oversee the implementation of a Clean Air Zone in Birmingham.	8 months	Economy	Transport and Roads	Simon Ansell	David Harris / Charlie Short	26/06/2018	
Approval To Tender Strategy	School Health Support Service	TBC	Supports schools to meet their legal responsibility to students with ill health and/or medical needs. The service connects schools and healthcare services to help schools deliver the specific health needs of individual children in line with their Children in Need or Child Protection Plans.	2 years plus 2 years option to extend	Adults Social Care & Health	Health and Social Care	Shabir Ladak	Sarah Feeley / Gina Dimarco	26/06/2018	
Strategy / Award	Cashless Online Meal Ordering Solution	TBC	To provide schools with the ability to collect and manage payments for school meals online and to enable parents to pay online for their school meals. To enable school children to order their meals electronically and for parents to see what has been ordered via their online account.	3 years	Children and Young People	Children, Families and Schools	Anil Nayyar	Julie Brown / David Waddington	26/06/2018	
Strategy / Award	Joint Data Team Contract	TBC	The Council requires a range of data to provide services in relation to transport and planning. These requirements include:- Lot 1A – Primary Data Collection - traffic counts, occupancy levels, transport mode classification counts Lot 1B – Mass Transit Data - connected vehicle data, GPS, mobile phone and crowd sourced movement data. Lot 2A – Data platform software and services - ICT for loading, storage, secure access, analysis, visualisation and access to this data. This includes data sets relating to accidents, traffic speed and flows, mass transit data and other transport related data. Lot 2B – Consultancy for data manipulation and projects - Access to resources with advanced analysis, visualisation and data integration skills.	7 years, 3 months	Economy	Transport and Roads	Simon Ansell	Andrew Radford / Charlie Short	26/06/2018	

## Appendix 2 – Quarterly Contract Award Schedule (JANUARY 2018 – MARCH 2018)

Type of Report	Title of Procurement	Ref	Brief Description	Contract Duration	Directorate	Portfolio Commercialism, Commissioning and Contract Management Plus	Finance Officer	Contact Name	Comments - including any request from Cabinet Members for more details	Contractor(s) Awarded to	Chief Officer	Actual Go Live date
Strategy / Award	Employer's Agent Service for the Development of Housing for the Commonwealth Games Village (CWGV)	P0426	An Employer's Agent may be required to deliver full project management services for the development of housing for the Commonwealth Games Village and the post-games legacy.	5 years	Place	Deputy Leader	Martin Easton	Debbie Husler	Presented to Cabinet for info 14/11/2017. Strategy / Award Report signed <b>12/01/2018</b> .	Arcadis LLP	Nigel Kletz / Waheed Nazir	12/01/2018
Delegated Contract Award	Carers Hub: Carers' Assessments and Grants	TBC	The service will be responsible for undertaking statutory care assessments for carers on behalf of the Council. It will also administer grants to carers, according to eligible needs identified through those assessments, also on behalf of the Council.	1 year, 3 months	Adults Social Care & Health	Health and Social Care	Shabir Ladak	Austin Rodriguez / Gina Dimarco	Presented to Cabinet for info 15/11/2017. SCN signed <b>20/12/2017</b> . Delegated Contract Award Report signed <b>23/01/2018</b> .	Forward Carers Consortium Limited	Nigel Kletz / Graeme Betts	23/01/2018
Delegated Extension Award	School Health Advisory Service	C0153	To extend the contract for the provision of School Health Advisory Service.	4 months	Adults Social Care & Health	Health and Social Care	Shabir Ladak	Sarah Feeley / Adrian Phillips	Cabinet Members for Commissioning, Contracting and Improvement jointly with Strategic Director of People approved the report on <b>16/12/2015</b> with the option to extend for a further 2 years. Delegated Extension Award Report signed <b>23/01/2018</b> .	Birmingham Community Healthcare NHS Foundation Trust	Nigel Kletz / Graeme Betts	01/04/2018
Strategy / Award	Estate Professional Services	P0192	To provide the Council with access to the Crown Commercial Services Estates Professional Services framework (RM3816) to compliment the in-house capacity in providing property and estates related professional services.	3 years, 8 months	Economy	Deputy Leader	Simon Ansell	Eden Ottley / Marie Hadley	Presented to Cabinet for info 12/12/2017. Strategy / Award Report signed <b>25/01/2018</b> .	Individual call offs will be carried out using the various suppliers on the CCS Estates Professional Services Framework Agreement	Nigel Kletz / Waheed Nazir	29/01/2018
Delegated Contract Award	Cleaning Services for Temporary Accommodation and Communal Areas of Sheltered and Low Rise Accommodation	P0254	Sheltered accommodation that have a requirement for general, routine and deep cleaning covering the cleaning of common rooms, kitchens, offices, toilets and other general areas. Low rise accommodation, communal areas that require routine and emergency/reactive cleaning and the homeless service requires the general, routine and deep cleaning at temporary accommodation and the removal of rubbish once the properties have been vacated.	2 years plus 1 year option to extend	Place	Housing and Homes	Guy Olivant	Jas Claire	Presented to Cabinet for info 17/05/2016. Approval to Tender Strategy Report signed <b>16/07/2016</b> and delegated the award to CO. Delegated Award Report signed <b>05/02/2018</b> . The contract award reflects anticipated greater usage. The contract award value is within the 20% tolerance allowance.	1) Hi-Spec Facilities Plc for the South and East Quadrants 2) Ideal Cleaning Services Limited for the North and West Quadrants	Jacqui Kennedy / Nigel Kletz	01/04/2018
Delegated Contract Award	Provision of Temporary Accommodation through Private Sector Leasing Scheme (Addendum Report)	P0328R	Provision of temporary accommodation for citizens who are homeless and for other families who have No Recourse to Public Funds (NRPF).	4 years	Place	Housing and Homes	Guy Olivant	Gina DiMarco	Cabinet approved the Approval to Tender Strategy <b>20/09/2016</b> . Cabinet Members for Children, Families and Education, Housing and Homes, Children, Families and Education, and Value for Money and Efficiency jointly with the Corporate Director of Place approved the award report on <b>15/09/2017</b> . Addendum Report approved on <b>06/02/2018</b> .	Approves the award of the Block Contract or the Framework Agreement to: • Finefair Finefutures Ltd • Weir Housing Ltd • PDS Property Management Ltd • Global Property Management (UK) Ltd • Select Care Solutions Ltd • Ezzi Letting Solutions Ltd • Second City Housing Ltd • Metropolitan Surveyors • Mears Housing Management Ltd	Jacqui Kennedy / Nigel Kletz	06/02/2018
Delegated Contract Award	Provision of data to maximise Business Rate Retention and forecast business rates income	P0415	The cost is for the provision of data to enable the generation of additional business rates income, maximising income for the local authority by identifying new and altered properties onto the Valuation Office rating list.	4 years	Strategic Services	Deputy Leader	Mike O'Donnell	Lisa Haycock / Brigitte Kershaw	Presented to Cabinet for info 25/07/2017. Approval to Tender Strategy Report signed <b>01/11/2017</b> and delegated the award to CO. Delegated Contract Award Report signed <b>15/02/2018</b> . Whilst the maximum value of the proposed contract was correct the time period was not. The estimated was for the whole 4 year period.	Inform CPI Limited	Nigel Kletz / Angela Probert	01/03/2018

continued > .....

Type of Report	Title of Procurement	Ref	Brief Description	Contract Duration	Directorate	Portfolio Commercialism, Commissioning and Contract Management Plus	Finance Officer	Contact Name	Comments - including any request from Cabinet Members for more details	Contractor(s) Awarded to	Chief Officer	Actual Go Live date
Addendum Report	Employer's Agent Service for the Development of Housing for the Commonwealth Games Village (CWGV)	P0426	The additional cost and duration of work for an Employers Agent service for the CWGV to include the de-conversion of the village for the sale of housing for sale and rent after the end of the Commonwealth Games.	7 years	Economy	Deputy Leader	Guy Olivant	Debbie Husler	Presented to Cabinet for info 24/01/2018. Strategy / Award Report signed 20/02/2018.	Arcadis Ltd	Nigel Kletz / Waheed Nazir	21/02/2018
Delegated Contract Award	Repair, Maintenance, and Major Refurbishment of Lifts in Housing, Council Buildings and Schools (P391)	P0391	The provision of services for the Repair, Maintenance and Major Refurbishment of Lifts in Housing, Council Buildings and Schools.	4 years with an option to extend for up to 2 years	Place	Deputy Leader	Guy Olivant	Jas Claire / John Jamieson / David Fletcher	Cabinet approved the Approval to Tender Strategy on 15/08/2017 and delegated to award to CO. Delegated Award Report signed 21/02/2018.	Schindler Limited	Nigel Kletz / Jacqui Kennedy	01/04/2018
Delegated Contract Award	Provision of a Hydrogen Bus Operator	P0420	Provision of a Hydrogen Bus Operator.	7 years	Economy	Transport and Roads	Simon Ansell	Sylvia Broadley / David Waddington	Cabinet approved the Approval to Tender Strategy on 24/10/2017 and delegated the award to CO. Delegated Contract Award Report signed 26/02/2018.	West Midlands Travel Limited	Nigel Kletz / Waheed Nazir	01/03/2018
Delegated Contract Award	Training for the Adults Social Care Workforce	P0263	This opportunity is for a framework agreement for organisations to provide training for the Council's adults social care workforce.	4 years	Adult Social Care and Health	Health and Social Care	Margaret Ashton Gray	Marie Hadley / Patricia Daley	Presented to Cabinet for info 17/11/2015. Approval to Tender Strategy Report signed 06/09/2017 and delegated the award to CO. Delegated Contract Award Report signed 03/03/2018.	Please refer to Appendix 3.	Nigel Kletz / Graeme Betts	01/04/2018
Delegated Contract Award	Demolition of Greenwood Academy, Farnborough Road, B35 7NL	TBC	Demolition of Greenwood Academy, Farnborough Road, B35 7NL.	7 months	Economy	Deputy Leader	Guy Olivant	Colette McCann / Charlie Short	Cabinet approved the Land Appropriations to Support Housing Growth Report on 21/03/2017 and delegated the award to CO. Delegated Award Report signed 06/03/2018.	City Demolition Contractors (Birmingham) Ltd	Nigel Kletz / Waheed Nazir	07/03/2018
Strategy / Award	Maintenance, Servicing and Supply of Fire Extinguishers	P0417	The maintenance, servicing and supply of fire extinguishers at Council sites is required for directorates of the Council and schools on an annual basis in accordance with legislation and British Standard (BS) 5306 part 3:2009 and part 8:2012. As part of this contract, there is a requirement for the servicing and supply of fire blankets and fire equipment signage.	4 years	Strategic Services	Deputy Leader	Thomas Myers	Jas Claire	Presented to Cabinet for info 15/08/2017. Strategy / Award Report signed 20/03/2018.	Firemark Ltd	Nigel Kletz	01/04/2018
Delegated Extension Award	Healthwatch Birmingham	TBC	To extend the Healthwatch Birmingham.	1 year	Adult Social Care and Health	Health and Social Care	Peter Woodall	Sarah Feeley / Pip Mayo	Presented to Cabinet for info 13/12/2016. SCN signed 16/01/2017. Delegated Contract Award Report signed 08/02/2017. Delegated Extension Award Report signed 26/03/2018.	Healthwatch Birmingham	Nigel Kletz / Graeme Betts	01/04/2018
Delegated Contract Award	Management and Employee Development Training Services Framework Agreement	P0371	Organisational Development, within HR, is looking to establish a framework agreement for the delivery of a range of training courses that the Council's employees may require during the proposed framework period, of 4 years. This will support the upskilling of employees in skills needed to support the Council of the future.	4 years	Strategic Services	Deputy Leader	Alison Jarratt	Marie Hadley	Presented to Cabinet for info 24/01/2017. Approval to Tender Strategy Report signed 14/07/2017 and delegated the award to CO. Delegated Contract Award Report signed 27/03/2018.	Please refer to Appendix 4.	Nigel Kletz / Angela Probert	01/05/2018

continued > .....

Type of Report	Title of Procurement	Ref	Brief Description	Contract Duration	Directorate	Portfolio Commercialism, Commissioning and Contract Management Plus	Finance Officer	Contact Name	Comments - including any request from Cabinet Members for more details	Contractor(s) Awarded to	Chief Officer	Actual Go Live date
Delegated Contract Award	Transactional Print & eComms (F0204) and Shredding & Confidential Waste Services (F0223)	F0204 / F0223	1. Print & paper products e.g. leaflets, posters & other forms of printed communications. 2. Shredding & Confidential Waste Services includes off-site & on-site shredding & is used by BCC, Schools & other contracting authorities.	9 months	Strategic Services	Deputy Leader	Thomas Myers	Andrea Webster	Presented to Cabinet for info 06/03/2017. SCN signed 15/03/2018. Delegated Award Report signed 29/03/2018.	P W Commercial Company Ltd t/a Printwaste Recycling and Shredding (Printwaste)	Nigel Kletz / Angela Probert	01/04/2018
Delegated Contract Award	Young People's Substance Misuse Treatment Service	TBC	The purpose of the service is to reduce the harm of substance misuse. The service provides both brief and extended interventions and structured treatment. The service works closely with the Youth Offending Service.	1 year	Adult Social Care and Health	Health and Social Care	Shabir Ladak	John Freeman / Gina Dimarco	Presented to Cabinet for info 12/12/2017. SCN signed 15/03/2017. Delegated Award Report signed 29/03/2018.	Aquarius Action Projects	Nigel Kletz / Colin Diamond	01/04/2018
Delegated Contract Award	Enteral Feeding spend combined into the Clinical Commissioning Group's contract with Birmingham Community Health NHS Foundation Trust	TBC	Trained health workforce (Complex Care Assistants) deliver safe and correct administration of enteral feeding support to key special schools during school opening hours and on school premises to ensure children and young people with enteral feeding requirements receive support in accordance with their individual needs and nutritional requirement in a safe and coordinated manner.	1 year	Children and Young People	Children, Families and Schools	Anil Nayyar	Saadhia Kamran / Gina Dimarco	Presented to Cabinet for info 24/01/2018. SCN signed 28/03/2018. Delegated Award Report signed 29/03/2018.	Birmingham Community Health Foundation NHS Trust	Nigel Kletz / Colin Diamond	01/04/2018
Delegated Contract Award	NHS Healthy Start Vitamins	TBC	Supply of NHS Healthy start vitamins for distribution to pregnant women and child up to the age of 5 years old.	4 years, 9 months plus 2 years option to extend	Adults Social Care & Health	Health and Social Care	Shabir Ladak	Sarah Feeley / Gina Dimarco	Presented to Cabinet for info 13/02/2018. SCN signed 27/03/2018. Delegated Award Report signed 29/03/2018.	NHS (DHL) Supply Chain	Nigel Kletz / Graeme Betts	01/04/2018

### **APPENDIX 3 – TRAINING FOR THE ADULTS SOCIAL CARE WORKFORCE – P0263**

<b>Recommended for Award</b>	<b>Lot 1 – Social Work (Assessment and Support Planning)</b>	<b>Lot 2 - Mental Health</b>	<b>Lot 3 – Social Care and Health</b>	<b>Lot 4 – Leadership and Management regarding Intervention</b>	<b>Lot 5 - Safeguarding</b>
Birmingham Mind		✓			
C Howell Consultancy	✓	✓		✓	
Central Consultancy and Training	✓		✓	✓	✓
Community Navigator Services CIC	✓			✓	
CQM Learning Ltd	✓	✓	✓	✓	✓
Daisy Bogg Consultancy Ltd.	✓	✓	✓	✓	✓
Edge training and consultancy Ltd		✓			
First Response Training and Consultancy Services Limited		✓	✓		✓
Hari Sewell Consultancy Ltd	✓	✓	✓	✓	
ELA Development Ltd, formerly HelderCorp Ltd	✓			✓	
Integritas Support Ltd		✓			✓
Linus services Its	✓	✓	✓	✓	✓
Mosaic Training & Consultancy Ltd	✓	✓	✓	✓	✓
Premier Training Services	✓		✓	✓	✓
The Training Initiative Group Limited (Formerly Pro-vida Training Ltd)		✓	✓	✓	✓
Quality Care Training Consultancy Ltd			✓		✓
Select Lifestyles Ltd					✓
Smart Training and Consultancy	✓	✓	✓	✓	✓
St Thomas Training Ltd		✓	✓		✓
Sue Morris Consultancy Partnership	✓				
The Change and Development Co Ltd	✓	✓		✓	
Trinity Training					✓



**APPENDIX 4 - MANAGEMENT AND EMPLOYEE DEVELOPMENT TRAINING  
SERVICES FRAMEWORK AGREEMENT (P0371) – RECOMMENDED FOR  
AWARD**

<b>Lot 1 - Business Improvement and Consultancy Recommended for award</b>
Central Consultancy and Training
Eliesha Training Limited
Explosive Learning Solutions Limited
Heldercorp ltd T/A ELA Developments Ltd
QA Limited
The University of the West of England

<b>Lot 2 - Equality and Diversity Recommended for award</b>
BRAP
Central Consultancy and Training
Heldercorp ltd T/A ELA Developments Ltd
Opus Performance
Premier People Solutions Ltd., T/A Premier Partnership
QA Limited

<b>Lot 3 - Provision of Development Centres, including certified diagnostic assessments Recommended for award</b>
Eliesha Training Limited
Heldercorp ltd T/A ELA Developments Ltd
Keystone Training Ltd
People Untapped Limited
QA Limited
JMG Consulting International Limited

<b>Lot 4 - Leadership and Management - Recommended for award</b>
Central Consultancy and Training
Eliesha Training Limited
Heldercorp ltd T/A ELA Developments Ltd
Premier People Solutions Ltd., T/A Premier Partnership
QA Limited
The University of the West of England

<b>Lot 5 – Coaching - Recommended for award</b>
Eliesha Training Limited
Explosive Learning Solutions Limited
Heldercorp ltd T/A ELA Developments Ltd
Premier People Solutions Ltd., T/A Premier Partnership
QA Limited
Keystone Training Ltd