

Report to EMT
02 October 2018
Month 5 Revenue Management

1. Actions / Decisions required of EMT

- Review the overall Month 5 revenue monitoring position for 2018/19.
- Note the summary of Savings Delivery in Appendix Aii.
- Agree how further mitigating actions will be developed to address the forecast overspend described in part e.
- Consider the change in presentation of savings requested by Adult Social Care & Health Directorate and understand how the previous presentation translates to the new presentation. Please see Annex 1 for details.
- Note that Human Resources budget is now being reported separately from Strategic Services from Month 5 onwards. Other proposed structure changes will not be reflected until the outcome of the consultation is known and the Financial Systems have been updated to reflect that.
- Note that Cityserve is now reported within Strategic Services.
- Review the key issues and movements in forecast overspend described in parts f and g.
- Consider whether to approve the C&YP proposal to mitigate £0.9m of pressures by not repaying Public Health grant in 2018/19.

In Relation to Reserves:

- Support the proposed use of Policy Contingency underspends brought forward from Outturn 2017/18 of £0.2m in relation to the Community Investment Tax Relief (CITR) / Social Investment Tax Relief (SITR) - Arts Fund. This spend was originally approved by Cabinet in October 2016.
- Support the proposed appropriation from Other Earmarked Reserves of £0.2m in relation to the Collective Investment Fund held on behalf of the WMCA whilst the WMCA awaited receipt of borrowing powers.
- Support the use of Policy Contingency underspends brought forward from Outturn 2017/18 of £1.8m in Economy (of which £0.1m is required for 2019/20), as referred to in part b.
- Note the use of Policy Contingency underspends brought forward from Outturn 2017/18 of under £0.1m in relation to the Mobile Investment Fund in Economy. This is due to be considered by the Corporate Director Finance and Governance for approval.
- Note the planned use of £0.2m of Highways PFI Grants Reserves in relation to Core ICT in Strategic Services. This is due to be considered by the Corporate Director Finance and Governance for approval.

2. Purpose of Report

To summarise the overall forecast revenue outturn position for 2018/19 and future year's savings delivery as at Month 5 and to identify / agree strategies to mitigate the forecast overspend.

3. Summary of key issues

a) Overview of Month 5

A gross revenue overspend of £13.6m in 2018/19 is being forecast at Month 5 (Month 4 £12.1m). This is made up of forecast £4.4m base budget overspend (Month 4 £4.3m) and £10.6m of savings not deliverable in 2018/19 (Month 4 £9.2m) offset by partially accelerated achievement of £1.4m (No Change) of the efficiency target of £5.7m.

Meetings have been held with Councillor O'Reilly and Directorates to identify further mitigations on the 10th and 18th September.

The position is summarised in Table 1 overleaf.

This is an adverse movement of £1.5m since Month 4. The increase in forecast overspends primarily comes from savings delivery issues discussed in part f.

Appendix A i)

Table 1 - Summary forecast position of base budget and undeliverable savings

[illegible]

- The total forecast overspend of £13.6m is related to overspends for Place Directorate (£7.9m), Children and Young People (£3.4m) and Economy (£1.1m), offset by underspends for Finance & Governance (£0.7m), Strategic Services (£0.2m) and Human Resources (£0.1m). There are also £2.2m of Corporate overspends.
- In the case of Place Directorate, the overspend of £7.9m relates to Waste Management services of £5.5m and Markets £1.1m, offset by other directorate net savings of £1.9m. In addition there are savings delivery challenges totalling £3.2m.
- Children & Young People (CYP) relates largely to challenges on Travel Assist.
- Economy Directorate relates largely to savings shortfall in Inreach and Birmingham Property Services partially offset by base budget underspends.
- Adult Social Care and Health continue to forecast a balanced position.
- There is a savings shortfall of £0.3m on Other Corporate Items relating to the Corporate structure and £1.1m relating to Commercialism savings.
- There is a forecast corporate base budget overspend of £0.8m, relating to Acivico.
- Further work is being undertaken in conjunction with Acivico to establish the expected trading position for the company in 2018/19 and to consider any risk that there could be further costs which the Council will need to meet. The outcome of this will be reflected in future monitoring reports. This could worsen the forecast
- Strategic Services are now forecasting a £0.2m underspend.
- Human Resources are forecasting a £0.1m underspend.
- Chief Executive and Assistant Chief Executive Directorate is forecasting a balanced position and there are £0.7m underspends in Finance & Governance

b) Reserves

- In line with the Council Plan and Budget 2018+ agreed in February 2018, the Council is planning for the strategic use of £30.5m of Corporate Reserves in 2018/19.
- In addition, there are both planned uses of and contributions to Other Reserves. A net contribution of £1.9m to Other Reserves was assumed as part of setting the budget.
- There has been no change to the planned strategic use of Reserves to balance the budget.
- There are £12.6m net additional forecast use of other Reserves arising from a lower than anticipated contribution to the Commonwealth Games Contingency Reserve of £1.5m, a use of £3.9m Policy Contingency carried forward from 2017/18, not making a planned contribution of £0.7m to the World Indoor Athletics (WIA) Negative Reserve, a £0.6m deferral of budgeted repayment of schools balances, a net use of grant reserves of £0.5m, £2.1m use of Business Rates related Reserves created as part of 2017/18 Outturn, £1.8m use of Top Up Grant Reserve created as part of 2017/18 Outturn, £1.0m use of reserves relating to the Local Innovation Fund (LIF), and other net use of other earmarked reserves of £1.4m, partially offset by £0.9m not using a budgeted appropriation from Reserves relating to the Finance & Governance restructure.
- The net forecast overspend above includes the following assumptions:
 - i. Contributions to Reserves:
 - Strategic Services are not making a planned contribution of £0.7m to the World Indoor Athletics (WIA) Negative Reserve in order to mitigate lower than anticipated outdoor advertising income. The Directorate is expected to generate extra income on outdoor advertising or find alternative ways to make repayment to the negative reserve.
 - Children & Young People are deferring budgeted repayment of £0.6m to schools balances to mitigate base pressures. This was assumed at Month 3.
 - ii. Use of Reserves:

- Finance & Governance are not using a budgeted appropriation from Reserves of £0.9m for phased introduction of the new structure, thus reducing their underspend.
 - Finance & Governance are not using a budgeted appropriation from Reserves of £0.3m for Audit, thus reducing their underspend.
 - Place are using Adult Education ring fenced Grant Reserve of £0.2m to mitigate base budget pressures including one off Adult Education costs of staffing changes and IT.
 - Place are using reserves of £1.0m relating to the LIF. Expenditure on projects in relation to this, which include conditions of grant aid, will be completed in 2018/19 for which this funding has specifically been set aside.
 - At outturn 2017/18 there was a £2.1m corporate contribution to reserves relating to Business Rates compensatory grants which will be used to offset a shortfall as a result of downwards adjustments to these grants by Central Government in 2018/19 as a result of a calculation error on their part. This shortfall became apparent after the budget for 2018/19 was set.
 - The Business Rates Top Up Grant that was used in setting the budget for 2017/18 was based on estimated Business Rates Rateable Values used in the Government Calculations for the Final settlement for that year. The 2017/18 Business Rates Top Up Grant was adjusted by Central Government and was included as part of the Final settlement for 2018/19. This additional grant of £1.8m was paid over to the Council towards the end of the year. The Council elected to carry this additional grant forwards to be used in setting the budget for 2018/19.
 - Economy will use Policy Contingency underspends from Outturn 2017/18 of £2.0m in relation to the Mobile Investment Fund.
- Requests for access to Reserves:
 - Support the use of Policy Contingency underspends brought forward from Outturn 2017/18 of £0.2m in relation to the Community Investment Tax Relief (CITR) / Social Investment Tax Relief (SITR) - Arts Fund. This was approved by Cabinet in October 2016.
 - Support the use of Policy Contingency underspends brought forward from Outturn 2017/18 of £0.3m in relation to Youth Strategy in Economy (of which £0.1m is required for 2019/20).
 - Support the use of Policy Contingency underspends brought forward from Outturn 2017/18 of £0.1m in relation to Youth Promise in Economy.
 - Support the use of Policy Contingency underspends brought forward from Outturn 2017/18 of £0.3m in relation to HS2 in Economy.
 - Support the use of Policy Contingency underspends brought forward from Outturn 2017/18 of £1.1m in relation to Birmingham Jobs Fund in Economy.
 - Note the use of Policy Contingency underspends brought forward from Outturn 2017/18 of under £0.1m in relation to the Mobile Investment Fund in Economy. This is due to be considered by the Corporate Director Finance and Governance for approval.
 - Support the proposed appropriation from Other Earmarked Reserves of £0.2m in relation to the Collective Investment Fund held on behalf of the WMCA whilst the CA awaited receipt of borrowing powers.

- Note the planned use of £0.2m of Highways PFI Grants Reserves in relation to Core ICT in Strategic Services. This is due to be considered by the Corporate Director Finance and Governance for approval.

Table 2 overleaf shows the forecast use of Reserves in 2018/19 and Table 2a shows that forecast impact on Reserves balances. Both tables assume the reserves movements identified above are approved.

Table 2 - 2018/19: (Use of)/Contribution to Reserves as at Month 5

	Planned Base Budget £m	Year End Forecast as at Month 5 £m	Variance £m
Corporate Reserves			
Use of Organisational Transition Reserve (PFS)	(3.902)	(3.902)	0.000
Use of Financial Resilience Reserve	(11.575)	(11.575)	0.000
Use of One Off Resources from Previous Years	(13.250)	(13.250)	0.000
Treasury Management	(1.815)	(1.815)	0.000
Strategic Use of Reserves	(30.542)	(30.542)	0.000
Contribution to Capital Fund	3.326	3.326	0.000
Business Rates Appeals	9.349	9.349	0.000
Cyclical Maintenance	2.540	2.540	0.000
Commonwealth Games Contingency Reserve	4.746	3.254	(1.492)
Other (Use of)/Contribution to Reserves	19.961	18.469	(1.492)
Sub Total (Use of)/Contribution to Reserves	(10.581)	(12.073)	(1.492)
Repayments - Borrowing Highways PFI	0.985	0.985	0.000
Total Corporate (Use of)/Contribution to Reserves	(9.596)	(11.088)	(1.492)
Other Reserves			
Use of Grant Reserves	(8.594)	(9.105)	(0.511)
Contribution to Grant Reserves	1.477	1.477	0.000
Use of Other Earmarked Reserves	(14.848)	(24.114)	(9.265)
Contribution to Other Earmarked Reserves	2.364	1.682	(0.682)
Repayment of Schools' Balances	0.600	0.000	(0.600)
Use of Carry Forward Balances	(0.025)	(0.025)	0.000
Total Other (Use of)/Contribution to Reserves	(19.027)	(30.085)	(11.058)
Total (Use of)/Contribution to Reserves	(28.623)	(41.173)	(12.550)

Table 2a Forecast : Impact on Reserve Balances

	Outturn 2017/18 £m	Planned Base Budget (Use)/Contribution to Reserves £m	(Use)/Contribution to Reserves Approved at Outturn £m	Further (Use)/Contribution to Reserves Approved in Year £m	Forecast Balance as at 31 March 2019 £m
Organisational Transition Reserve	41.486	(3.902)	0.000	0.000	37.584
Financial Resilience Reserve	98.283	(11.575)	0.000	0.000	86.708
Strategic Other Earmarked Reserves	74.344	4.896	0.000	(1.492)	77.748
General Fund Balance	28.944	0.000	0.000	0.000	28.944
Grant Reserves	171.984	(6.132)	(0.506)	(0.005)	165.341
Other Earmarked Reserves	56.159	(12.485)	(10.336)	0.389	33.727
Schools' Reserves	35.827	0.600	0.000	(0.600)	35.827
Carry Forward Balances	1.755	(0.025)	0.000	0.000	1.730
	508.782	(28.623)	(10.842)	(1.708)	467.609

c) Overview of Efficiency Target

£5.7m of the FRR has been utilised in 2018/19 in order to allow time for services to identify in full their efficiency plans. The budget figures have been based on achieving those savings from 2019/20. However, there is an expectation placed on Corporate Directors to develop plans to deliver efficiency savings in 2018/19.

The current forecast position on delivering the efficiency target is summarised in Table 3 below:

Table 3 – Summary of Efficiency Targets

Directorates	Budget		Forecast Achievability in 2018/19	Forecast Achievability in 2019/20
	2018/19 £m	2019/20 £m	Delivery £m	Delivery £m
Adult Social Care & Health Directorate	0.000	(2.391)	0.000	(2.391)
Children & Young People Directorate	0.000	(0.664)	0.000	(0.664)
Place Directorate	0.000	(1.248)	0.000	(1.248)
Economy Directorate	0.000	(0.739)	(0.739)	(0.739)
Strategic Services Directorate	0.000	(0.276)	(0.276)	(0.276)
Human Resources	0.000	(0.078)	(0.078)	(0.078)
Finance & Governance Directorate	0.000	(0.244)	(0.244)	(0.244)
Chief Executive & Assistant Chief Executive	0.000	(0.025)	(0.025)	(0.025)
Total	0.000	(5.665)	(1.362)	(5.665)

d) Overview of Future Years

In future years, there are forecast savings that are not fully deliverable of £5.0m in 2019/20, reducing to £4.4m in 2021/22.

Deliverability issues identified by Directorates are summarised in Table 4 below:

Table 4 – Summary of Delivery in 18/19 and Future Years

Directorate	2018/19			2019/20	2020/21	2021/22
	At Risk (£m)	One off Mitigations (£m)	Non-Delivery (£m)	Non-Delivery (£m)	Non-Delivery (£m)	Non-Delivery (£m)
Adult Social Care & Health Directorate	0.000	0.000	0.000	0.000	0.000	0.000
Children & Young People Directorate	0.270	0.000	1.761	0.000	0.000	0.000
Place Directorate	0.139	0.030	3.195	0.000	0.000	0.000
Economy Directorate	0.403	0.715	3.642	3.675	3.319	2.900
Strategic Services Directorate	0.430	5.225	0.090	1.299	1.514	1.514
Human Resources	0.000	0.204	0.000	0.000	0.000	0.000
Finance & Governance Directorate	0.025	0.002	0.500	0.000	0.000	0.000
Chief Executive & Asst Chief Exec Dir.	0.000	0.000	0.000	0.000	0.000	0.000
Total Directorates	1.267	6.176	9.188	4.974	4.833	4.414
Corporate Savings	0.300	0.000	1.405	0.000	0.000	0.000
Grand Total	1.567	6.176	10.593	4.974	4.833	4.414

The lack of detail in some implementation plans provided means that it is not clear that all savings currently shown as deliverable will be fully delivered. Further work is being undertaken to refine these plans as part of the budget process.

e) Mitigations within the Base Budget

Base budget overspends have been reduced by a number of mitigating actions. These are not separately identified in Table 1 above. Table 6 below summarises pressures and mitigations within the base budget forecasts, and whether they are considered to be one-off or permanent pressures or mitigations.

Overall, £7.5m of mitigations within the base budget are considered to be one-off mitigations. After taking into account the £6.2m of one-off mitigations to savings programmes shown in Table 4, there is a total of £13.7m of one-off mitigations taken into account across the base budget and savings programmes.

Table 6 – Summary of Pressures and Mitigations within base budget over/(under)spends

Directorate	2018/19			2018/19			2018/19		
	One-off pressures (£m)	On-going pressures (£m)	Total pressures (£m)	One-off mitigations (£m)	Permanent mitigations (£m)	Total mitigations (£m)	One-off total (£m)	on-going total (£m)	base total (£m)
Adult Social Care & Health Directorate	0.0	2.0	2.0	(0.1)	(2.0)	(2.1)	(0.1)	0.0	(0.1)
Children & Young People Directorate	1.1	2.5	3.6	(1.8)	(0.1)	(1.9)	(0.7)	2.4	1.7
Place Directorate	4.8	2.0	6.8	(1.4)	(0.7)	(2.1)	3.4	1.3	4.7
Economy Directorate	0.7	0.8	1.5	(3.3)	0.0	(3.3)	(2.6)	0.8	(1.8)
Strategic Services Directorate	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Human Resources	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Finance & Governance Directorate	0.0	0.0	0.0	(0.9)	0.0	(0.9)	(0.9)	0.0	(0.9)
Chief Executive & Asst Chief Exec Dir.	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Directorates	6.6	7.3	13.9	(7.5)	(2.8)	(10.3)	(0.9)	4.5	3.6
Corporate Savings	0.0	0.8	0.8	0.0	0.0	0.0	0.0	0.8	0.8
Grand Total	6.6	8.1	14.7	(7.5)	(2.8)	(10.3)	(0.9)	5.3	4.4

f) Key issues

The following key areas are highlighted in the Month 5 position:

Summary comments

- The Directorate overspend has increased by £0.4m since Month 4.
- The under-achievement of Corporate savings has worsened by £1.1m.
- There are base budget pressures of £4.4m identified at Month 5. (£4.3m Month 4)
- There are £10.6m of savings identified as not deliverable at Month 5. (£9.2m Month 4)
- There are other savings of £1.6m that have been identified as at risk and £6.2m that are being covered by one off mitigations.
- Not all Directorates have identified plans to accelerate achievement of the efficiency savings in 2018/19.
- Meetings have been held with Councillor O'Reilly and Directorates to identify further mitigations on the 10th and 18th September. Updates from these meetings will be included in future reports where appropriate.
- There are a number of implementation plans that have insufficient detail.

The remaining parts to section f are summary descriptions of the position for each Directorate including a split between Base Budget and Savings where appropriate.

Adult Social Care and Health (ASC&H) – Net underspend (£0.057m)

- The Directorate has fully reviewed the savings programme and is now presenting this across two main areas of activity: staffing and packages of care. There are some of the existing savings covering Public Health services and Bad Debts which are outside of this approach and these continue to be separately reported.
- There are base pressures on Packages of Care of £1.7m before mitigations of £1.7m were identified. It should be considered whether Older Adults placements can be moved on to the new framework contract at a faster pace.
- Additional pressures from young people transitioning into Adult Care of £19m by 2021/22 are reported. The current assumption is that the “Transition Project” (reported to Cabinet in June) will mitigate these pressures.
- No implementation plans to deliver the efficiency savings have yet been identified for 2018/19.

Children and Young People (C&YP) - Net overspend £3.4m

- Travel Assist – The Directorate is reporting a £2.2m base budget pressure and £1.3m non-achievement of savings. No agreement or Cabinet approval to changes in the Travel Assist policy and procurement strategy will mean continued budget pressure in 2019/20.
- There is also a forecast base budget pressure of £0.5m in Day Nurseries which cannot close until April 2019 at the earliest due to a delayed Cabinet Report. If not agreed by Cabinet this will be an on-going pressure of £1.0m.
- A one off saving of £0.6m has been identified by deferring repayment to school balances.
- Early Years reported a pressure of £0.9m. This is mitigated by a saving of £0.9m assumed on the basis that there is no repayment of Public Health funding required in 2018/19.
- There are other miscellaneous savings of £0.3m including funding the asset management pressure from capitalisation.
- No savings have been identified for £0.4m of the C&YP share of WOC Savings.
- Delivery of the step up in Children Trust saving of £5.6m by 2021 will be subject to negotiation with the Children Trust in line with the agreed contractual process.
- The SENAR service is facing a funding shortfall of £1.1m in 2019/20 as a result of grant funding running out by 31.01.2019. This is an issue which needs to be factored into the 2019/20 budget process.
- No plans to deliver the efficiency savings have yet been identified for the current year or future years.
- No further mitigations have been identified yet for the base pressures and non-delivery of savings.

Place - Net overspend £7.9m

- Place is forecasting an overspend of £7.9m (Month 4 £8.3m)
- There are £4.7m of base pressures reported (Month 4 £5.1m) comprising:
 - £5.5m (Month 4 £5.3m) relating to Waste Services – This is due to the delay in the implementation of the 5 day working week until 1 September (£1.8m), on-going commercial volatility and lower paper market prices (£1.2m), lower fleet services recharge income due to reduced demand from internal Council customers (£0.7m) and residual matters relating to external contractors commissioned during the industrial dispute (£1.6m) - (the projection assumes that the implementation of the Memorandum of Understanding agreed with the trades unions is cost neutral)

- £1.1m for Markets (Month 4 £0.7m) – Due mainly to the transitional costs arising from the relocation of the wholesale market. The increased pressure relates to a review of the level of bad debt provision required
- £0.2m overspend on Equalities and Community Cohesion/CCTV.

Offset by:

- underspends of £0.2m for the Homeless Services (Housing Options) and other directorate underspends of £1.9m, mainly comprising £0.5m Private Sector Housing, £0.2m Adult Education, Bereavement Services £0.4m, £0.4m Parks, and £0.4m other underspends.
- There are £3.2m of savings forecast not to be delivered (Month 4 £3.2m) comprising:
 - Waste Services £0.4m – Capacity Fee and Overrun Agreement (pending the procurement of the new contract from October 2019) – this is the element that may not be realisable from the total of £1.8m based on the current position on the negotiations of the agreement. This assessment will be further reviewed and refined to reflect the outcome of negotiations.
 - Disposal of Parks Land £0.5m – expected 8 acres per year subject to review by the Property Board (and prior year savings on Cofton Nursery)
 - Asset and Property Disposal Programme £0.7m - £8m per annum to generate a revenue saving subject to review by the Property Board
 - Cross Cutting Workforce Savings £1.4m – £1.1m is achieved from the total of £2.5m (the non-delivery of £1.4m includes £0.8m for Waste Services). Plans are in development for a refreshed approach to delivery that will take a whole Directorate view rather than pro-rating savings to individual service areas.
 - Pension Strain Costs from Prior Years £0.2m
- No plans to deliver the efficiency savings have yet been identified for the current year or future years.

Economy - Net overspend £1.1m

- Economy has a forecast £1.8m base budget underspend.
 - This includes pressures of £1.5m made up of £0.5m Birmingham Property Services for the loss of CAB income, £0.5m in year deficit on Street Lighting, £0.2m in year deficit on Licences and Permit Income and £0.3m Facilities Management (FM)- (over recent years FM's year-end outturn position has been one of deficit, with the position for 2017/18 totalling £0.3m).
 - These are offset by forecast underspends of £3.3m made up by £0.8m on Planning largely related to additional income, £0.7m Civil Parking Enforcement, £0.1m Car Parking Income, £0.5m prudential borrowing, £0.3m Highways Maintenance and Management Private Finance Initiative (HMMPFI) Superannuation, £0.3m Developers Fee Income, and £0.6m other variations.

Economy is reporting Savings non-delivery of £3.6m.

- £1.7m is for CAB Buildings, after mitigations. There is a proposal to re-apportion costs across the Council, but this will only spread the overspend across Directorates, not provide a solution.
- There is also £1.6m non-delivery of InReach savings, largely due to delays. Parts of the scheme are still awaiting approval from the Secretary of State. Due to delays in obtaining a formal decision, this part of the saving is assumed not be achievable.

- There is a shortfall of £0.3m in savings on Expansion of City Centre parking due to delays. The scheme is now expected to deliver savings from February 2019.
- Economy has accelerated its efficiency savings to cover its target of £0.7m in the current year as required.

Finance and Governance (F&G) - Net underspend (£0.7m)

- F&G has a base underspend of £1.0m. This largely relates to an underspend on SAP Development.
- F&G has reported that £0.5m of Legal savings may not be achieved. A service review paper was agreed by CMT on 25th June. If full year charges can be made to Directorates, then the full saving may be made. But charges for partial year may result in a savings shortfall.
- F&G has accelerated its efficiency savings to cover its target of £0.2m in the current year as required.

Strategic Services - Net underspend (£0.2m)

- Strategic Services has not identified any base pressures.
- There are £0.1m of ICT&D savings shown as unachievable. This is after one off mitigations of £4.4m.
- There are no plans to deliver future years increases in WOC savings.
- Strategic Services has identified plans for all of its £0.3m efficiency savings target in the current year.

Human Resources (HR) – Net underspend £0.1m

- HR has not identified any base budget pressures. HR has £0.2m of WOC savings it considers unachievable in the short term while the new service model is implemented, but these are expected to be mitigated in the short term with vacancy management.
- HR's share of the efficiency target (£0.1m) has been shown as not achievable whilst the new service model is implemented, but is expected to be mitigated in the short term with vacancy management.

Chief Executive and Assistant Chief Executive - Net underspend (£0.025m)

- The Directorate is expecting to be within budget and achieve its share of savings.
- It is expecting to achieve its efficiency target in the current year.

Corporate Position - Net overspend £2.2m

- No templates have been received for any corporate savings apart from the Commercialism savings.
- There is a target of £1.2m from Commercialism savings. The template only expects a very small amount to be achieved in year as planned. There was a plan for the remainder to be achieved by one-off mitigations. However, the latest assessment is that it would not be prudent to assume that £1.1m of these will be achieved. This will continue to be monitored. It may be that the benefits from the actions currently undertaken will show in 2019/20. It is essential that there is clear relationship between savings attributed to Commercialism and individual Directorate proposals to avoid the risk of double counts.
- There is a target of £0.6m from the planned review of senior structures. It has been assumed for this report that £0.3m of the savings are not achieved and £0.3m is at risk. It is assumed this will be fully delivered in future years.

- There is a forecast overspend of £0.7m related to budgeted Acivico profit share that, to be prudent, is being treated as unachievable, and a further £0.1m forecast costs for charges such as archiving and unfunded Highbury Hall costs.
- However, further work is being undertaken in conjunction with Acivico to establish the expected trading position for the company in 2018/19 and to consider any risk that there could be further costs which the Council will need to meet. The outcome of this will be reflected in future monitoring reports.
- No corporate mitigations have been assumed at this stage.

g) Key Movements since Month 4 - £1.5m Net Worsening in 2018/19

The following areas are the main movements since Month 4:

Base Budget – Net Worsening £0.1m

- **Childrens** – Primarily related to increased overspend on Travel Assist by £0.8m
- **Place** – adverse movement of £0.2m on Waste Services and £0.4m on Markets due to bad debt provision. These have been mitigated by underspends in Private Sector Housing £0.5m, Bereavement Services £0.4m and other minor underspends of £0.1m
- **Economy** – Net improvement of £0.3m primarily relates to additional income in Planning offset by reduced income in Highways

Savings Non-Delivery – Worsening £1.4m

- **Economy** - £0.3m adverse movement due to a reduction in the forecast level of mitigations from the revenue benefits of property disposals.
- **Corporate** - £1.1m Commercialism mitigations are no longer forecast to be achieved.

Clive Heaphy, Corporate Director of Finance & Governance 28 September 2018