

BIRMINGHAM CITY COUNCIL**PUBLIC REPORT**

Report to:	CABINET	
Report of:	THE CHIEF EXECUTIVE AND DIRECTOR OF ECONOMY AND THE STRATEGIC DIRECTOR FINANCE & LEGAL	
Date of Decision:	26th July 2016	
SUBJECT:	CORPORATE REVENUE BUDGET MONITORING 2016/17 MONTH 2 (UP TO 31ST MAY 2016)	
Key Decision: Yes	Relevant Forward Plan Ref: 001928/2016	
If not in the Forward Plan: (please "X" box)	Chief Executive and Director of Economy approved	
	O&S Chairman approved	X
Relevant Cabinet Member(s):	Councillor Ian Ward	
Relevant O&S Chairman:	Councillor Mohammed Aikhlaq	
Wards affected:	All	

1. Purpose of report:
1.1 This report forms part of the City Council's robust arrangements for controlling its revenue expenditure.
1.2 Each Directorate's financial performance to date is shown, together with the risks and issues identified to date in the Corporate Revenue Budget Monitoring document for Month 2, which is appended to this report.

2. Decision(s) recommended:
2.2 Note the latest monitoring position in respect of the City Council's savings programme and the present risks identified in its delivery.
2.3 Approve the resource allocations as identified in Section 2.6 of the attached report including delegated authority to the Strategic Director – Finance & Legal for the allocation of Specific Policy Contingency.
2.4 Approve the extension of the accountable body agreement between the City Council and the West Midlands Pension Fund to include a new mezzanine fund to be managed by Finance Birmingham as part of its allowable private sector trading exemption as identified in Section 2.6 of the attached report.
2.5 Authorise the City Solicitor to negotiate, execute and complete all relevant documentation to give effect to the above recommendation for a new mezzanine fund.
2.6 Approve the writing off of debts over £25,000 as summarised in Sections 3 and 4 and detailed in Appendix 4.

Lead Contact Officer(s):	Jon Warlow, Strategic Director Finance and Legal
Telephone No: E-mail address:	0121-303-2950 jon.warlow@birmingham.gov.uk

3. Consultation	<p>Consultation should include those that have an interest in the decisions recommended.</p> <p>3.1 <u>Internal</u></p> <p>Cabinet Members, Strategic Directors and Assistant Directors of Finance have been consulted in the preparation of this report.</p> <p>3.2 <u>External</u></p> <p>There are no additional issues beyond consultations carried out as part of the budget setting process for 2016/17.</p>
4. Compliance Issues:	<p>4.1 <u>Are the recommended decisions consistent with the Council's policies, plans and strategies?</u></p> <p>The budget is integrated with the Council Business Plan, and resource allocation is directed towards policy priorities.</p> <p>4.2 <u>Financial Implications</u> <u>(Will decisions be carried out within existing finances and Resources?)</u></p> <p>The Corporate Revenue Budget Monitoring document attached gives details of monitoring of service delivery within available resources.</p>

4.3 Legal Implications

Section 151 of the 1972 Local Government Act requires the Strategic Director of Finance & Legal (as the responsible officer) to ensure the proper administration of the City Council's financial affairs. Budgetary control, which includes the regular monitoring of and reporting on budgets, is an essential requirement placed on Directorates and members of the Corporate Leadership Team by the City Council in discharging the statutory responsibility. This report meets the City Council's requirements on budgetary control for the specified area of the City Council's Directorate activities.

In terms of the West Midlands Pension Fund (WMPF) mezzanine funding, under the general power of competence contained within Section 1 of the Localism Act 2011 the City Council has the power to enter into the arrangements as set out in this report. The new mezzanine fund will be lent at commercial rates through a private trading arm and will be separately assessed for state aid compliance. Under Section 95 of the Local Government Act (LGA) 2003, relevant authorities have the power to engage in entrepreneurial commercial trading with private bodies and persons.

4.4 Public Sector Equality Duty (see separate guidance note)

There are no additional Equality Duty or Equality Analysis issues beyond any already assessed in the year to date. Any specific assessments needed will be made by Directorates in the management of their services.

5. Relevant background/chronology of key events:

- 5.1 At the meeting on 1st March 2016, the Council agreed a net revenue budget for 2016/17 of £835.281m to be met by government grants and council tax payers.
- 5.2 The base budget forecast variations in each Directorate are detailed in Section 2 of the Corporate Revenue Budget Monitoring document, together with the actions presently proposed to contain spending within cash limits. The position is summarised in tabular form in Appendix 1 which incorporates the forecast year end pressures by Directorate.
- 5.3 Directorate risks relating to the Savings Programme, and measures being undertaken to alleviate these are detailed in Section 2 of the attached report. The position is summarised in tabular form in Appendix 3.

6.	Evaluation of alternative option(s):
6.1	Strategic Directors, in striving to manage their budgets, have evaluated all the options available to them to maintain balance between service delivery and a balanced budget.
7.	Reasons for Decision(s):
7.1	<p><u>To inform Cabinet of:</u> The City Council's 2016/17 revenue budget position and the level of gross pressures identified as at 31st May 2016.</p> <p>The latest monitoring position in respect of the City Council's Savings Programme and the present risks identified in its delivery.</p> <p><u>To approve:</u> The resource allocations as identified in Section 2.6 of the attached report including delegated authority to the Strategic Director – Finance & Legal for the allocation of Specific Policy Contingency.</p> <p>The writing off of debts over £25,000 as summarised in Sections 3 and 4 and detailed in Appendix 4.</p> <p>The extension of the accountable body agreement between the City Council and the West Midlands Pension Fund to include a new mezzanine fund to be managed by Finance Birmingham as part of its allowable private sector trading exemption as identified in Section 2.6 of the attached report.</p> <p>Authorise the City Solicitor to negotiate, execute and complete all relevant documentation to give effect to the above recommendation for a new mezzanine fund.</p>

Signatures	Date
Strategic Director Finance & Legal
Chief Executive
Deputy Leader

List of Background Documents used to compile this Report:
City Council Business Plan 2016+ approved at Council (1 March 2016).

List of Appendices accompanying this Report (if any):
1. Corporate Revenue Budget Monitoring Document – Month 2
2.
3.
4.
5.

Report Version	V1.0	Dated	15 th July 2016
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CORPORATE REVENUE BUDGET MONITORING REPORT 2016/17 MONTH 2

(up to 31st May 2016)

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1. Executive Summary

- 1.1 The City Council has a General Fund net revenue budget of £835.281m. Latest projections indicate a pressure of £11.614m in the base budget delivery at year-end and £51.612m of risks relating to the savings programme, giving combined pressures and savings risks of £63.226m at year end. The overall position is summarised in Table 1 overleaf. It is recognised that this is an exceptional level of challenge at this stage in the year, and the position is receiving the full attention of senior management and the Cabinet.
- 1.2 Plans are being developed to manage these financial issues and risks to ensure the City Council balances its budget by the year end. Progress will be reported upon further in future monitoring reports.
- 1.3 Section 2 of this report details budget pressures on the net revenue budget and savings with actions not yet in place by Directorates.
- 1.4 The City Council Business Plan 2016+ recognised that in order to accommodate resource losses and fund budget pressures, savings of £88.210m would be required from Directorates in 2016/17. In addition, there are savings from 2015/16 of £34.814m, where delivery still needs to be monitored, including where they were met on a one-off basis. Total savings to be met in 2016/17 are therefore £123.024m.
- 1.5 A review of the position on each of the savings initiatives is undertaken each month, and the position at Month 2 is summarised for the City Council in Table 2 overleaf (and detailed on a Directorate basis in Appendix 3). This shows that £71.412m (58.0 %) of the required savings of £123.024m are on course to be delivered. Work continues to identify ways of achieving the delivery of the remaining £51.612m of the overall savings target.

Table 1 - Summary forecast position of base budget and risks relating to savings programme

Directorate	Current Budget £m	Net Base Budget Pressures as at Month 2 £m	Savings Programme Actions Not Yet in Place as at Month 2 £m	TOTAL as at Month 2 £m
People				
- Adults	300.956	7.099	14.777	21.876
- Childrens	199.238	(0.965)	1.556	0.591
- Health	(28.539)	0.000	28.400	28.400
People Directorate	471.655	6.134	44.733	50.867
Place Directorate	132.251	4.566	3.629	8.195
Economy Directorate	59.794	0.000	1.250	1.250
Corporate Resources	33.569	0.914	2.000	2.914
Sub-total Directorates	697.269	11.614	51.612	63.226
Policy Contingency	52.206	0.000	0.000	0.000
Other Corporate Items	85.806	0.000	0.000	0.000
City Council General Fund	835.281	11.614	51.612	63.226
Housing Revenue Account	0.000	0.000	0.000	0.000

Table 2 - Summary of Savings Programme delivery

	Position as at Month 2 £m
Actions in place to fully achieve savings (in line with Policy Decision)	30.145
Actions in place to fully achieve savings (new Policy Decision required)	0.456
Actions in place to achieve savings in year only	17.913
Actions in place but may be some risk to delivery	22.898
Actions not yet in place	51.612
Total Savings Programme	123.024

2. Detailed Revenue Commentaries by Directorate

The following paragraphs comment on the major financial issues identified at this point in the year. Detailed figures for each Directorate are shown in Appendix 1.

2.1 People Directorate

The Directorate is forecasting a variation of £50.867m, made up of pressures of £6.134m on the base budget and £44.733m of savings with actions not yet in place.

Base Budget

The base budget pressure of £6.134m forecast at Month 2 relates to the following:

Adults - £7.099m pressure

- **Adult Social Care Packages - £1.588m pressure**

This represents the gap between the available budget for packages of care and the forecast commitment based on current packages of care.

Additional funding was included in the Business Plan and Budget 2016+ for demographic growth. However, the numbers of funded adults receiving care services has increased by 14% overall over the last three years. The increase in numbers and costs of Younger Adult packages, particularly Adults with Learning Disabilities, has been higher than for Older Adults. These factors have resulted in an underlying pressure from demographic increases of around £24m. In 2016/17 it is projected that this increase will continue to be above the level of additional funding.

Forecast expenditure includes the impact of the Living Wage for some types of care packages. Other pressures are also building – including care home viability, the transfer of the Independent Living Fund, and more generally the combined effects of welfare benefits changes and a number of migration issues.

The Directorate is implementing a number of actions to mitigate the pressures, including:

- reviewing the use of additional resources made available for new Care Act responsibilities
- ensuring that the budget correctly reflects all available income to the service and data cleansing the information in Care First to ensure that the commitment on which the projected spend is based is as accurate as possible
- holding back on avoidable commitments and review of workforce commitments

The forecast figures take the first two points into account. The impact of the last point will be included in future reports as the position becomes clearer.

- **Assessment and Support Planning - Deprivation of Liberty Standards - £1.500m pressure**

A High Court judgement, 'The Cheshire West Judgement,' determined that all citizens in a care setting should be assessed to determine if their liberty has been deprived. The impact of this judgement affects Social Care within the City as the judgement determined that anyone in a care setting either residential / nursing or in the community can request a Deprivation of Liberty Standards assessment.

The Government provided a one-off grant of £0.597m in 2015/16 to cover the initial cost implications of this action. The number of cases meant that costs quickly exceeded this amount. The Directorate's budget was increased by £0.625m in 2016/17 to assist in mitigating these pressures. No additional funding has been made available from Government.

The Directorate has trained and recruited additional Best Interest Assessors for this work and has commissioned additional resource to support the in-house provision. Progress is reported on a monthly basis to the Cabinet Member.

This is a significant national issue and lobbying continues through the Association of Directors of Social Services. A class action against the Government has been raised by four local authorities arguing that there has been a failure to fund the new burden and that this has caused thousands of people to be unlawfully detained. Other current and potential legal cases may extend this issue to include a wider range of cases, including in Children's services, and may result in a further increase in the projected overspend in this area.

To the extent that there is a base budget pressure in 2016/17, this will be dealt with corporately.

- **Homelessness - £2.885m pressure**

The projected pressure includes additional Temporary Accommodation costs of £1.885m. There is also a fundamental review underway of the provision for bad debts and early indications show an in-year increase of £1.000m in bad debts in 2016/17.

The Council has a statutory duty to homeless people which includes a duty to provide temporary accommodation. The Council meets this duty through providing a range of different temporary accommodation options for households including hostels, bed and breakfast accommodation (B&B), Council housing stock and properties procured from the private rented sector. The number of people presenting to the Council as homeless has increased significantly during the past 12 months and the availability of suitable property has become scarce and more expensive. Indications are that this is a national problem and may continue to increase in the foreseeable future.

A further consequence relating to the lack of supply of suitable housing is an increase in the rate paid to procure the required accommodation. The payment levels are now above the benefit rates and this has an impact on the Benefits

Service and results in additional cost for the Council. The People Directorate is required to meet the shortfall between the subsidy cap and the rental levels. The Directorate is reviewing options to address this ongoing pressure.

- **Other net variations - £1.126m pressure**

These arise mainly from the costs of early retirements and other employee and agency expenditure.

Children - £0.965m underspend

- **Education Service Grant (ESG) - £0.934m pressure**

Reductions of £2.400m were required in 2016/17 to offset the impact of changes in ESG grant. Various mitigations have been identified and applied but there is still a residual amount of £0.934m for which mitigations have not been identified.

- **Early Help & Children's Social Care - £1.899m underspend**

There is a projected £1.360m underspend in internal foster care. The service has undertaken a review of current internal foster care capacity in readiness for implementation of the next phase of the improvement plan to grow the in house service. This has resulted in fewer higher cost external fostering and residential placements.

There is a projected underspend of £0.960m due to a longer mobilisation period on the phased go live of the residential block contract due to securing planning permission and OFSTED registration for individual properties.

In addition there are other net underspends of £0.489m.

This has been offset by a pressure of £0.350m on Secure Remand beds costs as a result of decrease in the Youth Justice Board Secure Grant and an increase in bed nights at Secure Training Centres and Secure Children's homes.

There is also a pressure of £0.560m due to budgets being inadequate to cover costs of legal disbursements.

The Directorate will continue to work to identify other appropriate actions that can be taken.

Savings Programme

People Directorate are forecasting £44.733m of savings with actions not yet in place.

Following on from the Future Council programme, initiatives in the Maximising Independence of Adults work-stream have been brought together as an overall change programme. This will have connections with the Better Care Fund (BCF) and the Sustainability and Transformation Plan (STP). The Programme will work to deliver key offers to support vulnerable adults by helping them to help themselves, offering help when it is needed, and providing ongoing support for those who need it. It has three

Sub-Programmes: Customer Journey Phase 2, Market Shaping, and Prevention. The Programme is responsible for delivering a number of savings initiatives.

The explanations are as follows:

Adults - £14.777m

- **Adult Care Packages - £11.775m**

The Adult Social Care Service has delivered significant savings in recent years whilst tackling the continued increases in demand. Savings were achieved against the Younger Adults re-provisioning programme up to the end of 2015/16 through re-assessments of younger adult clients and moves to more appropriate care settings or through changes to the arrangements commissioned from some providers. However, the scale and pace of the savings targets have proved to be very challenging and there continues to be a shortfall against the figures included in the budget.

The People Directorate Leadership Team is actively looking at how best to implement further savings and, where necessary, are considering appropriate alternative activities to mitigate this shortfall.

- **Specialist Care Services - £2.202m**

The following are seen as being at risk:

- Enablement £1.500m: A reassessment of the enablement service is being undertaken. Specific plans are currently being evaluated to change the way the service operates. It is planned to implement this in the latter part of this financial year but the service is not yet in a position to quantify the savings which would arise from these changes.
 - Younger Adults Day Care £0.702m: The programme has focussed on Older Adults Day Care and Learning Disability short breaks initiatives, and changes in these areas were the subject of reports to Cabinet in June 2016. Changes to Younger Adults Day Care are being developed and will need to be consulted on later in the year, the timing of which will have a significant impact on the savings assumptions meaning that only a limited amount of savings are likely to be made in 2016/17.
- **Commissioning Centre of Excellence - £0.800m**
 - Assistive Technology £0.800m: These savings consist of reductions in the net expenditure on the Equipment Loans Store and the introduction of a re-modelled service for Telecare including client charges. Complexities in the introduction of these changes mean that the extent to which savings will be made in 2016/17 is currently uncertain.

Health - £28.400m

- **Better Care Fund (BCF) - £8.400m**

In early 2016, the Council and health partners submitted a Better Care Fund Plan in line with Government Guidance. The BCF contained funding transferred from the Department of Health's NHS budget through the Department of Communities and Local Government (DCLG) to local government to allow local care and health communities to share investment in sustaining and improving their local system. The Plan included a collective vision for the Birmingham health and care system by 2019.

The priorities set out in the Better Care Fund Plan and a wide range of work supporting this aimed to produce cost savings. As part of the BCF Plan it was originally assumed that the City Council will receive £8.400m in 2016/17. Due to a revision by Government of the performance element of the BCF these savings will not be delivered in the way originally envisaged in the Plan. We are therefore working closely with health colleagues to develop detailed plans to mitigate this change and this will form part of the wide discussions referred to in the paragraph below.

- **Sustainability and Transformation Plan (STP) - £20.000m**

The STP is a Government requirement to make wide reaching changes to the national health and social care system. Sustainability and Transformation Plans are being prepared by 44 areas across the country including the Birmingham and Solihull area. This offers the opportunity to build a place based collaborative care and health system that moulds itself around the needs of local people. A System Board has been established in order to oversee the preparation of the STP by the end of June, and manage its subsequent delivery. The City Council's Business Plan 2016+ has assumed £20.000m of efficiency savings resulting from whole system change on adult social care and NHS spend. This and our later year assumptions, combined with the BCF savings described above, have been incorporated into the STP gap analysis. An updated position will be reported in due course as part of future monitoring reports.

Children - £1.556m

- **Travel Assist - £1.388m**

The service has a £2.463m savings target for 2016/17. A plan has been developed and this covers a number of areas including programme engagement; consultation and development of policy change; implementation of policy change; team redesign and infrastructure improvement. The project expects to deliver a total saving of £2.463m on an ongoing basis. However, due to delays in implementation, deliverable savings for 2016/17 are projected at £1.075m in year. This has resulted in a projected in year savings shortfall of £1.388m.

- **Unattached Playing Fields - £0.168m**

The total saving of £0.268m has been brought forward from 2015/16 as the action plan for savings progressed slowly during last year due to complex legal

issues. This covers 31 unattached playing fields with a number of different solutions. Options are being considered ranging from transfer to schools, renegotiation of leases and disposal of sites. There is expected to be an in year shortfall against delivery of £0.168m due to the complexities around delivery of the saving.

- **Private Finance Initiative (PFI) / Building Schools for the Future (BSF) - balanced position**

Work has been undertaken by the service to reduce the costs and affordability gap associated with the PFI / BSF contracts. For 2016/17 this is expected to yield total savings of £1.863m, of which approximately £1.000m is non recurrent. This will be used to fully meet the savings target of £0.700m in year and the balance of £1.163m will be used to offset the ongoing PFI pressure from 2015/16 and Education Services Grant base budget shortfall.

Mitigations

The Directorate is developing other mitigations and management actions and exploring other funding options. These will be reported in future monitoring reports.

2.2 Place Directorate (excluding Housing Revenue Account)

The Directorate is reporting a forecast variation of £8.195m, made up of pressures of £4.566m on the base budget and £3.629m of actions not yet in place relating to the Savings Programme.

Base Budget

A base budget pressure of £4.566m is forecast at Month 2 relating to the following:

- **Waste Management Services - £2.634m pressure**

A Service Improvement Plan has been developed and is being implemented to stabilise the service following the completion of the roll out of the wheeled bins. A number of projects and management actions are being implemented, e.g. performance management framework, optimising the route planning, reducing missed collections, waste prevention and enforcement, rebalancing the workforce and reducing agency staff and completing the re-structuring of the back office support. This base budget pressure relates primarily to employees and other operational costs in the delivery of the new service and this is expected to reduce as the Service Improvement Plan continues to be implemented.

- **Sport and Events - £1.000m pressure**

This represents the new strategy relating to the externalisation of Alexander Stadium. The initial strategy is not considered feasible following consultation with the market, and a new procurement strategy is now planned. This will result in an additional pressure (representing the net

operating costs of the service that were to be mitigated through the externalisation of the Service).

- **Other Services - £0.932m pressure**

The pressure relates to:

- £0.400m for Markets due in part to the on-going legal lease negotiations and the impact from the relocation of the existing traders to the new Wholesale Market in Witton
- Regulatory Services of £0.409m. These relate to a range of services including Registrars (lower income than expected), Coroners (greater external autopsy fees) and Licensing
- Other minor pressures of £0.123m

Additional work continues to be undertaken in the Directorate to identify further necessary management actions and mitigations needed to be implemented to improve the position.

Savings Programme

The Place Directorate are forecasting savings of £3.629m with actions not yet in place. This is as follows:

- **Community Safety and Equalities - £1.122m**

This includes securing some potential funding for the Safer Places Team and the CCTV Network from the Local Police and Crime Panel and an element relating to the development of the future operating model for the Equalities Team. Work is ongoing with the Communities & Partnership Safety Board to identify how the savings will be delivered.

- **Neighbourhood and Community Services - £1.039m**

This relates primarily to the Community Libraries Services (due to delays in the development of a new operational model). There are also delays in the decommissioning of the Community Play and Development Service and the programme to redesign and rationalise local assets to deliver services in the future with fewer separate buildings.

- **Waste Management Services - £0.699m**

This is due to the delays in the transfer of the Queslett Site to private ownership, in implementation of the review of fleet operations, discontinuing uneconomic services and non-delivery of the proposal to pass initial costs of bins, waste collection and recycling on to the developers of new estates.

- **Other Services - £0.769m**

This relates to a range of services including Licensing, Markets and revision of the Flood Risk management strategy.

There are a number of other savings which are currently being identified as deliverable but have been identified as having some risks to delivery. These are estimated to total

around £6m and relate primarily to Waste Management, redesign of Street Cleaning and Community Development.

2.3 **Economy**

Economy is reporting a forecast variation of £1.250m of actions not yet in place relating to the Savings Programme.

Base Budget

There are no base budget pressures being forecast within Economy.

Savings Programme

Economy is reporting £1.250m of savings with actions not yet in place at Month 2.

- **Reduce the Council's energy bill - £0.600m**

The Council plans to put in place significantly tighter management of its energy bill and carbon liabilities via a number of initiatives. The implementation of these initiatives is highly complex and cuts across Directorates. The extent to which there is non-delivery of the saving will be mitigated corporately.

- **Establish an Energy Services Company - £0.650m**

This relates to the establishment of an Energy Services Company providing cheaper, greener energy to people in Birmingham in conjunction with delivering an income stream for the Council. Implementation is highly complex and a briefing paper is being prepared exploring options, with a report to Cabinet planned for the end of the financial year. The extent to which there is non-delivery of the saving will be mitigated corporately.

Carry forward position from 2015/16

The 2015/16 Outturn Report reflected a carry forward surplus position of £1.822m for the Economy Directorate.

Following transfer of service areas (largely within Corporate Resources) and corporate mitigations from balance sheet management for non-delivery of savings, this has resulted in a deficit balance of £0.215m for Economy. It is envisaged that this will be mitigated in 2016/17.

2.4 **Corporate Resources**

Corporate Resources is reporting a forecast variation of £2.914m, made up of pressures of £0.914m on the base budget and £2.000m with actions not yet in place relating to the Savings Programme.

Base Budget

A base budget pressure of £0.914m is forecast at Month 2. This relates to Change & Integrated Support Services, primarily £0.625m for pension costs relating to staff seconded to Service Birmingham and other pressures of £0.289m.

Savings Programme

The Integrated Support Services (ISS) initiative is now well advanced, with the design phase completed and consultation having started in June 2016. The 2016/17 savings target of £9.5m will be partly met by the part-year effect of the implementation of structure changes and service re-design, and partly from the application of directorate reserves and balances (£5m). Work is underway to address the residual £2m gap, including the design of a phase 2 ISS to build on the work of phase 1.

2.5 Housing Revenue Account

A balanced HRA Budget was approved for 2016/17 (expenditure of £283.4m funded by equivalent income). The budget was based on the new national rent policy of -1% that will be implemented in each year from 2016/17 to 2019/20.

A balanced year-end position is projected. The current budgets and the forecast year-end financial position are summarised in the table below:

Service	Current Budget £m	Year End Variation Projection £m
Rent/Service Charges (net of Voids)	(283.4)	1.5
Repairs and Maintenance	65.6	0.0
Contributions for Capital Investment	75.2	-
Capital Financing Costs	54.8	1.4
Local Office/Estate Services/Equal Pay	87.8	(2.9)
Net Position	-	-

The strategy of utilising any underspends for the repayment of debt is prudent and considered value for money (as interest payments on debt outstanding are greater than interest received on balances). It is also in line with the HRA Self Financing Business Plan for the repayment of debt (the debt re-payment has already been re-profiled to take into account the new national rent policy and as reported to City Council on 1st March 2016 as part of the City Council Business Plan 2016+).

2.6 Resource Allocations and Other Corporate Updates

General Policy Contingency

Birmingham Education Partnership (BEP)

The Council is required to produce an improvement plan to address the serious weakness exposed in its custodianship of education. A key stream of the plan was to strengthen the Council's duties to vulnerable schools. The delivery of these duties was commissioned from BEP with effect from 1st September 2015. The review of the demand for school improvement has shown that the original budget of £1.800m is not sufficient to provide adequate support to the maintained schools identified. It is proposed that an additional £0.417m is funded from General Policy Contingency to support school improvement for 2016/17.

If approved, the unallocated balance on the General Policy Contingency will be £3.292m.

Specific Policy Contingency

The City Council Business Plan 2016+ approved by Council on 1st March 2016 reflected £49.945m for Specific Policy contingency in 2016/17. A breakdown by each specific contingency is reflected in Appendix 2. It should be noted that the Directorate forecasts have already assumed the allocation of Specific Policy Contingency in year.

The Gateway and Related Financial Approvals Framework requires approval from the Strategic Director of Finance and Legal, in conjunction with the Leader and the Chief Executive, to release funds from Specific Policy Contingency.

As part of the Council's simplification of processes, it is proposed that Cabinet approve that the Strategic Director of Finance and Legal be given delegated authority for the verification and allocation of Specific Policy contingency to fund expenditure which is in line with the approval given as part of the Business Plan 2016+. Progress on this would be reported to Cabinet as part of the regular Revenue Monitoring reports.

Any requests for funding from Specific Policy contingency that are not in line with the original application in the Business Plan 2016+ will require approval by Cabinet.

Youth Active Travel Service

Cabinet is requested to release £0.750m from the specific savings delivery Policy Contingency provision to support the full cost of the continuation of the existing Youth Active Travel Service in 2016/17.

Workforce Savings

The basis on which the workforce savings were apportioned has been reviewed and has resulted in a proposed adjustment of £0.555m across Directorates. It is proposed that this is met corporately in year.

Mezzanine Funding Programme

Cabinet are requested to approve the extension of the accountable body relationship in place between the Council and the West Midlands Pension Fund (WMPF) for monies placed by WMPF into a second mezzanine fund to be managed by the Council's wholly owned company, Finance Birmingham (FB) and associated private trading arm, Frontier Development (approved by Cabinet on 29th June 2015).

The Council has acted as Accountable Body for the existing £56m Mezzanine Funding Programme (MFP) since it launched in July 2014 (as approved by Cabinet on 28th April 2014).

The MFP is a collaboration between WMPF, the Regional Growth Fund (RGF), the Council and Local Enterprise Partnerships (LEPs). It has successfully invested in a number of Small and Medium Enterprises (SMEs) across the West Midlands and has generated a significant number of jobs. Due to the success to date, WMPF have agreed to fund a new Mezzanine Fund.

The new Fund will be able to invest larger amounts (up to £5m) and will benefit SMEs in the West Midlands and across the UK. WMPF have requested that the Council continues to act as Accountable Body to receive and administer their allocation of up to £50m on this new Fund. There will be an initial allocation of £10m, followed by a further £40m once a private sector partner is in place to provide a match to the Fund.

The Council will receive WMPF monies when requested by FB in anticipation of each individual loan approved within a new privately trading mezzanine fund in the same way as it does with the RGF Mezzanine Fund. These monies will be held in a non-BCC account in line with the Council's prevailing treasury management policy and will be paid to the company borrowing the funds, often via a solicitor, once all legal documents pertaining to the loan are completed. The Council will verify that all documents are completed and will act upon instruction from FB and WMPF. The monies may be held overnight or typically for a few days depending on the complexities of the legal documents. The funds will not attract interest from the Council whilst being held. WMPF will indemnify the Council against any loss arising from Council activity undertaken by the Council providing such action is in accordance with Council policy and procedures, instruction from the pension fund, or forms part of the actions agreed to be undertaken by the council within the Investment Management Agreement (IMA) to be signed by the WMFP, City Council and FB. The Council will not take on any risks associated with the performance of the fund, all loans are entirely at the risk of the WMPF.

Repayments of loan and interest from the borrower will be received by the Council and paid to the WMPF on instruction from FB. No additional interest will be earned by these funds while they are held by the Council.

At any one time, the Council will only hold the amount that has been paid by the WMPF to the Council pending transfer to the borrower or their solicitor, or the amount received by way of repayment from the borrower pending transfer back to the WMPF. The Council is acting as a conduit for these transactions and will accept no risk, providing that it acts in accordance with its own policies and procedures.

There are minimal transaction costs associated with this accountable body role, these will be recovered from Finance Birmingham as fund managers.

3. Irrecoverable Housing Benefit

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

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

Cabinet are requested to approve the writing off of three separate Housing Benefit debts to the Council which are greater than £0.025m, totalling £0.089m. Appendix 4 details the nature of the debt, action taken to seek its recovery and the reasons for the recommendation for write off.

In 2016/17, from 1st April 2016 to 31st May 2016, further items falling under this description in relation to Benefit overpayments have been written off under delegated authority. The table below details the total approved gross value of these amounts written off of £1.328m, which Members are asked to note.

Age analysis	Up to 2010/11	2011/12 – 13/14	2014/15 -16/17	Total
	£m	£m	£m	£m
Benefit Overpayments	0.098	0.277	0.953	1.328
Total				1.328

Appendix 5 to this report gives a more detailed age analysis of overpayments and income written off.

4. Irrecoverable Council Tax & Business Rates

All Council Tax and Business Rates are due and payable. However, there are certain instances where the amount of the bill needs to be either written off or reduced (e.g. where people have absconded, have died, have become insolvent or it is uneconomical to recover the debt).

If an account case is subject to this, then consideration is given to write the debt off subject to the requirement for Service Birmingham Revenues to consider all options to recover the debt, prior to submitting for write off. However, once an account has been written off, if the debtor becomes known to the Revenues Service at a later date, then the previously written off amount will be reinstated and pursued.

In respect of Business Rates, where a liquidator is appointed, a significant period of time is taken to allow for the company's affairs to be finalised by and to subsequently determine if any monies are available to be paid to creditors. Once it is established this is not to happen, a final search of Companies House is undertaken to confirm the company has been dissolved.

Cabinet are requested to approve the writing off of business rates debts to the Council which are greater than £0.025m, totalling £0.350m as detailed in Appendix 4.

In 2016/17, from 1st April 2016 to 31st May 2016, further items falling under this description in relation to Council Tax have been written off under delegated authority. The table below details the total approved gross value of these amounts written off of £1.861m, which Members are asked to note.

Age analysis	Up to 2010/11	2011/12 - 13/14	2014/15 -16/17	Total
	£m	£m	£m	£m
Council tax	1.861	-	-	1.861
Business rates	-	-	-	-
TOTAL	1.861	-	-	1.861

Appendix 5 to this report gives a more detailed age analysis of income written off.

Financial Position analysed by Directorate - budget pressures (including budget savings)

Division of Service Area	FULL YEAR BUDGET			YEAR END Savings		
	Original Budget	M'ments	Revised Budget	Base Budget Pressures / (Savings)	Programme Actions not yet in place	Total
	£'m	£'m	£'m	£'m	£'m	£'m
Adults with Mental Health Needs	14.734	(0.060)	14.674	0.000	1.315	1.315
Older Peoples Services	83.280	16.264	99.544	(0.000)	1.364	1.364
Persons with No Recourse to Public Funds	0.104	0.000	0.104	0.033	0.000	0.033
Homelessness	2.877	0.099	2.976	2.885	0.000	2.885
Adults with a Physical Disability	22.613	(0.028)	22.586	(0.000)	1.348	1.348
Service Strategy	55.066	(14.494)	40.573	2.948	0.000	2.948
Adults with a Learning Disability	90.765	(1.040)	89.726	1.406	9.696	11.102
Housing Strategy	1.952	(0.100)	1.852	(0.887)	0.000	(0.887)
Other Adult Services	3.755	0.503	4.257	0.252	1.054	1.306
Supporting People	24.666	0.000	24.666	0.461	0.000	0.461
Public Health	(0.006)	0.006	0.000	(0.000)	0.000	(0.000)
Subtotal Adults	299.806	1.150	300.956	7.099	14.777	21.876
Education and Skills	53.962	9.216	63.178	0.934	0.000	0.934
Schools Budgets	(143.014)	(10.944)	(153.957)	0.000	0.000	0.000
Commissioning & Performance	17.304	(0.035)	17.269	0.000	0.000	0.000
Children With Complex Needs	104.497	1.670	106.167	0.000	1.388	1.388
Early Help & Childrens Soc Care	152.064	0.031	152.095	(1.899)	0.000	(1.899)
Business Support	21.065	(0.088)	20.977	0.000	0.168	0.168
Accounting Adjustment/MRP Component of Contract Payments	(6.491)	0.000	(6.491)	0.000	0.000	0.000
Subtotal Children	199.387	(0.150)	199.238	(0.965)	1.556	0.591
Health	(28.539)	0.000	(28.539)	0.000	28.400	28.400
Subtotal Health	(28.539)	0.000	(28.539)	0.000	28.400	28.400
People Directorate Total	470.655	1.000	471.655	6.134	44.733	50.867
Community Sports & Events	6.916	(0.013)	6.903	1.000	0.000	1.000
Fleet and Waste Management	52.041	0.097	52.138	2.634	0.699	3.333
Parks and Nature Conservation	14.424	0.006	14.430	0.000	0.000	0.000
Bereavement Services	(2.626)	(0.004)	(2.630)	0.000	0.000	0.000
Markets	(2.064)	(0.010)	(2.074)	0.400	0.000	0.400
Business Support	2.479	0.043	2.522	0.000	0.000	0.000
Equalities, Cohesion & Safety	0.217	0.506	0.723	0.000	1.122	1.122
Engineering & Resilience Services	1.442	0.131	1.573	0.000	0.000	0.000
Regulatory Services	5.393	0.114	5.507	0.409	0.000	0.409
Private Sector Housing	0.418	(0.475)	(0.057)	0.000	0.000	0.000
Neighbourhood Community Services	10.984	0.388	11.372	0.000	1.039	1.039
Birmingham Adult Education	0.227	0.091	0.318	0.000	0.000	0.000
Central Support Costs	11.210	(0.286)	10.924	0.123	0.769	0.892
Culture & Visitor Economy	33.099	0.120	33.219	0.000	0.000	0.000
City Centre Management	0.007	0.003	0.010	0.000	0.000	0.000
Accounting Adjustment/MRP Component of Contract Payments	(2.625)	0.000	(2.625)	0.000	0.000	0.000
Place Directorate Total	131.539	0.712	132.251	4.566	3.629	8.195
Building Consultancy	1.164	0.000	1.165	0.000	0.000	0.000
Development Management Services	4.250	2.612	6.861	0.000	0.000	0.000
Planning & Regeneration	4.194	(0.470)	3.723	0.000	0.000	0.000
Highways Services	33.041	(0.145)	32.896	0.000	0.000	0.000
Transportation and Connectivity	49.833	(1.276)	48.557	0.000	1.250	1.250
Urban Design	(0.533)	0.000	(0.533)	0.000	0.000	0.000
Catering & Building Cleaning	(0.100)	0.000	(0.100)	0.000	0.000	0.000
Facilities Management	(0.631)	0.000	(0.631)	0.000	0.000	0.000
Shelforce	(0.101)	0.000	(0.101)	0.000	0.000	0.000
Employment Services	1.049	(0.047)	1.002	0.000	0.000	0.000
Accounting Adjustment/MRP Component of Contract Payments	(32.319)	0.000	(32.319)	0.000	0.000	0.000
Business Loans & Other Investments	(0.727)	0.000	(0.727)	0.000	0.000	0.000
Economy Directorate Total	59.121	0.674	59.794	0.000	1.250	1.250

Appendix 1

Division of Service Area	FULL YEAR BUDGET			YEAR END Savings		
	Original Budget	M'ments	Revised Budget	Base Budget Pressures / (Savings)	Programme Actions not yet in place	Total
	£'m	£'m	£'m	£'m	£'m	£'m
City Finance	6.833	0.200	7.033	0.000	0.000	0.000
Birmingham Audit	2.377	0.000	2.377	0.000	0.000	0.000
Elections Office	1.732	0.000	1.732	0.000	0.000	0.000
Legal & Democratic Services	5.822	0.000	5.822	0.000	0.000	0.000
Shared Services Centre	2.198	0.000	2.198	0.000	0.000	0.000
Business Transformation Legacy Costs	39.267	0.000	39.267	0.000	0.000	0.000
Charities & Trusts - Support	0.050	0.000	0.050	0.000	0.000	0.000
Directorate Wide Recharges	(28.346)	(0.460)	(28.806)	0.000	0.000	0.000
Insurance	0.014	(0.013)	0.000	0.000	0.000	0.000
Corporate Resources Other Services	1.708	0.000	1.708	0.000	0.000	0.000
Subtotal Finance & Legal	31.655	(0.273)	31.382	0.000	0.000	0.000
Corporate Strategy	(0.096)	0.000	(0.096)	0.000	2.000	2.000
Procurement	(0.338)	0.000	(0.338)	0.000	0.000	0.000
Human Resources	7.437	0.350	7.787	0.000	0.000	0.000
Revenues & Benefits Division	(2.548)	0.015	(2.533)	0.000	0.000	0.000
Core ICT	(10.132)	0.000	(10.132)	0.914	0.000	0.914
Customer Services	8.629	0.000	8.629	0.000	0.000	0.000
Subtotal Integrated Support Services and Change	2.952	0.365	3.317	0.914	2.000	2.914
Birmingham Property Services	(1.337)	0.208	(1.129)	0.000	0.000	0.000
Subtotal Major Projects	(1.337)	0.208	(1.129)	0.000	0.000	0.000
Corporate Resources Total	33.270	0.300	33.569	0.914	2.000	2.914
Total Directorate Spending	694.584	2.685	697.269	11.614	51.612	63.226
Policy Contingency	54.469	(2.263)	52.206	0.000	0.000	0.000
Other Corporate Items	86.228	(1.422)	85.806	0.000	0.000	0.000
Centrally Held Total	140.696	(3.685)	138.012	0.000	0.000	0.000
Proposed Transfers to / (from) reserves				0.000	0.000	0.000
Net Budget Requirement	835.281	0.000	835.281	11.614	51.612	63.226
Housing Revenue Account	0.000	0.000	0.000	0.000	0.000	0.000

Policy Contingency Month 2 Monitoring to 31st May 2016

	Original Budget 2016/17	Approvals / Adjustments in Voyager	Revised Budget 2016/17	Approvals / Allocations not yet in Voyager as at 31st May	Proposals awaiting approval at 31st May	Remaining Contingency if proposals approved
	£'000	£'000	£'000	£'000	£'000	£'000
Redundancy Costs			0			0
Car Park Closure Resources	350	(98)	252			252
Carbon Reduction	1,020		1,020			1,020
Inflation Allowance	15,641		15,641			15,641
Highways Maintenance	750		750			750
Provision for unachievement of savings	10,750		10,750		(750)	10,000
Youth Strategy	1,000		1,000	(1,000)		0
Birmingham Jobs Fund	2,000		2,000	(2,000)		0
Business Charter for Social Responsibility	6,539		6,539			6,539
Improvement Expenditure	11,395	(1,350)	10,045			10,045
Combined Authority	500		500			500
Subtotal Specific Contingency	49,945	(1,448)	48,497	(3,000)	(750)	44,747
General Contingency	4,524	(815)	3,709		(417)	3,292
Total Contingency	54,469	(2,263)	52,206	(3,000)	(1,167)	48,039

Savings Programme – Position at Month 2

Directorate	Strategic Director	Description	Savings 2016/17 £m	Actions in place to fully achieve Savings (in line with Policy Decision) £m	Actions in place to fully achieve Savings (new Policy Decision required) £m	Actions in place to achieve savings in year only £m	Actions in place but some risk to delivery £m	Actions not yet in place £m
People	Peter Hay	Assessment and Support Planning. Funding from the Government's Better Care Fund Programme has been built into existing plans up to 2016/17.	8.400	0.000	0.000	0.000	0.000	8.400
		Changes in internal services – Home Care Enablement.	1.480	0.000	0.000	0.000	0.000	1.480
		Changes to Internal Services - Home Care Enablement	1.050	0.000	0.000	0.000	0.000	1.050
		Continued anticipated increases in benefits from the Adults and Communities Transformation programme.	10.413	0.000	0.000	0.000	0.000	10.413
		Expansion of Internal Services - Shared Lives	1.707	0.000	0.000	0.000	0.000	1.707
		Expansion of internal services – Shared Lives.	1.785	0.000	0.000	0.000	0.000	1.785
		Further reduction in Younger Adults Care Packages (additional support).	1.068	0.000	0.000	0.000	0.000	1.068
		Further reduction in Younger Adults Care Packages (BAU).	7.638	0.000	0.000	0.000	1.336	6.302
		Improving efficiencies. We want to make sure that all services have clear plans regarding how they spend money on workforce costs.	5.209	5.209	0.000	0.000	0.000	0.000
		Internal Care Review - Home Care Enablement.	1.500	0.000	0.000	0.000	0.000	1.500
		Introduce charges for Telecare and reducing spend on joint equipment	1.600	0.800	0.000	0.000	0.000	0.800
		Joint Adults and Children's approach to transitions	1.000	0.000	0.000	0.000	0.000	1.000
		Joint Adults and Children's approach to transitions.	1.000	0.000	0.000	0.000	0.000	1.000
		Promote independent travel and reduce reliance on council funded transport, underpinned by clear policy.	2.463	0.000	0.000	0.000	1.075	1.388
		Public Health – Commissioning.	1.250	1.250	0.000	0.000	0.000	0.000
		Public Health – Decommissioning.	3.315	3.315	0.000	0.000	0.000	0.000
		Public Health. Recommission of contracts and change of specifications for 'lifestyle services'.	1.200	0.000	0.000	0.000	1.200	0.000
		Redesign and integrate services at scale across the health and social care economy.	20.000	0.000	0.000	0.000	0.000	20.000
		Reduction in Adult Running Costs.	1.111	0.000	0.000	0.000	1.111	0.000
		Step up of previous Early Years savings.	1.000	0.000	0.000	0.000	1.000	0.000
		Step up of savings re: Third Sector Commissioning and Supporting People.	3.400	2.346	0.000	1.054	0.000	0.000
		Other	(16.141)	(6.711)	0.000	0.100	3.630	(13.160)
	Peter Hay Total		61.448	6.209	0.000	1.154	9.352	44.733
People Total			61.448	6.209	0.000	1.154	9.352	44.733
Place	Jacqui Kennedy	Discontinue subsidies Non Framework Contract at Health and Wellbeing Centres.	1.410	1.010	0.000	0.000	0.400	0.000
		Improving efficiencies. We want to make sure that all services have clear plans regarding how they spend money on workforce costs.	2.320	2.320	0.000	0.000	0.000	0.000
		Library of Birmingham/ Strategic Library Services. This is the full year effect of a saving identified in 2015/16	1.800	1.800	0.000	0.000	0.000	0.000
		Markets	1.000	0.700	0.000	0.000	0.000	0.300
		Pest Control	1.300	1.300	0.000	0.000	0.000	0.000
		Redesign street cleansing and a combination of enforcement, education and community marketing to encourage residents and businesses to keep streets/footpaths tidy.	1.500	0.000	0.000	0.000	1.500	0.000
		SN7 Reduce Reuse Recycle - Reduce failures/failed waste collections.	3.082	0.400	0.000	0.000	2.682	0.000
		Other	12.916	7.235	0.306	0.000	2.046	3.329
	Jacqui Kennedy Total		25.328	14.765	0.306	0.000	6.628	3.629
Place Total			25.328	14.765	0.306	0.000	6.628	3.629

Directorate	Strategic Director	Description	Savings 2016/17 £m	Actions in place to fully achieve Savings (in line with Policy Decision) £m	Actions in place to fully achieve Savings (new Policy Decision required) £m	Actions in place to achieve savings in year only £m	Actions in place but some risk to delivery £m	Actions not yet in place £m
Economy	Waheed Nazir	Highway Maintenance & Management Services (Private Finance Initiative)	1.000	0.000	0.000	1.000	0.000	0.000
		Highways Maintenance. Refinance of the PFI contract, review capital expenditure, review routine and reactive maintenance.	1.500	0.000	0.000	1.500	0.000	0.000
		Other	5.166	1.318	0.150	1.722	0.726	1.250
	Waheed Nazir Total		7.666	1.318	0.150	4.222	0.726	1.250
Economy Total			7.666	1.318	0.150	4.222	0.726	1.250
Corporate Resources	Angela Probert	Acceleration of savings.	1.500	1.500	0.000	0.000	0.000	0.000
		Improving efficiencies. We want to make sure that all services have clear plans regarding how they spend money on workforce costs.	2.360	0.000	0.000	1.953	0.407	0.000
		Integrated Support Services - HR.	1.200	0.000	0.000	0.000	1.200	0.000
		Integrated Support Services restructure	3.200	0.000	0.000	1.200	0.000	2.000
		Reduce Local Welfare Assistance Provision Scheme.	1.600	1.600	0.000	0.000	0.000	0.000
		Service Birmingham	6.800	0.500	0.000	6.300	0.000	0.000
		Service Birmingham. We are proposing to reduce our ICT costs.	2.800	0.000	0.000	2.800	0.000	0.000
		Targeted net improvement in the housing benefit subsidy by reclaiming Housing Benefit Grant overpayments.	2.000	0.000	0.000	0.000	2.000	0.000
		To reduce the amount the Council spends on Information and Communication Technology (ICT) over the next few years.	2.500	2.500	0.000	0.000	0.000	0.000
		Other	0.675	(0.437)	0.000	0.092	1.020	0.000
	Angela Probert Total		24.635	5.663	0.000	12.345	4.627	2.000
	Jon Warlow	Other	1.957	0.400	0.000	0.192	1.365	0.000
	Jon Warlow Total		1.957	0.400	0.000	0.192	1.365	0.000
	Paul Dransfield	Other	1.844	1.644	0.000	0.000	0.200	0.000
	Paul Dransfield Total		1.844	1.644	0.000	0.000	0.200	0.000
Corporate Resources Total			28.436	7.707	0.000	12.537	6.192	2.000
Cross Cutting	Cross-cutting	Other	0.146	0.146	0.000	0.000	0.000	0.000
	Cross-cutting Total		0.146	0.146	0.000	0.000	0.000	0.000
Cross Cutting Total			0.146	0.146	0.000	0.000	0.000	0.000
Grand Total			123.024	30.145	0.456	17.913	22.898	51.612

Irrecoverable Housing Benefit and Business Rates Write Offs

Housing Benefit

Supporting Information	Total Debt Outstanding (£)
<p>Liability Period(s)/Account Ref Number(s): 07.08.2006 – 23.12.2012 (3100215939) for Invoice Dated 05.02.2013</p> <p>Summary of debt recovery process: The overpayment arose as a result of a DWP led investigation into an allegation of living together with an undeclared partner.</p> <p>The Housing Benefit claim was cancelled and an overpayment was created for the above period for the original amount of £27,327.81. DWP successfully prosecuted but were unable to recover from assets. The debt was referred to the City's approved Debt Collection Agency and a payment plan was agreed. Payments totalling £1560.00 were received up until the claimant died on 16.3.15. Attempts to secure any further payments from remaining assets /next of kin have been unsuccessful. Housing Benefit regulations prevent recovery of the remaining debt from the partner as it states that they must be a couple both at the time of the overpayment and at the time of its recovery. The Benefit Service has no further means of recovery in this case and as such the debt should be written off.</p>	£25,719.39
<p>Liability Period(s)/Account Ref Number(s): 16.01.2008 – 15.12.2013 (3100231524) for Invoice Dated 21.01.2014</p> <p>Summary of debt recovery process: The overpayment arose as a result of a DWP led investigation which determined that the claimant had not been granted leave to remain in the UK and as such had no recourse to public funds. This was a pass ported benefit claim therefore initial eligibility to claim was the responsibility of the DWP, upon which Benefits Service must accept this information. Consequently all benefit claims were cancelled and a Housing Benefit overpayment of £32,015.96 was created for the above period. The claimant entered into a payment plan and the total amount repaid up until 22.5.15 was £210.96. The claimant has been imprisoned for 3 years and they will be deported on release. The Benefit Service has no further means of recovery in this case at the present time and is unlikely to in the future, based on the deportation directive. Should this not be the case and they remain in the UK they will not be able to claim any benefits from which recovery at source may have been sought. The Benefit Service has no further means of recovery in this case and as such the debt should be written off.</p>	£31,805.00
<p>Liability Period(s)/Account Ref Number(s): 28.02.2000 – 08.06.2008 (3100067022) for invoice dated 20.02.2009.</p> <p>Summary of debt recovery process: The overpayment arose as a result of an investigation conducted by the former Benefit Counter Fraud Team. It was identified that the tenancy was not on a commercial basis as per Housing Benefit Regulation (9) (1) and consequently the claimant was not entitled to receive housing benefit. The claim was cancelled and an overpayment of £32,354.36 was created. As the claimant was in receipt of a DWP benefit, deductions at source were instigated to recover the debt. £603.90 was collected before the deductions ceased. Litigation action commenced however, it was identified that the claimant was declared bankrupt in December 2015. The official receiver has stated there are no assets from which to recover the outstanding debt. The Benefit Service has no further means of recovery in this case and as such the debt should be written off.</p>	£31,750.46

Business Rates

	Supporting Information	Total debt outstanding (£)
Case No.	Regulations governing the collection of Business Rates require that in all instances, a demand notice must be issued as soon as practicably possible. The demand notice is issued advising the ratepayer of their liability and allows for the charge to be paid over 10 monthly instalments. If payments are not received in accordance with the statutory instalment scheme, a reminder is issued 14 days after the first payment falls due. If all or part of the instalment remains unpaid, a final notice is usually issued 21 days after the reminder notice is issued. At the issue of a final notice, the right to pay by instalments is lost and the total balance outstanding becomes due. If the total balance continues to remain unpaid or there is no contact from the ratepayer, a summons is issued incurring costs of £104.00. Business Rates summonses are issued monthly. The date of issue will be dependent on the date the final notice is issued. The summons notifies the ratepayer of the intention to apply for a Liability Order at the hearing. If the balance still remains unpaid or there has been no payment arrangement agreed prior to the hearing, an application will be made for the Liability Order to be granted at least 28 days later. Liability Orders are then referred to enforcement agents within 14 days of the Liability Order being granted. There are exceptions to the process running smoothly. If enquiries are received from ratepayers, the process may be suspended while the enquiries are being dealt with. Alternatively, changes in rateable value as notified by the Valuation Office Agency will result in new bills being issued, which will start the process again.	
1.	<p>Liability Period(s)/Account Ref Number(s): Business Rates due for the period 01/04/2007 to 02/02/2009 (6004051227)</p> <p>Summary of debt recovery process: Bill issued for 2007 dated 10/03/2007. Payments totalling £83,916.00 were received up to 01/12/2007.</p> <p>The direct debit instruction was cancelled 02/01/2008 and a new bill, for the remaining balance was issued 04/01/2008.</p> <p>A reminder was issued 18/03/2008. A final notice was issued 06/05/2008 and a summons on 21/05/2008.</p> <p>The Liability Order was granted at court on 11/06/2008.</p> <p>The Liability Order was referred to the bailiff 05/07/2008. The bailiff visited on 3 occasions and obtained a cheque payment of £12,500.00 on 02/10/2008. The payment bounced 16/10/2008.</p> <p>The bailiff visited on two further occasions 30/10/2008 and 21/11/2008 in order to remove goods. The bailiff was shown evidence that the bank had placed a fixed debenture on all assets therefore goods could not be removed. The Liability Order was returned from the bailiff on 25/11/2008. The term fixed debenture means a fixed charge against the property or assets of a company, which remains on the company's records until the debt is repaid. It would appear that the company's assets were subject to this fixed charge due to monies owed to the bank.</p>	£84,210.67

	<p>A letter was sent to the ratepayer 08/01/2009 threatening winding up action if the balance was not paid.</p> <p>A letter was received from an insolvency practitioner 03/03/2009 confirming the ratepayer had been placed in administration 03/02/2009. No further action could be taken. Companies House confirmed the ratepayer was later placed in liquidation 08/09/2009.</p> <p>As the ratepayer was placed in administration and is now in liquidation, it is recommended that the total debt be written off.</p>	
2.	<p>Liability Period(s)/Account Ref Number(s): Business rates due for the period 27/02/2009 to 19/08/2010 (6004450520)</p> <p>Summary of debt recovery process: Bill issued 06/05/2009, in response to a letter dated 22/04/2009 from the Insolvency Practitioner dealing with Case no. 1 as the lease had been transferred. Three payments totalling £14,558.59 were received up to 16/06/2009.</p> <p>A reminder was issued 16/06/2009. A final notice was issued 02/07/2009 and a summons on 29/07/2009.</p> <p>The account was reviewed on 14/08/2009 and it transpired that as the payment, of £2,500, was received on the same date the reminder was issued but not posted until the following day, recovery action had to be withdrawn. A further bill was issued 17/08/2009.</p> <p>A reminder notice was issued 15/09/2009. A final notice was issued 03/11/2009 and a summons on 25/11/2009.</p> <p>The Liability Order was granted at the hearing on 16/12/2009.</p> <p>The Liability Order was referred to the bailiff 09/01/2010. The bailiff visited twice and made contact with the ratepayer. On the second visit 10/02/2010, as in case 1, the bailiff was shown evidence that the bank had placed a fixed debenture (The term fixed debenture means a fixed charge against the property or assets of a company, which remains on the company's records until the debt is repaid) on all assets therefore goods could not be removed. This is the same address as in case 1. The assets of ratepayer number 1 were taken over by this ratepayer. The assets were still subject to the fixed charge as monies were owed to the bank. The Liability Order was returned 16/02/2010.</p> <p>No further action was taken until a letter notification received from an Insolvency Practitioner dated 03/08/2010, confirming that a creditors meeting was to be held 20/08/2010 with the intention of placing the ratepayer in liquidation.</p> <p>The Insolvency Practitioner wrote again 20/08/2010 to confirm the ratepayer had been placed in liquidation on 20/08/2010.</p> <p>As the ratepayer has been placed in liquidation, it is recommended that the total debt be written off.</p>	£130,663.56

3.	<p>Liability Period(s)/Account Ref Number(s): Business rates due for the period 12/10/2008 to 30/09/2009 (6004471736)</p> <p>Summary of debt recovery process: Bill issued to ratepayer 16/07/2009 following notification from the director by email 02/06/2009. The previous occupier had continued paying Business Rates and their last payment was received 10/02/2009, this cleared the charge for the 2008/09 financial year. As payments continued to be received, there was no indication that another party should have been liable until the email was received. After investigating it, the records were amended. No payments received.</p> <p>Reminder issued 18/08/2009. Final notice issued 03/09/2009 and summons issued 23/09/2009.</p> <p>Liability Order granted at the hearing 14/10/2009.</p> <p>The Liability Order was referred to the bailiff 06/11/2009. The bailiff visited 11/11/2009 and found a further new occupier present. Evidence was seen to support this. Further investigations were made but there was no evidence to confirm that the debtor company was trading from any other address. The Liability Order was returned 24/11/2009.</p> <p>The account was reviewed 07/01/2011 and Companies House confirmed the ratepayer was dissolved 08/12/2009.</p> <p>As the ratepayer is dissolved it is recommended that the total debt be written off.</p>	£44,904.80
4.	<p>Liability Period(s)/Account Ref Number(s): Business rates due for the period 10/04/2012 to 31/10/2012 (6004871996)</p> <p>Summary of debt recovery process: Bill issued to the ratepayer 30/05/2012, in response to a letter from the owner received 24/05/2012.</p> <p>A letter was received from the ratepayer 07/08/2012, stating that they needed more time to pay and enclosed a cheque for £500.00. This was £5,400.00 short of their monthly instalment. A reply was sent 14/08/2012 advising that their instalments could not be extended and a further payment of £11,412.00 was required to bring their account up to date. Payments totalling £1000.00 were received during July and September 2012.</p> <p>Reminder issued 19/07/2012. Final notice issued 22/08/2012 and summons issued 26/09/2012.</p> <p>Liability Order granted at the hearing 17/10/2012. The Liability Order was referred to the bailiff 14/11/2012. The bailiff visited and found a new occupier present. The bailiff could not trace the ratepayer, so the Liability Order was returned 29/11/2012.</p> <p>The account was reviewed 12/02/2013 and the registered office was obtained from Companies House. The account was closed to bill the new occupier. A letter was sent to the registered office requesting payment in full or further action would be taken.</p> <p>The Liability Order was referred to the bailiff again 16/02/2013. The bailiff visited the registered office 03/04/2013 and established that the ratepayer had no effects at that address. No alternative addresses were found so the Liability Order was returned</p>	£29,971.95

	<p>10/04/2013.</p> <p>A review of Companies House website confirmed that there was a proposal to strike the ratepayer off the register on 21/05/2013. No further action could be taken as the ratepayer had ceased to trade and had no effects. The ratepayer was subsequently dissolved 02/06/2015.</p> <p>As the ratepayer is dissolved it is recommended that the total debt be written off.</p>	
5.	<p>Liability Period(s)/ Account Ref Number(s) Business Rates due for the period 01/11/2012 to 30/11/2013 (6004987120)</p> <p>Summary of debt recovery process: Bill issued 13/02/2013, no payments received. Reminder issued 18/03/2013.</p> <p>Letter received from the ratepayer 19/03/2013, asking to pay the balance in monthly instalments. The reminder was withdrawn, the instalments were recalculated and a bill was issued 02/04/2013.</p> <p>Reminder issued 16/05/2013 but this was returned gone away from the registered office 29/05/2013. A Final Notice was issued 06/06/2013 and was withdrawn because it was returned by Royal Mail and was therefore deemed to have not been served. A further Final Notice issued on 27/06/13 was withdrawn as the ratepayer made contact to request to pay by monthly instalments. A reply was sent 17/07/2013, advising that no payments received to date and payment in full is required.</p> <p>A final notice was issued 17/07/2013 and a summons on 21/08/2013.</p> <p>The Liability Order was granted at the hearing on 18/09/2013. The Liability Order was referred to the bailiff 11/10/2013. The bailiff visited the property 06/11/2013 and found another occupier present from 17/09/2013. The Liability Order was returned 19/11/2013. In January 2014 Company House records stated that the ratepayer's status was at proposal to strike off. As the ratepayer had ceased to trade and had no assets then further action was possible.</p> <p>The account was monitored at regular intervals and eventually checks confirmed that the company's status reverted from 'proposal to strike off' to 'active'. Further investigations confirmed that the company had another address in London and therefore a copy bill was issued to that address on 27/11/2014.</p> <p>The Liability Order was referred to the bailiff again on 13/12/2014. The bailiff visited the registered office 23/12/2014 in London and confirmed it was a third party's address. An alternative address could not be found so the Liability Order was returned 08/01/2015.</p> <p>The case was referred to the Investigations Officer. A letter was sent to the landlord and their solicitors on 24/06/2015, requesting evidence of occupation. There was a lack of evidence provided but there continued to be an exchange of dialogue until a letter was received from an Insolvency Practitioner, informing us of a creditors meeting on 16/12/2015. At the meeting the ratepayer was placed in liquidation.</p> <p>As the ratepayer is in liquidation it is recommended that the total debt be written off.</p>	£60,624.11

Summary 01.4.16 – 31.5.16

Age Analysis of Overpayments and Debts written off under delegated authority by Revenues and Benefits Division

Detail	2003-2005/6	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	Total	No of Debtors
Housing Benefit debts written off under delegated authority	£8,796	£9,756	£11,054	£3,112	£30,894	£33,554	£69,822	£92,291	£115,209	£334,009	£589,114	£30,071	£1,327,682	2543
TOTAL	£8,796	£9,756	£11,054	£3,112	£30,894	£33,554	£69,822	£92,291	£115,209	£334,009	£589,114	£30,071	£1,327,682	2543

Debt Size	Small		Medium		Large	Total	
Cases	>£1,000	Cases	£1,001-£5,000	Cases	£5,000-£25,000	Cases	
2191	£564,346	335	£618,449	17	£144,887	2543	£1,327,682

Age analysis of overpayments and debts written off under delegated authority by Revenues and Benefits Division

Detail	1997-2005/6	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	Total
Council tax written off under delegated authority	1,861,086	-	-	-	-	-	-	-	-	-	-	1,861,086
Business rates written off under delegated authority	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL	1,861,086	-	-	-	-	-	-	-	-	-	-	1,861,086

Total number of council tax debts: 5,080

Total number of business rates debts: none

Debt size analysis of overpayments and debts written off under delegated authority by Revenues and Benefits Division

Grouped by value	Small (<£1,000)		Medium (£1,000 - £5,000)		Large (>£5,000)		TOTAL	
	Value	Cases	Value	Cases	Value	Cases	Value	Cases
Council tax written off under delegated authority	971,061	3,713	684,521	347	205,504	28	1,861,086	4,088
Business rates written off under delegated authority	-	-	-	-	-	-	-	-
TOTAL	971,061	3,713	684,521	347	205,504	28	1,861,086	4,088