

BIRMINGHAM CITY COUNCIL

PUBLIC REPORT

Report to:	CABINET	
Report of:	Strategic Director of Finance & Legal	
Date of Decision:	17 May 2016	
SUBJECT:	FINANCIAL OUTTURN 2015/16	
Key Decision: No	Relevant Forward Plan Ref: 001382/2016	
If not in the Forward Plan: (please "X" box)	Chief Executive approved	<input type="checkbox"/>
	O&S Chairman approved	<input type="checkbox"/>
Relevant Cabinet Member(s):	Councillor Ian Ward	
Relevant O&S Chairman:	Councillor Waseem Zaffir	
Wards affected:	All	

1. Purpose of report:
1.1 To present the City Council financial outturn for 2015/16, including the Revenue Outturn and Capital Outturn for the General Fund; the Treasury Management Annual Report; the Housing Revenue Account Outturn and the Collection Fund Outturn.

2. Decision(s) recommended:
2.1 Note the City Council's Outturn position for 2015/16, as detailed in the report and appendices (the finalisation of the figures are subject to External Audit).
2.2 Approve the approach to the use of Corporate and Directorate reserves and balances set out in Appendix 1, including the net transfer of £5.108m to Directorate reserves and transfer £5.071m of Policy Contingency to reserves
2.3 Approve the utilisation of £10.047m from corporate accounts and Policy Contingency to address the year end pressure on People Directorate
2.4 Approve the allocations from Policy Contingency as set out in paragraph 1.10 of Appendix 1
2.5 Approve the financing of capital expenditure for 2015/16 as set out in Appendix 2.
2.6 Approve a HRA debt repayment provision of £19.750m in 2015/16 as set out in Appendices 3 and 4.

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3.	Consultation
	Consultation should include those that have an interest in the decisions recommended.
3.1	<p><u>Internal</u></p> <p>The Deputy Leader, Cabinet Members, the Chief Executive, Assistant Chief Executive, Strategic Directors and Assistant Directors of Finance have been consulted in the preparation of this report.</p>
3.2	<p><u>External</u></p> <p>There are no requirements for external consultation on this report.</p>
4.	Compliance Issues:
4.1	<p><u>Are the recommended decisions consistent with the Council's policies, plans and strategies?</u></p> <p>The Financial Outturn gives a summary of the City Council's financial activity during 2015/16 and the financial position at 31 March 2016. The budget against which the outturn position is compared was initially set out in the Business Plan 2015+ to Council and has been revised throughout the year and this outturn report builds on the budget monitoring reports to Cabinet throughout the year.</p>
4.2	<p><u>Financial Implications</u> (Will decisions be carried out within existing finances and Resources?)</p> <p>This report compares the actual financial performance in 2015/16 with the agreed revised budgets for Directorates.</p>
4.3	<p><u>Legal Implications</u></p> <p>Section 151 of the 1972 Local Government Act requires the Strategic Director - Finance and Legal (as the responsible officer) to ensure proper administration of the City Council's financial affairs. This report forms the concluding part of the City Council's budgetary control cycle for 2015/16. Budgetary control, which includes the regular monitoring of and reporting on budgets, is an essential requirement placed on Cabinet Members, committees and members of the Corporate Leadership Team by the City Council in discharging the statutory responsibility.</p>
4.4	<p><u>Public Sector Equality Duty</u></p> <p>There are no additional specific Equality Duty or Equality Analysis issues beyond any already assessed and detailed in the budget setting process and monitoring issues that have arisen in the year to date.</p>

5. Relevant background/chronology of key events:

- 5.1 The appendices of this report provide information about the 2015/16 outturn position of the City Council, which will subsequently be incorporated into the 2015/16 Statement of Accounts of the Council, submitted to the Audit Committee for approval at the end of May 2016.
- 5.2 **Appendix 1 is the Revenue Outturn.** The outturn shows an overspend of £4.901m in Directorates (made up of an overspend of £15.956m in People Directorate, offset by total underspends of £11.055m in other Directorates). After recommended Directorate net transfers to reserves of £5.108m (made up of transfers from reserves of £5.909m within People Directorate, offset by transfers to reserves of £11.017m in other Directorates) services have net overspends of £10.009m compared with year end net pressures of £9.087m reported at Month 10.
- 5.3 There was an underspend position of £4.407m on corporate accounts. There was also an underspend of £8.404m on Policy Contingency after transfers to reserves of £5.071m for approved allocations for specific purposes not yet utilised.
- 5.4 It is proposed to utilise £10.047m of the underspend on both the Policy Contingency and corporate accounts to address the year end pressure on People Directorate. The other Directorates have a minor net in year underspend of £0.038m, after reserve movements.
- 5.5 The overall outturn position of £2.802m underspend is in the context of a gross revenue budget of £3.2bn, with a savings requirement of £110.255m for the year 2015/16.
- 5.6 **Appendix 2 is the Capital Outturn.** For 2015/16, the outturn was £458.001m, £105.052m less than the capital budget of £563.053m. The Capital Outturn Report provides a narrative of the major variations for each Directorate.
- 5.7 The variation includes £113.487m of slippage, and £8.436m of net overspends.
- 5.8 It is important to note that no resources will be lost as a result of slippage. Both the resources and planned expenditure will be rolled forward into future years. The proposed financing of City Council capital expenditure in 2015/16 of £458.001m is summarised in Paragraph 3 of Appendix 2.

- 5.9 **Appendix 3** is the **Treasury Management Annual Report**. The City Council's net loan debt at 31 March 2016 stood at £2,986.8m, the Council staying within the prudential limit set by the Council in accordance with CIPFA's Prudential Code for Capital Finance. The treasury risks relating to borrowing and investment portfolios were managed in accordance with the approved strategy. The City Council had £267.3m of gross short-term and variable rate borrowing at 31 March 2016. This takes advantage of low short-term interest rates and is kept under regular review. The net corporate revenue costs of borrowing were £16.1m lower than the budget for the year.
- 5.10 **Appendix 4** summarises the **Housing Revenue Account Outturn**. This shows a year end surplus of £0.150m which is explained in Appendix 4. The surplus has been transferred to accumulated balances.
- 5.11 **Appendix 5** summarises the **Collection Fund Outturn**. The 2015/16 Council Tax outturn shows that the position, including the brought forward balance, gave a surplus of £8.106m. This was an improvement of £1.519m compared with the £6.587m surplus forecast when setting the 2015/16 budget and was mainly as a result of the net movement in the sums set aside for bad and doubtful debt. The Council's share of this outturn surplus was £7.116m (which was £1.335m more than that assumed when setting the budget).
- 5.12 The 2015/16 Business Rates outturn deficit was £42.180m compared with the £36.648m forecast when setting the 2016/17 budget. The variation from the forecast position was mainly as a result of the total estimated cost of appeals, deficit on Empty Property Relief, an increase in the provision for doubtful debts and an element of growth not yet realised but expected to be received in future years. The Council's share of this outturn deficit was £20.668m (which was £2.710m more than that assumed when setting the budget).
- 5.13 The combined net outturn position for Council Tax and Business Rates was a deficit of £1.375m. The position will not impact on the General Fund until 2017/18 and will be taken into account as part of the 2017/18 budget setting process.

6. Evaluation of alternative option(s):

- 6.1 The report formally presents the outturn position on the Council's main financial accounts for 2015/16.

7.	Reasons for Decision(s):
7.1	The report concludes the financial reporting cycle for the 2015/16 year. It considers the outturn position and any impact on the resourcing of the 2016/17 budget.
7.2	<p>This report seeks approval for</p> <ul style="list-style-type: none"> (a) The approach to the use of Corporate and Directorate reserves and balances set out in Appendix 1, including the net transfer of £5.108m to Directorate reserves and £5.071m of Policy Contingency to reserves (b) The utilisation of £10.047m from corporate accounts and Policy Contingency to address the year end pressure on People Directorate (c) The allocations from Policy Contingency as set out in paragraph 1.10 of Appendix 1. (d) The financing of capital expenditure for 2015/16 as set out in Appendix 2. (e) A HRA debt repayment provision of £19.750m in 2015/16 as set out in Appendices 3 and 4.

Signatures		<u>Date</u>
Strategic Director – Finance & Legal
Deputy Leader

List of Background Documents used to compile this Report:

List of Appendices accompanying this Report (if any):
<ul style="list-style-type: none"> 1. Revenue Outturn 2. Capital Outturn 3. Treasury Management Annual Report 4. Housing Revenue Account Outturn 5. Collection Fund Outturn

Report Version	1.0	Dated	6 th May 2016
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1 Summary Outturn

Overview

- 1.1 The City Council had a General Fund net revenue budget in 2015/16 of £874.541m. Table 1 below summarises the outturn position for 2015/16 against the revised budget, with further details in Annexes 1 to 3.

Table 1 – Summary Outturn	£m
Year End Directorate controllable net overspend against final revised budget	4.901
Year End Recommended Appropriations to / (from) Directorate reserves	5.108
Net Directorate overspends	10.009
Year End Corporate net underspend against final revised budget	(4.407)
Net Corporate underspends	(4.407)
Year End Policy Contingency net underspend against final revised budget	(13.475)
Year End Policy Contingency underspends to reserves for 2016/17	5.071
Net Policy Contingency underspends	(8.404)
Total net underspend	(2.802)
Comprising:	
Corporate Improvements (to corporate balances)	(2.764)
Directorate Improvements (to Directorate year end balances – Economy and Place)	(0.038)

- 1.2 Directorates overspent in total by £4.901m before year end recommended net appropriations to earmarked reserves (made up of an overspend of £15.956m in People Directorate, offset by total underspends of £11.055m in other Directorates). Following recommended net appropriations to earmarked reserves of £5.108m (made up of transfers from earmarked reserves of £5.909m within People Directorate offset by transfers to reserves of £11.017m in other Directorates), services have net overspends of £10.009m. Table 2 overleaf provides a breakdown by Directorate.
- 1.3 There was a net underspend of £4.407m in corporate accounts. There was also an underspend of £8.404m in Policy Contingency after transfers to reserves of £5.071m for approved allocations for specific purposes not yet utilised.
- 1.4 It is proposed to utilise £10.047m of the underspend in both the Policy Contingency and corporate accounts to address the year end pressure in People Directorate.

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The other Directorates have a minor net in year underspend of £0.038m, after reserve movements.

- 1.5 The outturn underspend is in context of demanding savings targets of £110.255m including finding 2015/16 solutions for £4.855m of savings achieved on a one off basis in 2014/15.

Directorate Outturn

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

Table 2	A	B	C = B - A	D			E = C + D
Directorate	Final Revised Budget	Outturn Position	Outturn Variation [+ over / - (under)]	Year End Transfers to / (from) reserves			In Year Variation (to) / from balances
				Grant	Other	Total	
	£m	£m	£m	£m	£m	£m	£m
People Directorate	547.958	563.914	15.956	(1.400)	(4.509)	(5.909)	10.047
Economy Directorate	183.109	174.848	(8.261)	4.273	4.131	8.404	0.143
Place Directorate	182.787	179.993	(2.794)	1.290	1.323	2.613	(0.181)
Directorate Total	913.854	918.755	4.901	4.163	0.945	5.108	10.009
Less: Transfer from Schools Balances					4.605		
Directorate Total excluding Schools Balances					5.550		

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

Corporate Account Outturns

- 1.8 The variations in corporate accounts, totalling a net underspend of £4.407m are listed in Table 3 below.

Table 3 – Corporate Accounts Outturn		
	£m	Ref
Total outturn Variation (+ over / - under)	(4.407)	
Explanation of total outturn variation		
Treasury Management outturn position	(16.127)	Paragraph 1.9
<u>Agreed use of Treasury Management</u>		
Pest Control	1.200	Paragraph 1.9
Former District Services	3.500	Paragraph 1.9
Agreed use of Treasury Management – Service Birmingham	6.589	Paragraph 1.9
Net Treasury Management Variation	(4.838)	
Other	0.431	
Total Corporate Variations	(4.407)	

1.9 There was an underspend of £16.127m in Treasury Management. This is explained within Appendix 3 of the report. During the course of the year it was agreed that underspends in Treasury Management would be used:

- As part of the Month 6 Revenue Monitoring report that £3.500m for former District Services and £1.200m for Pest Control would be mitigated
- As part of the Month 8 Revenue Monitoring report that £6.589m relating to in year savings on the Service Birmingham contract would be mitigated

Policy Contingency

1.10 When the Business Plan and Budget 2015+ was established, this included provisions for a number of items that need to be agreed following finalisation of the year end position. Cabinet is therefore requested to endorse the following allocations from 2015/16 Contingencies:

Specific Policy Contingencies:

These are the allocation of specific contingencies that were approved as part of the Council Business Plan and Budget 2015+ and which have not been able to be allocated until the finalisation of the year end position.

- £1.029m from the Carbon Reduction Commitment (CRC) contingency to fund the existing CRC charges liability
- £0.250m pension liabilities for 2015/16 due to the West Midlands Pension Fund for the recovery of the pension lump sum deficit
- £0.280m from the Youth Strategy contingency to fund the Youth Promise
- £0.500m for the provision to cover the year on year growth in the Highways estate

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

1.11 There is a proposed transfer to reserves of £5.071m from Policy Contingency for approved allocations not yet utilised and this relates to the following:

- Mobile Investment Fund (£1.620m) as a result of the time taken in cases where relocation of applicants is necessary
- Birmingham Jobs Fund (£1.500m) as a result of contractual commitments not yet claimed by employers
- High Speed 2 (HS2) Development work (£0.339m) to cover ongoing work to deliver HS2, undertaking and responding to consultation, legal fees and planning reviews
- Youth Strategy Digital Access (£0.110m) due to delays with the development work of the Digital Access Point

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- High Speed 2 (HS2) College (0.446m) to cover future decommissioning and relocation compensation claims
- Youth Strategy (£0.152m) for contingency relating to the Youth Promise which will be used to fund the Youth Partnership Facilitator contract and additional marketing costs for Digital Access Point
- Various other projects of (£0.904m)

1.12 After these transfers to reserves, there is a net underspend in Policy Contingency of £8.404m. This relates primarily to:

- Previously made provisions for non-achievement of savings that were not required (£3.434m)
- Business Charter for Social Responsibility (£2.415m) as a result of implications of the time taken to develop the proposals of the final scheme for rollout, as reflected in the Months 9 and 10 Revenue Monitoring report
- Underspend of the General Policy Contingency (£2.249m)
- Other policy contingency underspends (£0.306m).

Balances and Reserves

1.13 The movements in accumulated General Fund balances and reserves are shown in Table 4 below.

Table 4 – Balances and Reserves Movements

	Para Ref	Opening Balance 1st April 2015	Movements in 2015/16			Outturn 31st March 2016
			Planned	Year End	Total Movement	
Balances		£m	£m	£m	£m	£m
General Fund Working Balance	1.14	26.0	1.5	0.0	1.5	27.5
Organisation Transition Reserve	1.15	101.4	(28.5)	(0.1)	(28.6)	72.8
Transformational Change - Future Council	1.16	5.4	0.0	2.8	2.8	8.2
Directorate Balances	1.17	5.0	(2.7)	0.0	(2.7)	2.3
Total Balances		137.8	(29.7)	2.7	(27.0)	110.8
Reserves						
General Reserves Directorate	1.19	73.3	(7.6)	5.5	(2.1)	71.2
General Reserves Corporate	1.20	71.7	43.1	0.3	43.4	115.1
Sub Total General Reserves		145.0	35.5	5.8	41.3	186.3
Grants Reserves	1.21	136.5	(2.8)	4.2	1.4	137.9
Sub - Total Earmarked Reserves		281.5	32.7	10.0	42.7	324.2
Schools balances (net of amounts borrowed)		66.0	2.2	(4.6)	(2.4)	63.6
Total Reserves		347.5	34.9	5.4	40.3	387.8

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

1.14 The City Council has increased the General Fund Working Balance by the budgeted amount of £1.500m. This continues the regular contributions made over recent years. Further contributions of £1.500m a year are included in the Long Term Financial Plan for future years.

1.15 The Minimum Revenue Provision (MRP) policy changed in 2013/14 and the Organisation Transition Reserve was established from the savings in the first two

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years. The reserve will be used to mitigate the future savings and / or be used to deliver the transformational change of the future Council. £28.600m was utilised in 2015/16 and £12.657m has been budgeted for use in 2017/18.

- 1.16 There is a net year end variation of £4.407m in corporate accounts and £8.404m in Policy Contingency, of which it is proposed to utilise £10.047m to mitigate the year end pressure in People Directorate. The remaining balance of £2.764m will be carried forward in the Transformational Change reserve and will be used to mitigate 2016/17 pressures.
- 1.17 The balances attributed to each Directorate are detailed in Annex 3. In total, at the end of 2015/16, there are net surplus balances of £2.317m after taking account of brought forward balances, the year end overspend position of £10.009m and corporate mitigations of £10.047m.
- 1.18 General reserves and grant reserves are resources that have been set aside to be spent in 2015/16 or future years for specific purposes. There is £324.181m relating to non-school earmarked reserves covering grant related reserves of £137.874m and other general reserves of £186.307m. This is a net increase in year of £41.334m in other general reserves (Directorate and Corporate).
- 1.19 Directorates have transferred a budgeted net total of £7.603m from reserves in year (excluding grants and schools balances) and are planning to transfer a further £5.550m to reserves at year end. This is explained in more detail in Section 2 of this report.
- 1.20 There is an increase of £43.460m in corporate reserves and this comprises the following components:

	Opening Balance	Movements in 2015/16			Outturn
	1st April 2015	Planned	Year End	Total Movement	31st March 2016
General Reserves Corporate	£m	£m	£m	£m	£m
Treasury Management	6.9	(0.7)	0.0	(0.7)	6.2
Capital Fund	51.1	29.6	0.0	29.6	80.7
One-off Resources from previous year	19.1	(10.1)	0.0	(10.1)	9.0
Policy Contingency	4.5	0.6	0.0	0.6	5.1
Airport Dividend	0.3	14.2	0.0	14.2	14.5
Other Corporate Reserves	(10.2)	9.5	0.3	9.8	(0.4)
Total Reserves	71.7	43.1	0.3	43.4	115.1

- Treasury Management decrease of £0.665m largely due to planned management of the Council's debt and investment portfolio
- Net movement to the Capital Fund of £29.636m relating largely to smoothing in 2014/15 for the NEC and sums earmarked to fund costs of Equal Pay
- Resources brought forward from 2014/15 for application as part of the approved budget of £12.177m that have been used as planned offset by one off resources planned to be carried forward from 2015/16 of £2.000m Housing Benefit Subsidy (net £10.177m)

- Policy Contingency transfers of £5.071m for approved allocations for specific purposes not yet utilised (see paragraph 1.11)
- Airport Dividend of £14.200m carried forward from 2015/16 and used as budgeted corporate funding in the 2016/17 General Fund budget
- Other net movements to reserves of £9.772m relating largely to smoothing of pension fund strain between financial years

1.21 There is a net transfer to reserves of £1.382m for Grants, relating largely to transfers from reserves in Public Health, Non-Schools DSG offset by transfers to reserves for Highways PFI . The majority of grants were expected and were budgeted for during the year.

Commentary on budget areas

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

2.1 People Directorate

There is a recommended net transfer from reserves of £5.909m, which would result in an overspend position of £10.047m after appropriations.

The net overspend position is explained below.

	Overspend / (Underspend) £m
Controllable net expenditure (+ over / - under)	15.956
Appropriations to / (from) reserves	
Schools	(4.605)
Other	(1.304)
Appropriations to / (from) reserves	(5.909)
Net overspend	10.047
Explanation of variation after appropriations	
Younger Adults	6.118
Better Care Fund	1.302
Independent Living Fund	0.280
Deprivation of Liberty Safeguards	0.625
Legal Costs	0.855
Provision for bad debts	0.974
Disbursed Property Refurbishment	0.824
Unattached School Playing Fields	0.268
Children with Complex Needs	0.322
Children's Social Care	(2.120)
Other	0.599
Net overspend	10.047

The key elements of the recommended net transfer from reserves of £5.909m are detailed below.

Proposed Transfers to / (from) reserves

Grants – (£1.400m) transfer to / (from) reserves

- Better Care Fund (£1.493m) - Section 75 funding with Health partners
- Department of Communities and Local Government (DCLG) Homelessness Grant £0.200m
- New Burdens Grant (£0.162m)
- Other net grant appropriations to reserves £0.055m

Other appropriations – (£4.509m) transfer to / (from) reserves

- Summerhill / Care Centres Refurbishment (£0.550m) – the reserve has been used to meet the costs of expenditure in 2015/16 for maintaining the Care Centres and Summerhill House
- Schools Financial Services £0.281m – this is a traded service and the surplus generated is required to cope with the additional workloads in the monitoring of schools and to upskill staff
- Transfer from schools balances (£4.605m)
- Other net appropriations to reserves £0.365m

The explanations for the £10.047m overspend after proposed transfers to reserves are as follows:

Younger Adults - £6.118m overspend

The Directorate has implemented a range of actions to deliver these savings including commissioning new services, improving programme management arrangements, learning from other Councils, securing wider public support to move people from residential care, reviewing in-house learning disability day care that needs to be provided in future and increasing the scale of Direct Payments. These measures have contained the pressure and the Directorate will continue to work to mitigate future pressures on the number of costs of packages of care.

Better Care Fund (BCF) - £1.302m overspend

The performance against the target for reduction in avoidable emergency admissions is significantly below expectations (nationally there has been a sustained increase in emergency admissions). The BCF Board considered this performance and determined that the BCF did not have funds to meet all of the savings target of £6.200m which were reflected in the Council Business Plan 2015+. However, funds of £1.800m have been identified from within uncommitted funds in the BCF. In addition, the Directorate has identified £3.098m of one-off mitigations, resulting in a net pressure of £1.302m.

Independent Living Fund - £0.280m overspend

The Independent Living Fund (ILF) was a Non-Departmental Public Body funded by grant from the Department for Work and Pensions (DWP). The payments are made to disabled citizens to allow them to live independently. The duties and responsibilities of this fund transferred to local authorities from 1st July 2015. The Council were advised by the ILF office that the grant awarded would be 95% of the costs of the ILF (a 5% attrition rate would be applied on an annual basis during the lifetime of the grant). The Council is currently paying all of the individuals initially identified and this has resulted in a shortfall of £0.280m.

Deprivation of Liberty Safeguards - £0.625m overspend

A High Court judgement, 'The Cheshire West Judgement', determined that all citizens in a care setting should be assessed to determine if their liberty had 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. Additional funds were made available on a one-off basis nationally in 2015/16 by the Department of Health for the work involved in the assessment of vulnerable citizens. However, due to the number of cases, there was a pressure of £0.625m.

Legal Costs - £0.855m overspend

There were legal costs arising from the Judicial Review of the Council's Homelessness policies and procedures. Although the Judicial Review found in the Council's favour, the assumption that costs would be awarded in the Council's favour has not proved to be the case.

Provision for Bad Debts - £0.974m overspend

There was a pressure of £0.974m relating to the provision for bad and doubtful debts above the budgeted level due to higher than expected write-offs largely as a result of reduced client contributions to adults social care.

Disbursed Property Refurbishment - £0.824m overspend

The demand for accommodation for people presenting as homeless has significantly increased recently and the use of hard to let properties offers good value for money by avoiding the use of expensive bed and breakfast facilities. The cost of refurbishment is recovered in benefit payments over a period of around six months. There were a large number of properties refurbished in the last quarter of the year, resulting in the majority of the costs being recovered in 2016/17.

Unattached School Playing Fields - £0.268m overspend

The plan for this has progressed slowly during the year due to complex legal financial issues.

Children with Complex Needs - £0.322m overspend

There were additional costs of services for Children with Complex Needs of £0.322m mainly arising from extra charges to support transport costs of pupils in other local authorities and an increase in pupil numbers requiring these services.

Children's Social Care - £2.120m underspend

The underspend in Children's Social Care of £2.120m was due to reductions in costs of internal foster care payments, further reduced numbers of externally commissioned child protection assessments as these are now being produced internally, a reduction in the estimated costs of external placements, additional grant income from the Home Office, a reduction in staffing forecasts and other non-pay variations. These have been offset by additional pressures of supported accommodation placements and the settlement of costs for revocation of care cases.

Other net variations - £0.599m overspend

There were pressures of £1.482m arising from increased care packages, agency and other costs in all areas above the available resources. This includes demographic pressures in Older People's care, the impact of the Care Act, joint working with Health and other minor variations. These have been partially mitigated by use of reserves of £0.929m, leaving a net pressure of £0.553m.

There were also additional costs of £0.791m arising from PFI higher than planned indexation costs and increased requirements for legal support in dealing with school issues relating to areas such as governance and land and property issues. These have also been offset by one-off use of reserves.

There were also other net pressures of £0.800m across a range of services including increased costs of private sector, bed & breakfast and other temporary accommodation for homeless people.

These have been offset by savings generated as a result of holding employee vacancies of £0.374m and spreading Pension Fund Strain costs over three years rather than funding all of the cost in 2015/16, saving £0.380m.

2.2 Economy Directorate

There is a recommended net transfer to reserves of £8.404m which would result in an overspend of £0.143m after appropriations. The overspend is summarised below:

	Overspend / (Underspend) £m
Controllable net expenditure (+ over / - under)	(8.261)
Appropriations to / (from) reserves	8.404
Net overspend	0.143
Explanation of variation after appropriations	
Acivico retained income	1.014
Shelforce	0.331
Employment and Skills	0.313
Energy Savings	0.200
Planning & Regeneration	(0.386)
Strategic Transport	0.072
Transformational Management	(0.435)
Finance & Legal Services	(0.555)
Corporate Strategy	0.386
Revenues and Benefits	(0.970)
Other variations	0.173
Net overspend	0.143

The key elements of the recommended net transfer to reserves of £8.404m are detailed below.

Proposed Transfers to / (from) reserves

Grants – £4.273m transfer to / (from) reserves

- Section 106 - £3.354m
- Work Local Programme (Lone Parents) - £0.250m for grant received in advance of expenditure
- Grand Central Birmingham and HS2 - £0.147m for grant received in advance of expenditure
- Black and Minority Sectors Project - £0.174m for grant received in advance of expenditure

- City 4 Age - £0.118m for grant received in advance of expenditure
- Other net grant movements £0.230m

Other appropriations – £4.131m to / (from) reserves

- Unidentified income received (held in reserves prior to posting in 2016/17) - £0.860m
- Tenants General Maintenance Reserve - £0.661m
- Strategic Repairs for commercial properties - £0.235m
- Dance Festival £0.180m
- Local Welfare Provision payments – £0.820m
- Graduate Hub Programme - £0.547m
- Other net movements £0.828m

The explanation for the year end overspend of £0.143m after proposed transfers to reserves is shown below:

Acivico - £1.014m overspend

This was mainly a result of lower than anticipated income compared to budget relating to Design Construction & Facilities Management, Catering, Birmingham City Laboratories and Security, plus the impact of ongoing negotiations regarding the use of Highbury Hall.

Shelforce - £0.331m overspend

This was due to delays experienced with the placing of orders which has resulted in periods of production downtime. During these periods Shelforce continued to incur overheads with little or no income to offset the costs.

Employment and Skills and Development Management Service- £0.313m overspend

It was originally envisaged that there would be the implementation of a planning levy on businesses with income being paid to BCC. This would have enabled the employment team to ensure targeted employment support was given to the young and particular areas of the city. Some savings have been achieved through the reduction of employee budgets and posts. However, it was recognised at the beginning of 2015/16 that the saving of £0.313m would not be achieved within the Employment and Skills team. A permanent budget adjustment has been made for this from 2016/17 onwards.

Energy Savings - £0.200m overspend

The Council planned to put in place significantly tighter management of its energy bill. The plans for 2015/16 were delayed. However, work has been ongoing and a team led by Corporate Procurement is focused on identifying this as part of a single procurement process.

Planning & Regeneration – £0.386m underspend

There was a net underspend of £0.386m largely as a result of additional planning application income.

Strategic Transport - £0.072m overspend

It was proposed to bring together a number of different service areas in Economy and Place Directorates and in doing so reduce the overall cost to deliver services

through reduced staff costs and overheads. These savings were not taken forward due to changes in the Directorate structure, resulting an overspend of £0.072m.

Transformation Management - £0.435m underspend

This related primarily to the cost of inflationary increases in system support costs being less than originally anticipated. A permanent budget adjustment has been made for this from 2016/17 onwards.

Finance & Legal Services - £0.555m underspend

The underspend is largely as a result of managed vacancy savings and the achievement of additional income in year, resulting in a net underspend of £0.555m.

Corporate Strategy - £0.386m overspend

Corporate Strategy had a net overspend of £0.812m. This was mainly due to staffing overspends within Policy and Performance and staffing overspends within the Cabinet Office. This was partially mitigated by underspends in Corporate Procurement Services of £0.426m from managed vacancy savings and additional income.

Revenues and Benefits - £0.970m underspend

Revenues and Benefits had an overall underspend of £0.970m which was mainly due to a surplus in Housing Benefit Subsidy.

Other - £0.173m net overspend

There were other overspends of £0.173m arising within the Directorate across a range of services.

2.3 Place Directorate

There are recommended net transfers to reserves of £2.613m which would result in an underspend position of £0.181m after appropriations. The key reasons are identified overleaf.

APPENDIX 1

	Overspend / (Underspend) £m
Controllable net expenditure (+ over / - under)	(2.794)
Appropriations to / (from) reserves	2.613
Net underspend	(0.181)
Explanation of variation after appropriations	
Highways Services	(1.832)
Community Sports and Events	0.107
Waste Management Services	0.579
Parks and Nature Services	(0.338)
Bereavement Services	(0.428)
Markets	1.356
Equalities and Community Cohesion	0.223
Regulatory Services	0.696
Other Services	(0.544)
Net underspend	(0.181)

The key elements of the recommended net transfer from reserves of £2.613m are detailed below.

Proposed Transfers to / (from) reserves

Grants – £1.290m transfer to / (from) reserves

- Section 106 £1.437m – to meet future revenue costs of Section 106 schemes
- Department of Communities and Local Government (DCLG) funding £0.300m for localisation
- Borrowing from Highways PFI (£0.771m)
- Other net movements to reserves £0.324m

Other appropriations – £1.323m transfer to / (from) reserves

- Control Room Cyclical Maintenance £0.158m
- Highways PFI £0.273m
- World Indoor Athletics £0.107m
- Proceeds of Crime Act £0.237m – illegal money lending programme
- Other net movements to reserves £0.548m

The explanation of the net year end underspend of £0.181m after proposed transfers to reserves is shown below:

Highways Services - £1.832m underspend

The underspend related primarily to savings in employees through vacancy and recruitment control and additional income generated from car parks. It also reflected the successful settlement of the dispute with Amey in favour of the Council.

Community Sport and Events - £0.107m overspend

The overspend related to a number of components including the delay in the planned transfer of the Alexander Stadium as part of the new Sport and Physical

Activity Transformation and pressures relating to additional community events held in September 2015. These pressures were offset by compensating savings from existing externalised services (including golf courses, Harborne Pool and the new framework contact community leisure centres).

Waste Management Services - £0.579m overspend

The pressures relate primarily to the hire of mechanical sweepers to maintain clean streets, depot service improvements, one-off pension strain costs for employees that have retired, net additional temporary agency employee expenditure and an external review of the fleet services. These have been offset by re-direction of savings from the wheeled bin programme.

Parks and Nature Services - £0.338m underspend

There has been lower expenditure on grounds maintenance and some slippage in operational expenditure on maintenance and repairs.

Bereavement Services – £0.428m underspend

There were savings generated as a result of slippage on maintenance and operational expenditure into 2016/17.

Markets - £1.356m overspend

The majority of the overspend of around £1.000m related to non-implementation of the planned new fees and charges. The remaining balance of £0.356m related to additional operational costs and additional empty units as the relocation of the new wholesale market progresses.

Equalities and Community Safety - £0.223m overspend

The pressure relates primarily to unavoidable pension costs for staff who were retiring following the reorganisation and reduction in the Equalities Team. There was also slippage in the engagement of contractors for the agreed decommissioning of CCTV cameras.

Regulatory Services - £0.696m overspend

The overspend was due primarily to pressures on Registrars (resulting from lower income being generated including genealogy), Trading Standards (mainly relating to additional costs of agency staff) and Coroners Services (due to more investigations and review of historical cases) offset by savings on Environmental Health as a result of additional income from fixed penalty notices.

Other - £0.544m underspend

This related to other net variations across a range of services.

REVENUE OUTTURN SUMMARY

	Budget £m	Outturn £m	Variance £m
Directorates	922.087	926.988	4.901
Policy Contingency	10.000	(3.475)	(13.475)
Corporate Accounts	(57.730)	(62.137)	(4.407)
Total	874.357	861.376	(12.981)
<u>Recommended Contributions to / (from) reserves</u>			
Directorate (including schools balances)	(5.451)	(4.506)	0.945
Grants	(2.782)	1.381	4.163
Policy Contingency	0.000	5.071	5.071
Corporate	35.517	35.517	0.000
Sub-total Contributions to / (from) reserves	27.284	37.463	10.179
<u>Directorate Contributions to / (from) balances</u>			
Directorate / Committee	0.000	(10.009)	(10.009)
Contribution to Directorate overspend from Corporate	0.000	10.047	10.047
Organisational Transition Reserve	(28.600)	(28.600)	0.000
Contribution to balances for Transformational Change	0.000	2.764	2.764
Contribution to General Fund Working Balance	1.500	1.500	0.000
Sub-total Contributions to / (from) balances	(27.100)	(24.298)	2.802
SUB-TOTAL	874.541	874.541	0.000
Council Tax	(271.175)	(271.175)	0.000
Business Rates	(196.305)	(196.305)	0.000
Top Up Grant	(126.016)	(126.016)	0.000
Revenue Support Grant	(280.083)	(280.083)	0.000
Collection Fund	(0.962)	(0.962)	0.000
Sub Total	(874.541)	(874.541)	0.000

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

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

Comparison to Month 10 Revenue Monitoring Report

As part of the City Council's budget monitoring, Directorates have highlighted spending pressures throughout the year and taken pro-active steps to mitigate their effects. At Month 10, total net potential pressures of £9.087m were reported. After recommended movements to and from reserves, the final outturn position for Directorates is that a net overspend of £10.009m compared with the final revised budget is being carried forward (adverse movement of £0.922m since Month 10).

This position is summarised in the table below:

	Forecast Variation at Month 10 £m	Outturn Variation £m	Movement from M10 £m
People Directorate	5.700	10.047	4.347
Economy Directorate	1.705	0.143	(1.562)
Place Directorate	1.682	(0.181)	(1.863)
Directorate Total overspend / (underspend)	9.087	10.009	0.922

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

- People – adverse movement of £4.347m. This related primarily to:
 - Legal costs of £0.855m arising from the Judicial Review of the Council's Homelessness Policies. It was anticipated that costs would be awarded in the Council's favour but this has not been the case
 - Refurbishment of disbursed properties of £0.824m
 - Costs of transport associated with Children with Complex Needs £0.322m
 - Higher than planned PFI costs associated with indexing £0.791m
 - Increased costs of private sector, bed and breakfast and other temporary accommodation for homeless people £0.767m
 - Increased costs of care packages £0.880m
 - Other net variations of (£0.092m)
- Economy – favourable movement of £1.562m. This related primarily to:
 - Integrated Services increased by £0.402m. This is mainly a result of lower than anticipated income relating to Catering, Cleaning, Birmingham City Laboratories and Security plus the impact of ongoing negotiations regarding the use of Highbury Hall.
 - Transformational Management reduced by (£0.435m) related primarily to the cost of inflationary increases in system support costs being less than originally anticipated.
 - Services Birmingham Pension costs of (£0.525m) due to this being mitigated by one off underspend from prudential borrowing
 - Revenues and Benefits has an overall underspend of (£0.970m) which is mainly due to a surplus in Housing Benefit Subsidy
 - Other net favourable movement of (£0.034m)

- Place – favourable movement of £1.863m. This related primarily to the resolution of contractual disputes relating the Highways PFI and the operational problems with the generator at the Tyseley incinerator resulting in additional landfill.

Directorate Carry Forward Balances

	Balance Brought Forward 01-Apr-15 £'000	In-year Movements £'000	Corporately addressed £'000	Outturn £'000	Carry Forward Balance 31-Mar-16 £'000
BALANCES B/FWD					
People Directorate	(294)		(10,047)	10,047	(294)
Economy Directorate	(4,656)	2,691		143	(1,822)
Place Directorate	(20)	0	0	(181)	(201)
TOTAL	(4,970)	2,691	(10,047)	10,009	(2,317)

Capital Monitoring as at 31st March 2016

Annex 1

Capital Expenditure 2015/16 by Directorate

	(a) 2015/16 Quarter 3 Approved Budget	(b) New Schemes & Resources	(c) 2015/16 Quarter 4 Revised Budget (a+b)	(d) Previously Reported Slippage	(e) Further Slippage Quarter 4	(f) Previously Reported Over/ (under) spend	(g) Over/ (under) spend Quarter 4	2015/16 Outturn (e+f+g)
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
<u>People</u>								
Adults & Communities	11,842	0	11,842	(5,790)	(897)	0	130	5,285
Children, Young People & Families	91,025	0	91,025	(13,230)	(3,395)	0	5,347	79,747
<u>Place</u>								
Non Housing Services	44,217	0	44,217	(11,288)	(3,448)	(2,703)	(909)	25,869
Highways	5,438	0	5,438	(1,335)	(465)	0	127	3,765
Housing Revenue Account	97,457	0	97,457	(3,346)	(1,280)	5,394	2,278	100,503
Housing Private Sector	12,813	0	12,813	(7,615)	(254)	(88)	(17)	4,839
<u>Economy</u>								
Corporate Resources	62,764	11,493	74,257	(13,241)	(16,416)	(2,240)	2,831	45,191
Planning & Regeneration	58,261	0	58,261	8,790	(17,868)	13	(3,663)	45,533
Transportation	106,961	53,500	160,461	(4,282)	(13,834)	0	1,631	143,976
Employment Services	0	0	0	0	0	0	172	172
Culture & Commissioning	7,282	0	7,282	0	(4,293)	0	132	3,121
	498,060	64,993	563,053	(51,337)	(62,150)	376	8,059	458,001

CAPITAL OUTTURN & VARIATION ANALYSIS 2015/16

PEOPLE DIRECTORATE - ADULTS & COMMUNITIES		2015/16 £'000	
Transformation of Adult Social Care	Previous Budget for year New resources in year Previously Reported Variance (slippage) /acceleration at Q4 (Under) / Overspend in Q4 Outturn	401 21 301	Initiatives to transform and improve the commissioning and delivery of Adult Care Services. The project to replace the Home Visiting Monitoring System is on hold pending completion of the technical specification of the Carefirst Replacement System (approved by Cabinet in March 2016) as the Home Visit Monitoring System requirements may form part of the Carefirst Replacement solution.
Homeless Centres	Previous Budget for year New resources in year Previously Reported Variance (slippage) /acceleration at Q4 (Under) / Overspend in Q4 Outturn	2,117 1,583	Refurbishment of 3 Homeless Centres across the City. Commencement of the refurbishment works at Bushmere House was delayed due to the unavailability of qualified surveyors to undertake extensive asbestos surveys. Works have now commenced and there is no impact on the availability of funding.
Learning Disability Day Centres	Previous Budget for year New resources in year Previously Reported Variance (slippage) /acceleration at Q4 (Under) / Overspend in Q4 Outturn	1,799 967	Programme of refurbishment of Day Centre facilities for the Learning Disabilities Service. Day Care Services are subject to further analysis under the Maximising Independence of Adults Programme and further capital investment is paused until there is clear direction from this programme. This does not impact on the level of service provision or the overall funding of the programme.
Other Variations	Previous Budget for year New resources in year Previously Reported Variance (slippage) /acceleration at Q4 (Under) / Overspend in Q4 Outturn	7,525 2,434	

TOTAL ADULTS & COMMUNITIES	Previous Budget for year	11,842	
	New resources in year	0	
	Previously Reported Variance (slippage) /acceleration at Q4	(5,790)	
	(Under) / Overspend in Q4	(898)	
	Outturn	131	
		5,285	

PEOPLE DIRECTORATE - CHILDREN, YOUNG PEOPLE AND FAMILIES		2015/16 £'000	
Devolved Capital	Previous Budget for year New resources in year Previously Reported Variance (slippage) /acceleration at Q4 (Under) / Overspend in Q4 Outturn	2,971 (446) 2,525	Allocated to Maintained Schools to fund capital works. This is grant received by the LA that has to be allocated directly to schools. Grant is based on pupil numbers and a fixed lump sum per school. Schools are allowed to use funding for building projects and ICT schemes and can carry forward monies not spent into future years and/ or build up their allocations for a specific scheme. The year end underspend as at 31.3.16 will therefore be carried forward. Academy schools receive funding directly from EFA as do VA schools.
Schools Condition Allowance (ex Capital Maintenance)	Previous Budget for year New resources in year Previously Reported Variance (slippage) /acceleration at Q4 (Under) / Overspend in Q4 Outturn	20,955 0 (2,021) 72 5,230 24,236	The transfer of costs originally charged to schools revenue budgets that should have been capitalised. The full £5.23m has been funded from individual schools revenue budgets.
Basic Need/Additional Primary Places	Previous Budget for year New resources in year Previously Reported Variance (slippage) /acceleration at Q4 (Under) / Overspend in Q4 Outturn	55,821 0 (7,894) (2,405) 45,522	Building programme aimed at expanding school provision in order to meet pupil place requirements. This is a long term programme to provide statutory additional places as required as a result of an increased birth rate and increased net migration. Additional School Places are funded via the Basic Need programme. The Quarter 3 forecast was based on information supplied by EDSI in conjunction with Acivico but there have been delays with works at Greenhill & Paganel and Hamilton & Queensway.
Universal Free School Meals	Previous Budget for year New resources in year Previously Reported Variance (slippage) /acceleration at Q4 (Under) / Overspend in Q4 Outturn	964 (114) 850	Capital funding to support the introduction of free school meals for reception and years 1 and 2 children from September 2014. Slippage pending confirmation and receipt of final project costs.

Other Variations	Previous Budget for year	10,314	
	New resources in year	0	
	Previously Reported Variance	(3,315)	
	(slippage) /acceleration at Q4	(502)	
	(Under) / Overspend in Q4	117	
	Outturn	6,614	
TOTAL CHILDREN, YOUNG PEOPLE & FAMILIES	Previous Budget for year	91,025	
	New resources in year	0	
	Previously Reported Variance	(13,230)	
	(slippage) /acceleration at Q4	(3,395)	
	(Under) / Overspend in Q4	5,347	
	Outturn	79,747	
PEOPLE DIRECTORATE - OVERALL MOVEMENTS	Previous Budget for year	102,867	
	New resources in year	0	
	Previously Reported Variance	(19,020)	
	(slippage) /acceleration at Q4	(4,293)	
	(Under) / Overspend in Q4	5,478	
	Outturn	85,032	

HIGHWAYS GENERAL FUND		2015/16 £'000	
Highways Structures	Previous Budget for year New resources in year Previously Reported Variance (slippage) /acceleration at Q4 (Under) / Overspend in Q4 Outturn	1,443 (224) (339) 880	Phase 1 £71k & Phase 2 of the A38 (M) Tame Valley Viaduct Management Strategy (trial span works). Slippage due to delays in the approval to commence negotiations with a single specialist consultant for the production of the business case required bt the Department for Transport prior to their final approval to allocate funding to the scheme.
Other Minor Schemes	Previous Budget for year New resources in year Previously Reported Variance (slippage) /acceleration at Q4 (Under) / Overspend in Q4 Outturn	3,995 (1,111) (125) 126 2,885	Minor schemes
TOTAL HIGHWAYS	Previous Budget for year New resources in year Previously Reported Variance (slippage) /acceleration at Q4 (Under) / Overspend in Q4 Outturn	5,438 0 (1,335) (464) 126 3,765	

PLACE DIRECTORATE - OTHER GENERAL FUND		2015/16 £'000	
Sparkill Pool	Previous Budget for year New resources in year Previously Reported Variance (slippage) /acceleration at Q4 (Under) / Overspend in Q4 Outturn	3,000 (1,250) (765) 985	Sport and physical activity review programme for the new build of Sparkhill Pool, Stechford Leisure Centre, Icknield Port Loop, Erdington Pool and Northfield Pool and the refurbishment of Wyndley Leisure Centre, Beeches Pool, Fox Hollies Leisure Centre, Billesley ITC and Cocks Moor Wood Leisure Centre. Delays to allow for further design of the foundation. Works have started and are currently expected to be completed to the existing planned date of May 2017 without any cost implication to the Council.
The Circle Leisure Centre	Previous Budget for year New resources in year Previously Reported Variance (slippage) /acceleration at Q4 (Under) / Overspend in Q4 Outturn	1,423 (524) 899	Sport and physical activity review programme for the new build of Sparkhill Pool, Stechford Leisure Centre, Icknield Port Loop, Erdington Pool and Northfield Pool and the refurbishment of Wyndley Leisure Centre, Beeches Pool, Fox Hollies Leisure Centre, Billesley ITC and Cocks Moor Wood Leisure Centre. Planning submission delayed to provide further details about roads and car parking. The project has been delayed by about one month but completion is expected to be on time and within budget
Longbridge Leisure Centre	Previous Budget for year New resources in year Previously Reported Variance (slippage) /acceleration at Q4 (Under) / Overspend in Q4 Outturn	1,707 (1,697) 10	Sport and physical activity review programme for the new build of Sparkhill Pool, Stechford Leisure Centre, Icknield Port Loop, Erdington Pool and Northfield Pool and the refurbishment of Wyndley Leisure Centre, Beeches Pool, Fox Hollies Leisure Centre, Billesley ITC and Cocks Moor Wood Leisure Centre.
Wyndley Leisure Centre	Previous Budget for year New resources in year Previously Reported Variance (slippage) /acceleration at Q4 (Under) / Overspend in Q4 Outturn	1,797 (194) 1,603	Sport and physical activity review programme for the new build of Sparkhill Pool, Stechford Leisure Centre, Icknield Port Loop, Erdington Pool and Northfield Pool and the refurbishment of Wyndley Leisure Centre, Beeches Pool, Fox Hollies Leisure Centre, Billesley ITC and Cocks Moor Wood Leisure Centre. Changes required to the contractors original design due to structural issues. This is not expected to impact on planned completion date and will not increase costs to the City Council.

Fox Hollies Leisure Centre Refurbishment	Previous Budget for year	1,325	Sport and physical activity review programme for the new build of Sparkhill Pool, Stechford Leisure Centre, Icknield Port Loop, Erdington Pool and Northfield Pool and the refurbishment of Wyndley Leisure Centre, Beeches Pool, Fox Hollies Leisure Centre, Billesley ITC and Cocks Moor Wood Leisure Centre.
	New resources in year		
	Previously Reported Variance (slippage) /acceleration at Q4 (Under) / Overspend in Q4 Outturn	148 1,473	Acceleration due to the need to replace the astro turf pitch earlier than originally scheduled. This was driven by the condition of the existing astro turf and the need to generate income.
CMW Leisure Centre Refurbishment	Previous Budget for year	2,007	Sport and physical activity review programme for the new build of Sparkhill Pool, Stechford Leisure Centre, Icknield Port Loop, Erdington Pool and Northfield Pool and the refurbishment of Wyndley Leisure Centre, Beeches Pool, Fox Hollies Leisure Centre, Billesley ITC and Cocks Moor Wood Leisure Centre.
	New resources in year		
	Previously Reported Variance (slippage) /acceleration at Q4 (Under) / Overspend in Q4 Outturn	(652) 1,355	Following contract commencement in June 2015 and the operation of the facility by BCLT, further amendments have been made to the refurbishment programme which has meant that the completion target has not been met. The amendments were made by the contractor and there is no cost increase to the City Council.
Fleet & Waste Management	Previous Budget for year	24,000	Fleet and Waste transformation project - purchase and roll out of Wheelie bins.
	New resources in year		
	Previously Reported Variance (slippage) /acceleration at Q4 (Under) / Overspend in Q4 Outturn	(8,042) (857) (933) 14,168	The FWM Mobile Technology Ssystem scheme has been delayed to take account of the impact of service transformation and savings targets on operational requirements. Green Waste Containers £(0.505m) underspend due to the demand for bins from residents being lower than anticipated. The scheme is now complete, the remaining grant funded resources have been used to mitigate revenue pressures and future requirements will be funded from revenue resources. Mobile Technology £(0.332)m underspend due to some items of expenditure being identified as and charged to the revenue budget instead.
Bereavement Services	Previous Budget for year	16	Handsworth Cemetery - Additional plots.
	New resources in year		
	Previously Reported Variance (slippage) /acceleration at Q4 (Under) / Overspend in Q4 Outturn	141 (4) 153	Acceleration due to the project development costs for the Sutton New Hall Cemetery being charged earlier than scheduled. The scheme is funded by service prudential borrowing as approved in the FBC to Cabinet on 22nd March 2016.

Other Services	Previous Budget for year	5,759	
	New resources in year		
	Previously Reported Variance (slippage) /acceleration at Q4	(3,056)	
	(Under) / Overspend in Q4	(406)	
	Outturn	(21)	
TOTAL OTHER GENERAL FUND		2,276	
	Previous Budget for year	41,034	
	New resources in year	0	
	Previously Reported Variance (slippage) /acceleration at Q4	(14,045)	
	(Under) / Overspend in Q4	(3,109)	
	Outturn	(958)	
		22,922	

PLACE DIRECTORATE - DISTRICT SERVICES		2015/16 £'000	
Community Sport	Previous Budget for year New resources in year Previously Reported Variance (slippage) /acceleration at Q4 (Under) / Overspend in Q4 Outturn	26 349 (101) 274	Handsworth Leisure Centre - The Full Business Case approval has been delayed to scope, assess and cost the clients request for additional works. A revised draft FBC now being reviewed.
Other Variations	Previous Budget for year New resources in year Previously Reported Variance (slippage) /acceleration at Q4 (Under) / Overspend in Q4 Outturn	3,157 (295) (238) 49 2,673	
TOTAL DISTRICT SERVICES	Previous Budget for year New resources in year Previously Reported Variance (slippage) /acceleration at Q4 (Under) / Overspend in Q4 Outturn	3,183 0 54 (339) 49 2,947	

HOUSING REVENUE ACCOUNT		2015/16 £'000	
Housing Improvement Programme	<p>Previous Budget for year</p> <p>New resources in year</p> <p>Previously Reported Variance (slippage) /acceleration at Q4</p> <p>(Under) / Overspend in Q4</p> <p>Outturn</p>	<p>34,584</p> <p>3,564</p> <p>639</p> <p>1,350</p> <p>40,137</p>	<p>Capital Investment Programme - various projects to carry out improvements to stock including major structural works.</p> <p>Net acceleration on main elements of Housing Improvement Programme to reflect contractors' operational capacity and tenant priorities, including kitchens & bathrooms (£0.61m), electrical works (£0.55m) and windows & doors (£0.25m) and central heating (£1.5m). This is offset by reduced acceleration on central heating (£0.62m) and roofing (£0.15m), largely due to anticipated contractor capacity not being delivered. Funding of acceleration from slippage elsewhere in programme through major repairs reserve.</p> <p>Overspend due to remedial replacement of windows at Civic Close (£0.34m) following contractual dispute, increased requirements for structural investment works (£0.75m) and estate makeover works (£0.11m), together with increased cost estimates from Acivico regards settlement of the final cost agreements and claims on the BCP programme (£0.16m). Funding of overspend from increased revenue contributions and underspends elsewhere in programme.</p>
Other Essential Works	<p>Previous Budget for year</p> <p>New resources in year</p> <p>Previously Reported Variance (slippage) /acceleration at Q4</p> <p>(Under) / Overspend in Q4</p> <p>Outturn</p>	<p>12,125</p> <p>(461)</p> <p>(1,219)</p> <p>1,130</p> <p>11,575</p>	<p>Various schemes to deliver improvements - e.g. door entry schemes, legionella testing, communal electrical works, fire protection and soil and vent pipes replacement.</p> <p>Slippage due to delays in finalising capital environmental projects (£0.55m) and increased slippage on the communal rewire programme (£0.26m); together with reduced acceleration on the fire protection programme (£0.40m) due to anticipated contractor capacity not being delivered and other minor variations.</p> <p>Overspend due to capitalisation of environmental works funded through HLB and other revenue budgets (£1.0m) and other minor variations.</p>

Redevelopment	Previous Budget for year	41,685	<p>BMHT new build housing stock replacement, ARP and related housing development including sales, plus clearance.</p> <p>Increased slippage on BMHT programme due to delays in discharge of planning conditions and limited developer capacity, including Perry Common (£0.29m), Church Street (£0.22m), Lyndhurst (£0.23m), Bangham Pit (£0.23m) and Yardley Brook (£0.23m), White Farm Road (£0.21m) and various other schemes (£0.75m). This is offset by acceleration on other schemes where project start was earlier than planned, including Jarvis Road (£2.49m), Wyrley Birch (£0.40m) and various other schemes (£0.38m). Slippage on Clearance programme due to delays in acquiring properties at Newtown, Shard End, Kings Norton and Meadway (£1.06m); slippage on the tower block demolition programme due to difficulties with obtaining vacant possession (£0.48m) and delays in rehousing tenants due to difficulties in finding alternative accommodation (£0.26m).</p> <p>Net overspend on BMHT programme on various schemes due to additional works identified and contractor claims (£0.36m). Overspend funded from additional revenue contributions and underspends elsewhere in the programme. Net underspend on various Clearance programme schemes (£0.24m) largely due to anticipated liabilities on historic schemes that are no longer required.</p>
	New resources in year		
	Previously Reported Variance (slippage) /acceleration at Q4	(2,639) (700)	
	(Under) / Overspend in Q4	233	
	Outturn	38,579	
Other Programmes	Previous Budget for year	9,063	<p>Mainly capital works to void properties and major adaptation works to HRA properties.</p> <p>Overspend due to reduced number of major works voids (£0.69m) and other minor variations (£0.08m) offset by an increased number of higher value voids (£0.034m).</p>
	New resources in year		
	Previously Reported Variance (slippage) /acceleration at Q4	1,584	
	(Under) / Overspend in Q4	(435)	
	Outturn	10,212	
TOTAL HRA	Previous Budget for year	97,457	
	New resources in year	0	
	Previously Reported Variance (slippage) /acceleration at Q4	2,048	
	(Under) / Overspend in Q4	(1,280)	
	Outturn	2,278	
		100,503	

PLACE DIRECTORATE - OVERALL MOVEMENTS	Previous Budget for year	159,925	
	New resources in year	0	
	Previously Reported Variance	(20,981)	
	(slippage) /acceleration at Q4	(5,446)	
	(Under) / Overspend in Q4	1,478	
	Outturn	134,976	

ECONOMY DIRECTORATE - REGENERATION		2015/16 £'000	
Enterprise Zone - Paradise Circus	Previous Budget for year New resources in year Previously Reported Variance (slippage) /acceleration at Q4 (Under) / Overspend in Q4 Outturn	5,879 13,257 (4,342) 14,794	The major redevelopment of the Paradise Circus site. An investment plan resourced by the LEP for projects / programmes delivering development and long term growth. Delays in demolition works has meant a later start date on site.
Enterprise Zone - Site Development & Access - Holding Account	Previous Budget for year New resources in year Previously Reported Variance (slippage) /acceleration at Q4 (Under) / Overspend in Q4 Outturn	4,949 (2,603) (2,346) 0	Investment plan resourced by the LEP for projects / programmes delivering development and long term growth. This part of the scheme supports property development coming forward on EZ Sites (other than Paradise Circus). This is a £15m grant/loan scheme to unlock developments for which it is difficult to obtain financing. The profile assumes grant expenditure, however the only scheme that has come forward is a £3m loan, which will not be accounted for as capital expenditure. Demand has not been as high as expected.
Enterprise Zone - Snow Hill Public Realm	Previous Budget for year New resources in year Previously Reported Variance (slippage) /acceleration at Q4 (Under) / Overspend in Q4 Outturn	326 (326) 0	Investment plan resourced by the LEP for projects / programmes delivering development and long term growth. Office development at Two Snowhill. This is a complex project and is divided into 2 tranches; 1 is the public realm and mitigating highways works for Snow Hill Square; 2 is the public realm enhancements in the wider Snow Hill area. Delays have taken place obtaining landowner consent for site investigation works particularly as this is above a railway tunnel and it will be necessary for potential tenderers to examine the site before procurement can take place.

East Aston RIS	Previous Budget for year New resources in year Previously Reported Variance (slippage) /acceleration at Q4 (Under) / Overspend in Q4 Outturn	5,196 4,577	East Aston Regional Investment Site - Advanced Manufacturing Hub. Delays with major acquisitions of Concentric Park and JB foods means that demolition works have not started.
Life Sciences	Previous Budget for year New resources in year Previously Reported Variance (slippage) /acceleration at Q4 (Under) / Overspend in Q4 Outturn	7,192 0	Creation of a new Life Science Campus. Contractual remediation payments of £7.2m have taken place to date and when this is completed in 2016/17 then the ownership of the Life Sciences site will transfer to the City Council. This is a prepayment which will be accounted for in 2016/17.
Longbridge Regeneration	Previous Budget for year New resources in year Previously Reported Variance (slippage) /acceleration at Q4 (Under) / Overspend in Q4 Outturn	363 21	Regeneration of Longbridge and the former Rover sites. Delays in preparing an SLA agreement with Centro.
Local Centres	Previous Budget for year New resources in year Previously Reported Variance (slippage) /acceleration at Q4 (Under) / Overspend in Q4 Outturn	1,460 640	Improvements to Local Centres, including shop frontages. The main works to Bradford Street are complete apart from the Alcester Road junction. This requires additional bollards and a revised stop-line to ensure that the kerb is not continually over-ridden. To ensure the best price this is being tendered separately hence the slippage.

ERDF Land & Property	Previous Budget for year New resources in year Previously Reported Variance (slippage) /acceleration at Q4 (Under) / Overspend in Q4 Outturn	3,427 (39) (501) 2,887	Grants to SME's to create jobs through improving and expanding their properties. £0.456m - A major grant payment was refunded after the SME was bought by a major company which no longer qualified for ERDF grant assistance. This is funded by an earmarked Capital Receipt. £(1.061)m - ERDF land and property programmes that ended in November 2015. An extension was requested to the end of the year but this was not agreed by DLGC who insisted that all projects be completed by the end of October which meant that we couldn't proceed with a number of grant applications because of time constraints. As a consequence, not all of the ERDF Grant could be offered and claimed, which represents a lost opportunity for SME's in Digbeth and Jewellery Quarter wishing to extend or invest in their property. £0.105 - Overprogrammed ERDF Land & Property Schemes which is anticipated to be funded by underspends on other projects e.g. Digbeth and Jewellery Quarter ERDF scheme.
Business Innovation Programme	Previous Budget for year New resources in year Previously Reported Variance (slippage) /acceleration at Q4 (Under) / Overspend in Q4 Outturn	4,460 (811) 3,649	Grant assistance package to support SME's to stimulate innovation, encourage investment and growth and create 350 jobs. A significant swap of ERDF funding from revenue to capital grants took place in 2015/16 to reflect demand, however, despite this not all of the grants were taken up and this reflects a lost opportunity for SME's to apply and claim ERDF grant. There are no financial implications to the City Council.
New Wholesale Market	Previous Budget for year New resources in year Previously Reported Variance (slippage) /acceleration at Q4 (Under) / Overspend in Q4 Outturn	16,164 (209) (832) 15,123	Relocation of Birmingham Wholesale Markets. The variation is due to slippage on the refurbishment works at the existing open market following late receipt of contractor costing information and delay in finalising approvals for this part of the project. The budget has been slipped into future years and has no impact on the availability of resources.
Local Growth Fund	Previous Budget for year New resources in year Previously Reported Variance (slippage) /acceleration at Q4 (Under) / Overspend in Q4 Outturn	620 (612) 8	Local Growth funding - £0.326m Snow Hill Public Realm and £0.476m Connecting Economic Opportunities. Both Slippage due to protracted procurement negotiations (Connecting Economic Opportunities) and difficulty in obtaining landowner consent for site investigation works (Snow Hill Public Realm).

National College for HS2	Previous Budget for year	1,989	Construction of a new college building that will serve as the operational headquarters of the High Speed Rail colleges. The original budget profile was based on best estimates in order to meet due diligence timelines and funding approvals for the Birmingham and Doncaster schemes. These have since been firmed up by Quantity Surveyors. The budget will be re-profiled at Quarter 1 2016/17 to reflect the revised profile of spend.
	New resources in year		
	Previously Reported Variance (slippage) /acceleration at Q4	422 (585)	
	(Under) / Overspend in Q4 Outturn	1,826	
Other Variations	Previous Budget for year	6,236	
	New resources in year		
	Previously Reported Variance (slippage) /acceleration at Q4	(3,980) (171)	
	(Under) / Overspend in Q4 Outturn	(77) 2,008	
TOTAL REGENERATION	Previous Budget for year	58,261	
	New resources in year	0	
	Previously Reported Variance (slippage) /acceleration at Q4	8,803 (17,868)	
	(Under) / Overspend in Q4 Outturn	(3,663) 45,533	

ECONOMY DIRECTORATE - TRANSPORTATION		2015/16 £'000	
New Street Station (Gateway) & Grand Central (Southside)	Previous Budget for year New resources in year Previously Reported Variance (slippage) /acceleration at Q4 (Under) / Overspend in Q4 Outturn	59,646 53,500 (7,664) 0 105,482	An arrangement with network rail to deliver a refurbished New Street Station, whereby the authority accepted the role of Accountable Body for various stakeholder funds. £53.5m new resources approved by Cabinet in October 2015 funded from the City Council's share of the receipt from the sale of Grand Central resulting in a net cost to the City Council of the project in line with previous approvals. £(7.664)m slippage into 216/17 to fund residual commitments on the Grand Central scheme as approved.
Coventry Road A45	Previous Budget for year New resources in year Previously Reported Variance (slippage) /acceleration at Q4 (Under) / Overspend in Q4 Outturn	3,334 (1,539) 1,450 3,245	Upgrading of the A45 including diversion of dual carriageway adjacent to Birmingham Airport, upgrades to slip roads and signalisation. Accelerated spend following receipt of an invoice from Birmingham Airport in quarter 4 which which was not anticipated until 2016/17. This is funded by capital grants.
Local Growth Fund	Previous Budget for year New resources in year Previously Reported Variance (slippage) /acceleration at Q4 (Under) / Overspend in Q4 Outturn	6,339 (2,189) (1,057) 424 3,517	In July 2013 Government announced the creation of a Local Growth Fund (LGF) as part of a new 'Growth Deal' process to be taken forward by LEPs. Up to £2bn will be available annually to LEPs from 2015/16, with allocations to specific LEPs to be based upon the strength of individual 'Strategic Economic Plans' (SEPs) submitted to Government on 31st March 2014. This funding has been allocated to specific projects further to the approval of the Transportation and Highways Capital Funding Strategy 2015/16 to 2020/21 by Cabinet in February 2016. The delay is due to the Transportation and Highways Capital Funding Strategy not being submitted for Cabinet approval until February 2016 Funded Overspend - In order to maintain the delivery programme it has been necessary to continue with design development and commit fees ahead of securing full business case approval. The costs of £0.424m are funded from Local Growth Fund grant.

Selly Oak Relief Road	<p>Previous Budget for year</p> <p>New resources in year</p> <p>Previously Reported Variance (slippage) /acceleration at Q4</p> <p>(Under) / Overspend in Q4</p> <p>Outturn</p>	<p>252</p> <p>(239)</p> <p>13</p>	<p>The remaing elements of Selly Oak new Road Project comprise the completion of traffic management works and improved pedestrian and cycle access to canal at University Station. The proposed highway improvements at 'Selly Oak Triangle' now form part of the Local Growth Fund works programme.</p> <p>Slippage is due to a review of the project as a result of concerns over access for people with mobility issues provided by the new scheme. Legal advise was sought on the EINA and this has led to some delay, however the project is now progressing and outputs meet equality requirements. The project is continuing with no overall impact on design, delivery and financials.</p>
Chester Road	<p>Previous Budget for year</p> <p>New resources in year</p> <p>Previously Reported Variance (slippage) /acceleration at Q4</p> <p>(Under) / Overspend in Q4</p> <p>Outturn</p>	<p>4,499</p> <p>(177)</p> <p>1,271</p> <p>5,593</p>	<p>A452 Chester Road Improvements project including widening sections of the dual carriageway, creation of a signalised roundabout and signalisation.</p> <p>Delays by a number of utility companies in protecting and moving their equipment (e.g underground pipeworks and cabling)has resulted in increased costs for the works and fees. This increase in the cost of the programme was reported to Cabinet on 19th April 2016. The overspend is being funded by £0.271m Intergrated Transport Block and £1m Local Growth Fund.</p>
Metro Extension	<p>Previous Budget for year</p> <p>New resources in year</p> <p>Previously Reported Variance (slippage) /acceleration at Q4</p> <p>(Under) / Overspend in Q4</p> <p>Outturn</p>	<p>10,686</p> <p>1,414</p> <p>(3,621)</p> <p>8,479</p>	<p>This is a multi year multi funded programme to build a metro system across the City Centre from New Street Station to Centenary Square. The major funding sources are Enterprise Zone and Local Growth Fund.</p> <p>This part of the Metro Extension scheme is being delivered by Centro funded by Enterprise Zone Grants via Birmingham City Council. This element of the scheme is slipped until the Traffic and Works Act Order for the scheme has been approved by government. The current estimation of a start date from Centro for this is January 2017.</p>

Infrastructure Development - Minor Projects	Previous Budget for year	1,530	<p>Projects and activities to develop future year programmes, including future major transport schemes to be funded by devolved DfT resources provided to Local transport Bodies.</p> <p>£0.155m other net variations</p> <p>£0.297m underspend - Rapid Electric Vehicles Project. This project has been paused with a view to aborting because the outputs were deemed to be undeliverable.</p>
	New resources in year		
	Previously Reported Variance (slippage) /acceleration at Q4	(478) (155)	
	(Under) / Overspend in Q4	(297)	
	Outturn	600	
Walking & Cycling	Previous Budget for year	14,145	<p>Projects to reduce congestion, improve air quality, improve access and improve health and physical fitness.</p> <p>Slippage across a number of walking and cycling schemes due to adverse weather conditions, the procurement of design works, and works being carried out at a lower cost than anticipated. Resources have been carried forward into future years to be commissioned in line with the grant conditions.</p> <p>Minor variations across a number of schemes.</p>
	New resources in year		
	Previously Reported Variance (slippage) /acceleration at Q4	(133) (2,184)	
	(Under) / Overspend in Q4	111	
	Outturn	11,939	
Other Variations	Previous Budget for year	6,529	
	New resources in year		
	Previously Reported Variance (slippage) /acceleration at Q4	(15) (1,529)	
	(Under) / Overspend in Q4	122	
	Outturn	5,107	
TOTAL TRANSPORTATION	Previous Budget for year	106,960	
	New resources in year	53,500	
	Previously Reported Variance (slippage) /acceleration at Q4	(4,282) (13,834)	
	(Under) / Overspend in Q4	1,631	
	Outturn	143,975	

ECONOMY DIRECTORATE - CULTURE & COMMISSIONING		2015/16 £'000	
Museums & Arts	Previous Budget for year	0	
	New resources in year		
	Previously Reported Variance (slippage) /acceleration at Q4		
	(Under) / Overspend in Q4	81	
	Outturn	81	
Digital Districts	Previous Budget for year	6,424	Delivery of Bham Connectivity voucher scheme to encourage the uptake of high speed broadband connectivity.
	New resources in year		
	Previously Reported Variance (slippage) /acceleration at Q4	(3,551)	This is a demand led grant funding programme funded by DCMS and despite the project being extended to the West Midlands region in 2015/16, there was insufficient demand for the original grant offer. There are no financial implications to the City Council as a result of lower than anticipated demand for this grant.
	(Under) / Overspend in Q4		
	Outturn	2,873	
Strategic Libraries	Previous Budget for year	858	Construction of the new Library of Birmingham. This is the remaining budget for final payment of residual costs and retentions.
	New resources in year		
	Previously Reported Variance (slippage) /acceleration at Q4	(742)	The new library opened in September 2013 and it had been anticipated that all project expenditure would be complete by the end of 2015/16. Without any increase in the expenditure involved it has taken longer to finalise the fit-out of a wide range of relatively small items and to address a range of deficiencies that operation of the Library has shown to be needed for the efficient operation of the building.
	(Under) / Overspend in Q4	51	
	Outturn	167	
TOTAL CULTURE & COMMISSIONING	Previous Budget for year	7,282	
	New resources in year	0	
	Previously Reported Variance (slippage) /acceleration at Q4	0	
	(Under) / Overspend in Q4	(4,293)	
	Outturn	132	
		3,121	

ECONOMY DIRECTORATE - CORPORATE RESOURCES		2015/16 £'000	
NEC	Previous Budget for year	26,602	Schemes for final elements of capital works and Purchase of Shares at the NEC as agreed as part of the NEC Sale.
	New resources in year		
	Previously Reported Variance (slippage) /acceleration at Q4 (Under) / Overspend in Q4	(141)	
		1,953	Technical adjustment to reflect temporary increase in the City Council's investment in NEC Ltd as part of sale of NEC Group. There is a contra accounting entry in revenue giving a net nil variation in the City Council's Financial Statements.
	Outturn	28,414	
IT Projects	Previous Budget for year	5,160	Various IT projects to support and update the Council's IT Infrastructure.
	New resources in year		
	Previously Reported Variance (slippage) /acceleration at Q4 (Under) / Overspend in Q4	(2,299) (494)	As a result of the web browser upgrade scheme, which is now due for completion in April 2016, the roll out of the Lotus Notes web interface to users desktops has been delayed until completion of that scheme. This is to ensure that the software on user's desktops is compatible with the Council's web browser.
		22	
	Outturn	2,389	
Birmingham Property Projects - Icknield Port Loop	Previous Budget for year	248	Residual budget for this scheme.
	New resources in year		
	Previously Reported Variance (slippage) /acceleration at Q4 (Under) / Overspend in Q4	501	Repayment of Capital Grant to Homes & Communities Agency which was given to BCC for works at Icknield Port Loop. Costs for this were less than anticipated so the grant was repayed. The unspent capital grant receipt is held within Capital Grants Unapplied reserve and will be used to offset this expenditure.
	Outturn	749	
Birmingham Property Projects - Attwood Green Holloway Head	Previous Budget for year	1,180	Holloway Head - Creation of a sports pitch and refurbishment of associated changing rooms.
	New resources in year		
	Previously Reported Variance (slippage) /acceleration at Q4 (Under) / Overspend in Q4	(661) (374)	The building, landscape and remediation work programme is weather dependent. To fit in with the growing season for turfing of the sport pitch, start on site was not until January 2016. The bulk of expenditure will be defrayed during 2016/17.
	Outturn	145	

Birmingham Property Projects - Arena Central	Previous Budget for year	3,839	£3.839m Arena Central - BCC are facilitating a loan from the Local Infrastructure Fund to Arena Central Development for redevelopment works at this site.
	New resources in year		
	Previously Reported Variance (slippage) /acceleration at Q4	(1,676)	This project is externally managed and funded from a number of sources including this capital loan from BCC. Work on the project is progressing well, but loan funding will only be drawn down when necessary to minimise project costs.
	(Under) / Overspend in Q4 Outturn	2,163	
Birmingham Property Projects - Red Rose Shopping Centre	Previous Budget for year	0	
	New resources in year	11,493	
	Previously Reported Variance (slippage) /acceleration at Q4	(11,493)	There have been delays in completion of appropriate due diligence and legal protection. It is expected that the sale of the Red Rose Shopping Centre will complete early in the new financial year.
	(Under) / Overspend in Q4 Outturn	0	
Corporate Resources - Software	Previous Budget for year	390	Software developments in Corporate Resources Directorate due to legislative or increased capacity requirements.
	New resources in year		
	Previously Reported Variance (slippage) /acceleration at Q4		
	(Under) / Overspend in Q4	355	This expenditure has been transferred from revenue to capital under Accounting Standards. The capital expenditure is therefore funded by DRF. Additional spend on software upgrades for Revenues and Benefits, Payroll, Accounts Payable, City Finance.
	Outturn	745	
ICentrum	Previous Budget for year	6,898	Loan of £7.5m to Birmingham Technology (Property) Ltd for the Innovation Birmingham Icentrum Building
	New resources in year		
	Previously Reported Variance (slippage) /acceleration at Q4	(519)	This is a loan to an externally managed project. Delays to the start of the build have resulted in the final payments on the construction of Icentrum slipping into 2016/17.
	(Under) / Overspend in Q4 Outturn	6,379	
Capital Loans & Equity	Previous Budget for year	11,202	Capital Equity Investments.
	New resources in year		
	Previously Reported Variance (slippage) /acceleration at Q4	(9,067) (540)	The fund drawdown is applicant led and therefore difficult to predict with certainty. The Council operates 3 equity funds , fewer deals have progressed through this general fund than anticipated.
	(Under) / Overspend in Q4 Outturn	1,595	

ICT Infrastructure	Previous Budget for year New resources in year Previously Reported Variance (slippage) /acceleration at Q4 (Under) / Overspend in Q4 Outturn	3,959 (3,283) (331) 345	A ten year programme for Enhancements to Core ICT across Birmingham City Council made up of various The slippage is due to a revised implementation plan, which allows for an extended assessment and assurance of our current software applications compatibility with the new web browser, in order to minimise issues and costs post upgrade. The new browser is to be rolled out across users in April 2016 when a final assessment of any remedial work required will be known. It is anticipated that this work will be carried out within the overall scheme budget, but if any major applications require replacement due to incompatibility this will need to be funded from another funding source held for application upgrades and replacements.
SAP New Developments	Previous Budget for year New resources in year Previously Reported Variance (slippage) /acceleration at Q4 (Under) / Overspend in Q4 Outturn	2,210 (810) 1,400	New Developments to SAP software including self service portal for budget holders, various upgrades to SAP and The slippage is due to a revised SAP technical upgrade project go-live date which how now slipped to May 2016. £0.3m relates directly to the upgrade project with the remaining £0.5m linked to a number of associated smaller projects which couldn't go ahead due to the revised go-live date and will therefore be rephased into 2016/17.
Other Variations	Previous Budget for year New resources in year Previously Reported Variance (slippage) /acceleration at Q4 (Under) / Overspend in Q4 Outturn	1,076 (30) (178) 868	
TOTAL CORPORATE RESOURCES	Previous Budget for year New resources in year Previously Reported Variance (slippage) /acceleration at Q4 (Under) / Overspend in Q4 Outturn	62,764 11,493 (15,481) (16,415) 2,831 45,192	

Employment Services	Previous Budget for year	0	
	New resources in year		
	Previously Reported Variance (slippage) /acceleration at Q4		
	(Under) / Overspend in Q4	172	
	TOTAL EMPLOYMENT SERVICES	172	
ECONOMY DIRECTORATE - OVERALL MOVEMENTS	Previous Budget for year	235,267	
	New resources in year	64,993	
	Previously Reported Variance (slippage) /acceleration at Q4	(10,960)	
	(Under) / Overspend in Q4	(52,410)	
	Outturn	1,103	
OVERALL MOVEMENTS	Previous Budget for year	237,993	
	New resources in year	498,059	
	Previously Reported Variance (slippage) /acceleration at Q4	64,993	
	(Under) / Overspend in Q4	(50,961)	
	Outturn	(62,149)	
OVERALL MOVEMENTS	Previous Budget for year	8,059	
	New resources in year	458,001	
	Previously Reported Variance (slippage) /acceleration at Q4		
	(Under) / Overspend in Q4		
	Outturn		

	2015/16 Qtr 4 Revised Budget £'000's	2015/16 Outturn £'000's	2015/16 Variance £'000's	2015/16 Previously Reported Variance £'000's	2015/16 Further Variance at Outturn £'000's
PEOPLE DIRECTORATE					
<u>Adults & Communities</u>					
TeleHealthCare	1,087	1,149	62	0	62
Transformation of Adult Social Care	401	301	(100)	0	(100)
Programme of Minor Works	772	442	(330)	(263)	(67)
Substance Misuse	498	469	(29)	0	(29)
IT Schemes	2,050	339	(1,711)	(1,692)	(19)
Homeless Centres	2,117	1,583	(534)	(217)	(317)
LD Day Centres	1,799	967	(832)	(500)	(332)
Better Care Fund	3,118	35	(3,083)	(3,118)	35
Total Adults & Communities	11,842	5,285	(6,557)	(5,790)	(767)
<u>Children, Young People & Families</u>					
Aiming Higher for Disabled Children	325	318	(7)	0	(7)
Devolved Capital Allocation to Schools	2,971	2,525	(446)	0	(446)
Capital Maintenance	20,955	24,236	3,281	(2,021)	5,302
School Based IT	219	219	0	0	0
Basic Needs / Additional Primary Places	55,821	45,522	(10,299)	(7,894)	(2,405)
Victoria Special School	245	171	(74)	0	(74)
Other Minor Schemes	1,499	1,078	(421)	0	(421)
Business Transformation - Children's	4,000	734	(3,266)	(3,315)	49
Section 106	496	504	8	0	8
Targeted Basic Need	2,603	2,603	0	0	0
Universal Infant Free School Meals	964	850	(114)	0	(114)
Uffculme, Russell Road	927	987	60	0	60
Total Children, Young People & Families	91,025	79,747	(11,278)	(13,230)	1,952
TOTAL CAPITAL - PEOPLE DIRECTORATE	102,867	85,032	(17,835)	(19,020)	1,185
<u>PLACE DIRECTORATE</u>					
<u>General Fund</u>					
<u>Highways - General Fund</u>					
Safer Routes to Schools	640	396	(244)	(239)	(5)
Network Integrity	1,181	763	(418)	(292)	(126)
Road Safety	605	492	(113)	(123)	10
Highway Structures	1,443	880	(563)	(224)	(339)
Land Drainage and Flood Defences	1,308	1,058	(250)	(308)	58
Other Minor Schemes	261	176	(85)	(149)	64
Total Highways GF	5,438	3,765	(1,673)	(1,335)	(338)
Affordable Housing	650	362	(288)	(88)	(200)
Independent Living	4,279	4,262	(17)	0	(17)
Other Programmes	7,884	215	(7,669)	(7,615)	(54)
Total Private Sector Housing GF	12,813	4,839	(7,974)	(7,703)	(271)
<u>Other - General Fund</u>					
Sport - Swimming Pool Facilities	11,994	7,122	(4,872)	(2,922)	(1,950)
Fleet & Waste Management	24,000	14,168	(9,832)	(8,042)	(1,790)
Parks	4,198	1,394	(2,804)	(2,439)	(365)
Bereavement Services	16	153	137	0	137
Community Initiatives	608	0	(608)	(642)	34
Other Services	218	86	(132)	0	(132)
Total Place Other GF	41,034	22,923	(18,111)	(14,045)	(4,066)
Community Sport	26	274	248	349	(101)
Community Libraries	886	225	(661)	(585)	(76)
Community Development & Play	1,694	2,013	319	300	19
Community Parks	389	249	(140)	(10)	(130)
Community Chest	45	39	(6)	0	(6)
Districts and Neighbourhoods	143	146	3	0	3
Total District Services	3,183	2,946	(237)	54	(291)

	2015/16 Qtr 4 Revised Budget £'000's	2015/16 Outturn £'000's	2015/16 Variance £'000's	2015/16 Previously Reported Variance £'000's	2015/16 Further Variance at Outturn £'000's
HRA					
Housing Improvement Programme	34,584	40,137	5,553	3,564	1,989
Other Essential Works	12,125	11,575	(550)	(461)	(89)
Redevelopment	41,685	38,579	(3,106)	(2,639)	(467)
Other Programmes	9,063	10,212	1,149	1,584	(435)
Total HRA	97,457	100,503	3,046	2,048	998
TOTAL CAPITAL - PLACE DIRECTORATE	159,925	134,976	(24,949)	(20,981)	(3,968)
<u>ECONOMY DIRECTORATE</u>					
Enterprise Zone - Paradise Circus	5,879	14,793	8,914	13,257	(4,343)
Enterprise Zone - Site Development & Access	4,949		(4,949)	0	(4,949)
Enterprise Zone - Connect Economic Opportunities	1,805		(1,805)	(1,805)	0
Enterprise Zone - Southern Gateway Site	2,000		(2,000)	(2,000)	0
Enterprise Zone - LEP Investment Fund	0		0	0	0
Enterprise Zone - HS2 Curzon St Site	0		0	0	0
Enterprise Zone - HS2 Interchange Site	0		0	0	0
Enterprise Zone - Snow Hill Public Realm	326		(326)	0	(326)
Enterprise Zone - Metro Centenary Square	266	268	2	0	2
Enterprise Zone - City Centre Links	0		0	0	0
Enterprise Zone - One Station	185	82	(103)	(103)	0
Total Enterprise Zone	15,410	15,143	(267)	9,349	(9,616)
<u>Regeneration</u>					
East Aston RIS	5,196	4,577	(619)	0	(619)
Life Sciences	7,192	0	(7,192)	0	(7,192)
Women's Enterprise	1,224	1,188	(36)	0	(36)
Longbridge Regen	363	21	(342)	0	(342)
Local Centres	1,460	641	(819)	(648)	(171)
ERDF Land & Property	3,427	2,887	(540)	(39)	(501)
Big City Plan	424	380	(44)	52	(96)
Business Support Programme	4,460	3,649	(811)	0	(811)
Local Improvement Budget	90	45	(45)	(44)	(1)
Other City Centre Projects	191	38	(153)	(80)	(73)
New Wholesale Markets	16,164	15,123	(1,041)	(209)	(832)
Planning - Other	51	9	(42)	0	(42)
Local Growth Fund	620	8	(612)	0	(612)
National College for HS2	1,989	1,826	(163)	422	(585)
Total Other Planning & Regeneration Projects	42,851	30,392	(12,459)	(546)	(11,913)
<u>Transportation - Major Schemes</u>					
New Street Station (Gateway)	62,192	61,961	(231)	0	(231)
Grand Central	50,954	43,521	(7,433)	0	(7,433)
Coventry Road A45	3,334	3,245	(89)	(1,539)	1,450
Local Growth Fund	6,339	3,516	(2,823)	(2,189)	(634)
Selly Oak Relief Road	252	13	(239)	0	(239)
Chester Road	4,499	5,593	1,094	(177)	1,271
Metro Extension	10,686	8,479	(2,207)	1,414	(3,621)
Paradise Circus Section 278	285	215	(70)	0	(70)
Arena Central	0	14	14	0	14
Total Transportation Major Schemes	138,541	126,557	(11,984)	(2,491)	(9,493)
<u>Transportation Programmes & Minor Schemes</u>					
Supporting Economic Growth	3	8	5	0	5
Infrastructure Development	1,530	600	(930)	(478)	(452)
Section 106/278 Schemes	293	302	9	0	9
Walking & Cycling	14,145	11,939	(2,206)	(133)	(2,073)
Local Accessibility	0	0	0	(424)	424
Economic Growth Zone	5,948	4,568	(1,380)	(15)	(1,365)
Enabling Growth & Tackling Congestion	0	0	0	(530)	530
Road Safety	0	0	0	(199)	199
Minor Schemes	0	0	0	(12)	12
Total Transportation Progs & Minor Schemes	21,919	17,417	(4,502)	(1,791)	(2,711)

	2015/16 Qtr 4 Revised Budget	2015/16 Outturn	2015/16 Variance	2015/16 Previously Reported Variance	2015/16 Further Variance at Outturn
	£'000's	£'000's	£'000's	£'000's	£'000's
Museums & Arts	0	81	81	0	81
Digital Districts	6,424	2,872	(3,552)	0	(3,552)
Strategic Libraries	858	168	(690)	0	(690)
Total Culture	7,282	3,121	(4,161)	0	(4,161)
Corporate Resources					
Birmingham Property Services:					
Access to Buildings	50	10	(40)	0	(40)
Business Transformation - Working for the Future	17	0	(17)	0	(17)
Icknield Port Loop	248	749	501	0	501
Attwood Green Park	59	0	(59)	(30)	(29)
Attwood Green - Holloway Head	1,180	145	(1,035)	(661)	(374)
Attwood Green - Woodview CC	950	858	(92)	0	(92)
Arena Central	3,839	2,163	(1,676)	0	(1,676)
Red Rose Shopping Centre	11,493	0	(11,493)	0	(11,493)
Total Birmingham Property Services Projects	17,836	3,925	(13,911)	(691)	(13,220)
Business Transformation	0	0	0	0	0
NEC / NIA Capital Works	26,602	28,413	1,811	(141)	1,952
Corporate Held Funds	390	745	355	0	355
IT Projects	5,160	2,389	(2,771)	(2,299)	(472)
ICentrum	6,898	6,379	(519)	0	(519)
Capital Loans & Equity Funds	11,202	1,595	(9,607)	(9,067)	(540)
ICT Infrastructure	3,959	345	(3,614)	(3,283)	(331)
SAP New Developments	2,210	1,400	(810)	0	(810)
Total Other Corporate Resources	56,421	41,266	(15,155)	(14,790)	(365)
Employment Services	0	172	172	0	172
Total Economy	300,260	237,993	(62,267)	(10,960)	(51,307)
Total Capital Programme	563,052	458,001	(105,051)	(50,961)	(54,090)

Capital Outturn 2015/16**1.0 Overview**

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

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

1.2 The total capital outturn was £458.001m. This is £(105.052)m below the planned expenditure of £563.053m.

	£m Previous Quarter 3	£m Qtr 4 Movements	£m Annual Total
2015/16 Original Budget	487.498		487.498
Change in budget	10.562	64.993	75.555
2015/16 Revised Budget	498.060	64.993	563.053
Less: Cumulative Slippage	(51.337)	(62.150)	(113.487)
Less: Forecast/actual (under) / overspends	377	8.059	8.436
Equals: Outturn	447.100	10.902	458.001

Slippage of £(51.337)m and an overspend of £0.377m were reported previously at Quarters 2 & 3. Further slippage of £(62.150)m and a net overspend of £8.059m are now being reported at outturn 2015/16.

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

2. Reasons for variations

2.1 Annex 1 summarises actual capital expenditure for 2015/16 by Directorate. It also shows the further variations against the final budget in addition to that reported previously.

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

Annex 3 provides a full listing of the Capital Expenditure Programme outturn 2015/16.

3. Financing of Capital Expenditure

- 3.1 The proposed financing arrangements in respect of City Council capital expenditure in 2015/16 of £458.001m are summarised below:

Financing method	£m
Borrowing (not supported by Government)	209.050
Government Grants	138.601
HRA use of Capital Receipts	22.163
Other Grants and Contributions	13.837
HRA use of Revenue Resources (incl. MRR)	67.898
Use of Revenue Resources	6.452
Total financing	458.001

- 3.2 In accordance with the equal pay funding strategy included in the Budget 2016+, the availability of capital receipts and revenue resources for Equal Pay funding has been maximised by the use of prudential borrowing in 2015/16 to fund capital expenditure.
- 3.3 Actual prudential borrowing of £209.1m is less than the £279.7m originally planned in the Council Business Plan and Budget 2015+. This is due largely to slippage in the capital programme described above in relation to projects funded from prudential borrowing. Monitoring of the full prudential indicators at outturn is set out in Annex 6 to the Treasury Management annual report (Appendix 3).

Capital Monitoring as at 31st March 2016								Annex 1
Capital Expenditure 2015/16 by Directorate								
	(a)	(b)	(c)	(d)	(e)	(f)	(g)	
	2015/16	New	2015/16	Previously	Further	Previously	Over/	2015/16
	Quarter 3	Schemes	Quarter 4	Reported	Slippage	Reported	(under)	Outturn
	Approved	&	Revised	Slippage	Quarter 4	Over/	spend	
	Budget	Resources	Budget			(under)	Quarter 4	
			(a+b)			spend		(e+f+g)
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
People								
Adults & Communities	11,842	0	11,842	(5,790)	(897)	0	130	5,285
Children, Young People & Families	91,025	0	91,025	(13,230)	(3,395)	0	5,347	79,747
Place								
Non Housing Services	44,217	0	44,217	(11,288)	(3,448)	(2,703)	(909)	25,869
Highways	5,438	0	5,438	(1,335)	(465)	0	127	3,765
Housing Revenue Account	97,457	0	97,457	(3,346)	(1,280)	5,394	2,278	100,503
Housing Private Sector	12,813	0	12,813	(7,615)	(254)	(88)	(17)	4,839
Economy								
Corporate Resources	62,764	11,493	74,257	(13,241)	(16,416)	(2,240)	2,831	45,191
Planning & Regeneration	58,261	0	58,261	8,790	(17,868)	13	(3,663)	45,533
Transportation	106,961	53,500	160,461	(4,282)	(13,834)	0	1,631	143,976
Employment Services	0	0	0	0	0	0	172	172
Culture & Commissioning	7,282	0	7,282	0	(4,293)	0	132	3,121
	498,060	64,993	563,053	(51,337)	(62,150)	376	8,059	458,001

TREASURY MANAGEMENT ANNUAL REPORT**1. Outline**

This report reviews the results of the full financial year as well as providing quarter 4 monitoring information in line with normal quarterly management reporting. The most significant elements of treasury management activity during 2015/16 were:

- At 31st March 2016, the Council's total loan debt net of treasury investments stood at £2,986.8m, compared to the net loan debt of £3,050.9m as at 31 March 2015.
- The reduction in loan debt is largely due to a higher than usual level of capital receipts (including the sale of the NEC and Grand Central), which outweighed new prudential borrowing of £209.0m and other net cashflow movements.
- City Council treasury investments held at 31st March 2016 were £58.7m. The Council also held investments of £101.5m as accountable body.
- The City Council did not breach any of its prudential limits set under the Local Government Act 2003 and the CIPFA Prudential Code for Capital Finance.
- Loan interest, repayment charges and associated costs totalled £281.8m gross, and £41.6m to corporate budgets after recharges to other services. This was £16.1m below the revised budget of £57.7m.

2. Background

- 2.1 The City Council, like all local authorities, is permitted by government to finance capital investment and day to day cash flows from borrowing, in accordance with the prudential borrowing system. The Council's net loan debt at 31st March 2016 stood at £2,986.8m (excluding accountable body investments). This report reviews how the debt and associated investments were managed during the financial year 2015/16.
- 2.2 The City Council has adopted CIPFA's Code of Practice for Treasury Management in the Public Services which includes the requirement to present a treasury management Annual Report.
- 2.3 Loans and investments are shown at nominal value unless otherwise indicated, consistent with budget and monitoring reports and the Prudential Indicators. The basis of accounting in the Financial Accounts is different in some cases where required by proper accounting practices.

3. The objective of treasury management

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

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

4. Financial markets during 2015/16

- 4.1 Market expectations for the first increase in Bank Rate moved considerably during 2015/16, starting at quarter 3 2015 but soon moving back to quarter 1 2016. However, by the end of the year, market expectations had moved back radically to quarter 2 2018 due to many factors. These included continuing Eurozone growth uncertainties and the ECB's quantitative easing programme, starting in March 2015 at €60bn per month, increasing to €80bn per month from March 2016. The impact from emerging market economies such as a slowdown in China's economic growth has also been significant, as was the collapse in oil prices. On a more positive note, America's economy has continued to grow healthily on the back of resilient consumer demand, and the first increase in their central rate occurred in December 2015, since when there has been a

return to caution as to the speed of further increases due to concerns around the risks to world growth. UK Bank Rate, therefore, remained unchanged at 0.5% for the seventh successive year. Economic growth (GDP) in 2015/16 has been disappointing with growth falling steadily from an annual rate of 2.9% in quarter 1 2015 to 2.1% in quarter 4. There has been significant volatility in UK gilt yields, which the Government uses to determine the PWLB borrowing rate available to local authorities (see chart at Annex 1).

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

5. Treasury strategy and activities during the year

- 5.1 The City Council's actual net loan debt at 31st March 2016 was £2,986.8m. This compares to the expected net loan debt at the time of the Original Budget in February 2015, of £3,279.0m. This is due to slippage in capital expenditure, a high level of capital receipts including the sale of the NEC and Grand Central, and other cashflow movements across the Council. New long term loans taken amounted to £54.9m compared to the original assumption of £179m new long term borrowing. The lower than planned level of borrowing is due to the lower than forecast need to borrow, active treasury management decisions about the balance between long term and short term debt, and a loan transfer of £30m between the HRA and the General Fund. This had the effect of increasing the HRA variable exposure, in line with the HRA treasury strategy.

- 5.2 The treasury strategy for the year:

- Maintained a balanced strategy which enabled the Council to benefit from current low short term interest rates, maintaining a significant short term and variable rate loan portfolio
- Acknowledged the risk that maintaining a significant short term and variable rate loan debt may result in increasing borrowing costs in the longer term, but balanced this against the savings arising from cheaper variable rates in the short term
- Reviewed treasury management activity in the context of the Council's current financial position together with the outlook for interest rates
- Continuously reviewed the advantages and disadvantages of different sources of borrowing.
- Sought to appropriately manage the different exposures of the HRA and the General Fund (see 5.3 below)

- 5.3 Opportunities to improve risk management or make savings by prematurely repaying loans are kept under review. Prematurely repaying PWLB loans is generally disadvantageous due to the high repayment premium required. Instead, PWLB loans totalling £30.0m were transferred from the HRA to the General Fund, reflecting the respective treasury strategies which sought to reduce HRA fixed rate debt and increase General Fund fixed rate debt. This achieved savings for both Funds compared with the cost of new borrowing and premature repayment.

- 5.4 The majority of the Council's borrowing needs during the year were met from short term borrowing, minimising interest costs. £54.9m of long term fixed rate borrowing was taken during the year, all from the PWLB (details are provided at Annex 2 and on the graph at Annex 1).
- 5.5 HRA loan debt is accounted for separately in accordance with the two pool debt system, which the City Council introduced following the reform of Housing Subsidy. The level of HRA loan debt has fallen from £1,108.061m to £1,089.1m, taking account of HRA debt repayment provision (or MRP) in the year. No long term loans were taken for the HRA during the year, in order to maximise the HRA's exposure to cheaper short term interest rates.

6. Investment management

- 6.1 Under the current treasury strategy, a working balance of at least £40m short term investments is targeted in order to provide liquidity to meet cash flow fluctuations.
- 6.2 Treasury Investments are made in accordance with the creditworthiness criteria in the Treasury Management Policy and are also reported to Cabinet as part of the quarterly capital monitoring reports. Lending has continued to be limited to very short periods (of no longer than three months) to the institutions within the Treasury Management Policy's criteria. A range of information has been used to assess investment risk, in addition to credit ratings. Regular meetings are held to review outstanding investments and criteria for new investments in the light of developments in market conditions. None of the City Council's treasury investments has been impaired or suffered default.
- 6.3 Actual investments are reported quarterly to Cabinet as part of accountability for decisions made under treasury management delegations. Annex 3.1 lists all investments made during Quarter 4 of 2015/16 for the City Council.
- 6.4 Investments outstanding at 31st March 2016 are summarised as follows.

Period Outstanding	Value Invested £m	Average Interest Rate %
Instant Access	58.73	0.46%
Fixed Overnight	0.00	0.00%
Up to 3 months	0.00	0.00%
3 to 6 months	0.00	0.00%
Total	58.73	-

- 6.5 The Council also continues to manage substantial funds as Accountable Body for an increasing number of Government programmes, the Growing Places Fund, the Regional

Growth Fund and the Advanced Manufacturing Supply Chain Initiative (AMSCI). These funds are managed by the City Council but are not the Council's own money. The unspent balance of the funds at 31 March 2016 was £101.5m as set out in Annex 3.2. These funds are being invested in accordance with the Accountable Body agreements in very low-risk deposits with the UK Government (predominantly in Treasury Bills).

7. Debt profile

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

Debt Profile (General Fund and HRA combined)	31.03.15	31.03.16	Average Interest Rate
	£m	£m	%
Fixed rate over 40 years	591.5	444.0	4.4
Fixed rate 20 to 40 years	1,036.5	1,155.7	4.6
Fixed rate 10 to 20 years	611.1	700.9	6.4
Fixed rate 5 to 10 years	207.1	229.0	5.5
Fixed rate 1 to 5 years	204.0	165.9	4.3
Fixed < 1 year	30.1	82.7	7.7
Variable and short term	444.3	267.3	0.5
Gross Debt	3,124.6	3,045.5	
Investments < 1 year	(73.7)	(58.7)	0.5
Net Debt	3,050.9	2,986.8	
Average Maturity (final Maturity date)	23.0	23.3	

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

The average interest rate paid on all the City Council's debt in 2015/16 was 4.9%. This includes the cost of historic debt taken when fixed interest rates were higher.

The average maturity profile of 23.3 years assumes that Lender's Option Borrower's Option loans with options are repaid at their final maturity date. A full maturity profile at 31 March 2016 compared to 31 March 2015 is given in Annex 4.

- 7.2 At 31 March 2016, the gross loan debt of the HRA and General Fund pools is summarised by maturity as follows:

Debt Profile	31.03.16 HRA £m	31.03.16 GF £m	31.03.16 TOTAL £m
Fixed rate over 40 years	268.0	176.0	444.0
Fixed rate 20 to 40 years	497.8	657.9	1,155.7
Fixed rate 10 to 20 years	138.9	562.0	700.9
Fixed rate 5 to 10 years	54.9	174.1	229.0
Fixed rate 1 to 5 years	59.3	106.6	165.9
Fixed < 1 year	28.5	54.2	82.7
Variable and short term	41.7	225.6	267.3
Total Debt	1,089.1	1,956.4	3,045.5

Note: LOBOS shown at FINAL Maturity Date

The Council's short term loan debt at 31 March related largely to the General Fund. This is because the loans attributed to the HRA at the Reform in April 2012 were all long term loans.

8. Revenue cost of borrowing

- 8.1 The actual net cost of borrowing to corporate treasury budgets was £41.6m. This is £16.1m below the budget, due largely to interest savings arising from lower than budgeted interest rates, and additional service prudential borrowing costs. The Treasury Management outturn is summarised in the table below:

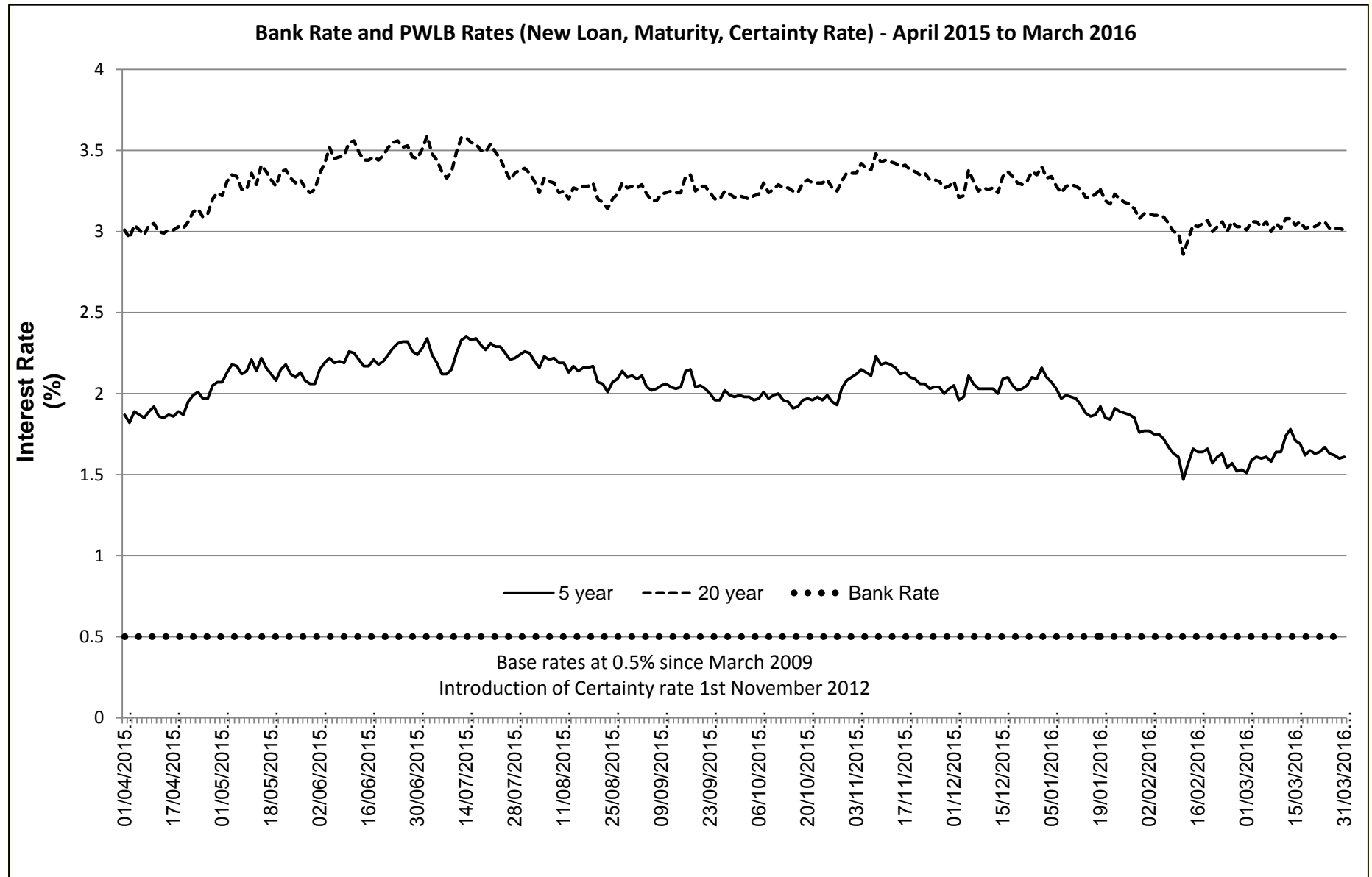
	Budget	Actual	Variation	Narrative
	£'m	£'m	£'m	
Gross interest payable	139.6	138.7	(0.9)	Interest savings arising from lower than budgeted interest rates, offset by the cost of additional service prudential borrowing not included in original budget
Interest receivable	(0.4)	(0.7)	(0.3)	Interest received on additional investment balances
Revenue charge for debt repayment	118.6	130.5	11.9	Increased HRA debt repayment provision funded from the HRA
Contributions to (from) reserves	11.8	11.8	0.0	
Other Costs	1.6	1.5	(0.1)	Lower than budgeted Debt Management Expenditure
Total Treasury Management Budget	271.2	281.8	10.6	
<i>Less recharges to:</i>				
HRA	(66.1)	(75.1)	(9.0)	Increase in MRP from £10.9m to £19.8m
Other Services	(147.4)	(165.1)	(17.7)	Additional service prudential borrowing costs not included in original budget
Net Corporate Treasury	57.7	41.6	(16.1)	

9. Prudential Indicators

- 9.1 At the time of setting the Budget the City Council is required under the Local Government Act 2003 and the CIPFA Prudential Code for Capital Finance in Local Authorities to set various prudential indicators and limits covering capital finance and treasury management. The outturn position against the Council's approved prudential indicators are attached at Annex 5 and 6.

10. Risk management arrangements

- 10.1 Treasury management activities are regulated by law and under the CIPFA Treasury Management Code. The adequacy of risk control arrangements are tested regularly by internal and external audit. The Treasury Management Policy and Strategy set out policies, limits and strategies for managing treasury risks, which have been reviewed throughout this report.



1st April 2015 - 31st March 2016

Annex 2

New Long Term Loans

Date of loan	Loan	Counter Party	Interest Rate	Maturity Date
27 April 2015	£29.9m	PWLB	3.02%	31 January 2040
02 February 2016	£25m	PWLB	3.04%	02 February 2035

Long Term Loans Transferred to the General Fund from the HRA

Date of transfer	Loan	Counter Party	Interest Rate	Maturity Date	Premia paid to General Fund
26 October 2015	£8,942,734.85	PWLB	4.25%	31 December 2031	£1,826,558.89
26 October 2015	£10,731,281.82	PWLB	4.05%	31 October 2051	£2,732,535.47
26 October 2015	£10,325,983.33	PWLB	4.50%	30 April 2032	£2,439,360.76

Commentary

The General Fund and the HRA have separate loan portfolios. In order to produce a better balance of short term and long term borrowing in each fund, the long term loans above have been transferred from the HRA to the General Fund, in exchange for an equal amount of short term loans, on terms reflecting market rates. This provides long term fixed rate funding for the General Fund at an interest rate below PWLB rates, and short term funding for the HRA, which is consistent with the treasury management strategies for both funds.

Annex 3.1

Treasury Management Investments
1st January 2016 to 31st March 2016

New Investments Market Fixed Term Deposits

	Date Out	Date In	Borrower	Amount £	Interest Rate
1	04-Jan-16	Call Account	HANDELSBANKEN	6,000,000	0.45%
2	05-Jan-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	1,200,000	0.50%
3	06-Jan-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	400,000	0.50%
4	06-Jan-16	Call Account	HSBC BANK PLC	1,500,000	0.30%
5	08-Jan-16	Call Account	HANDELSBANKEN	1,750,000	0.45%
6	13-Jan-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	300,000	0.50%
7	15-Jan-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	2,232,447	0.50%
8	21-Jan-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	1,900,000	0.50%
9	22-Jan-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	410,000	0.50%
10	25-Jan-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	200,000	0.50%
11	26-Jan-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	260,000	0.50%
12	28-Jan-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	1,000,000	0.50%
13	29-Jan-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	1,440,000	0.50%
14	29-Jan-16	Call Account	HSBC BANK PLC	3,000,000	0.30%
15	01-Feb-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	795,000	0.50%
16	02-Feb-16	Call Account	HANDELSBANKEN	2,775,000	0.45%
17	03-Feb-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	935,699	0.50%
18	03-Feb-16	Call Account	HSBC BANK PLC	630,000	0.30%
19	05-Feb-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	250,000	0.50%
20	10-Feb-16	Call Account	HANDELSBANKEN	2,826,000	0.45%
21	11-Feb-16	12-Feb-16	DEBT MGMT AC DEP FACILITY	167,000,000	0.25%
22	11-Feb-16	Call Account	HANDELSBANKEN	3,174,000	0.45%
23	11-Feb-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	9,250,000	0.50%
24	11-Feb-16	Call Account	HSBC BANK PLC	25,000,000	0.30%
25	12-Feb-16	26-Feb-16	DEBT MGMT AC DEP FACILITY	150,000,000	0.25%
26	15-Feb-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	3,595,000	0.50%
27	22-Feb-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	200,000	0.50%
28	24-Feb-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	2,100,000	0.50%
29	25-Feb-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	1,000,000	0.50%
30	26-Feb-16	29-Feb-16	DEBT MGMT AC DEP FACILITY	32,000,000	0.25%
31	26-Feb-16	04-Mar-16	DEBT MGMT AC DEP FACILITY	21,000,000	0.25%
32	26-Feb-16	Call Account	HANDELSBANKEN	25,000,000	0.45%
33	01-Mar-16	Call Account	HSBC BANK PLC	6,515,000	0.30%
34	03-Mar-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	4,050,000	0.50%
35	04-Mar-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	100,000	0.50%
36	07-Mar-16	08-Mar-16	DEBT MGMT AC DEP FACILITY	10,000,000	0.25%
37	08-Mar-16	09-Mar-16	DEBT MGMT AC DEP FACILITY	8,500,000	0.25%
38	09-Mar-16	10-Mar-16	DEBT MGMT AC DEP FACILITY	8,700,000	0.25%
39	10-Mar-16	14-Mar-16	DEBT MGMT AC DEP FACILITY	14,000,000	0.25%
40	11-Mar-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	315,000	0.50%
41	14-Mar-16	21-Mar-16	DEBT MGMT AC DEP FACILITY	18,000,000	0.25%
42	15-Mar-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	4,500,000	0.50%
43	21-Mar-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	2,055,000	0.50%
44	22-Mar-16	Call Account	HSBC BANK PLC	3,000,000	0.30%
45	24-Mar-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	550,000	0.50%
46	30-Mar-16	Call Account	BARCLAYS BANK PLC FIBCA A/C	300,000	0.50%

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

New Investments Call Accounts

	No of Transactions		Average	Average
	Investments	Withdrawals	Balance £	Rate Earned
Aberdeen (SWIP)	4	4	34,979,121	0.52%
Amundi Money Market Fund	2	2	34,648,352	0.53%
BlackRock ICS Sterling Fund Heritage Shares Dist.	1	0	581,077	0.47%
BlackRock ICS Sterling Government Fd Heritage	8	13	13,962,989	0.35%
CCLA Public Sector Deposit Fund	0	0	5,000,000	0.46%
Deutsche Managed Sterling Fund	6	4	26,062,363	0.51%
Federated Money Market Fund	9	7	28,432,857	0.52%
LGIM	6	12	9,344,505	0.48%
Morgan Stanley	5	4	13,912,036	0.48%
Standard Life (Ignis) Sterling Liquidity	3	6	24,421,703	0.50%

Deposits may be made with Barclays Bank as the City Council's bank to invest balances overnight which otherwise would remain in the current account at a lower rate of interest. These are minimised as far as possible.

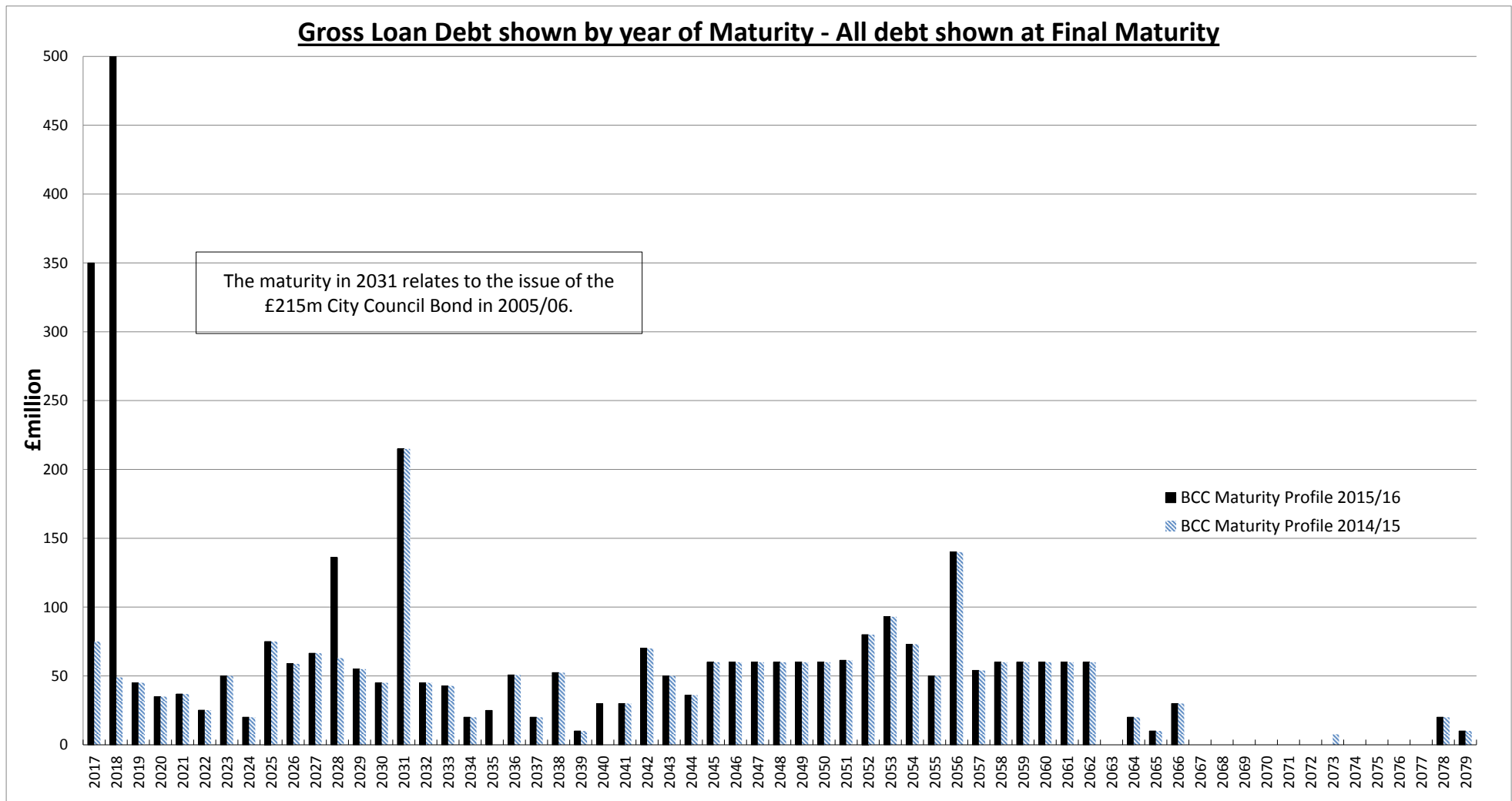
Annex 3.2

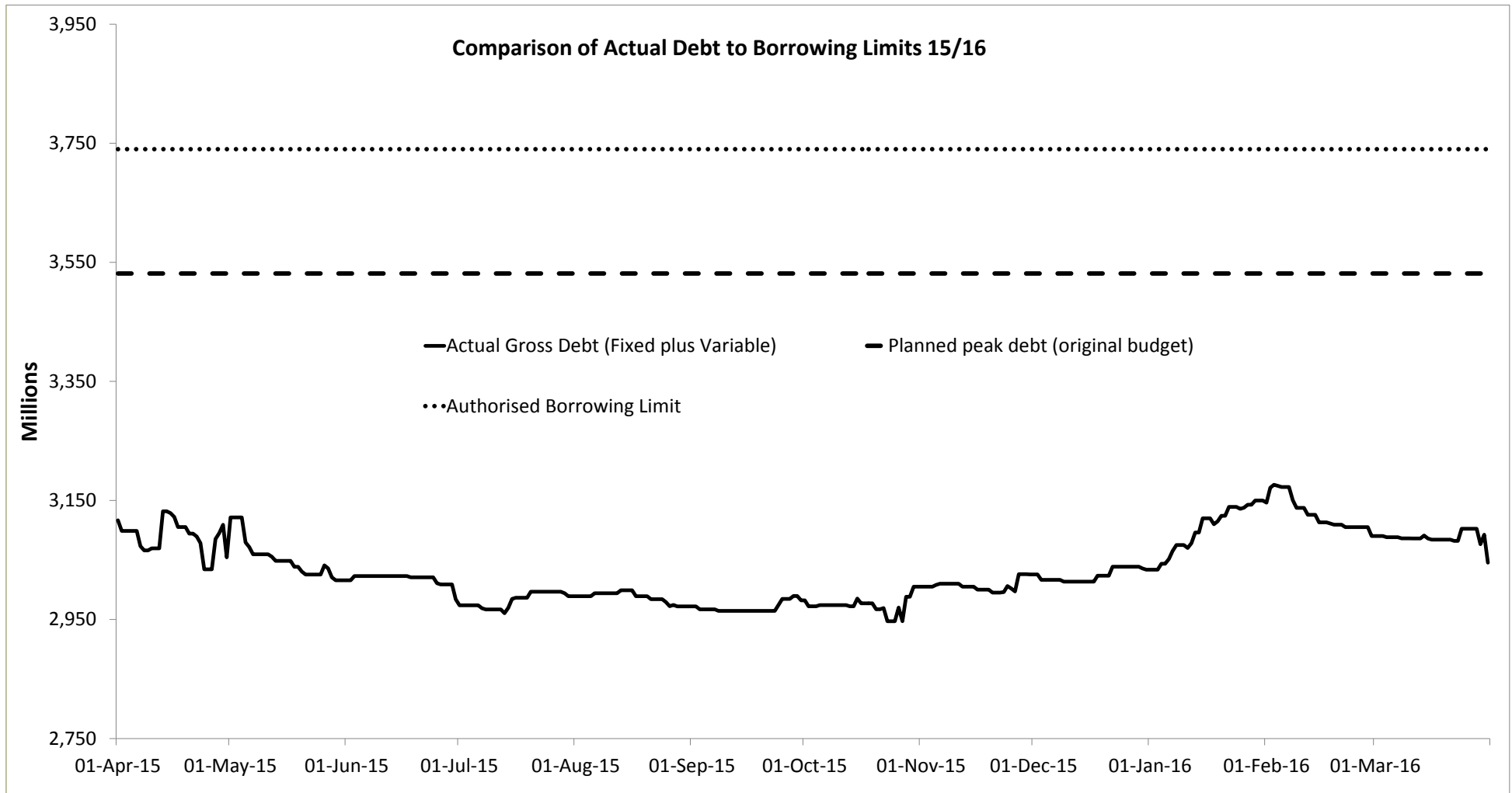
Accountable Body Investments - 31st March 2016

	Growing Places Fund	Advanced Manufacturing Supply Chain Initiative	Regional Growth Fund	Total
	£000	£000	£000	£000
Goldman Sachs Money Market Fund	4,183	21,428		25,611
JP Morgan Money Market Fund			13,523	13,523
Total Money Market Funds	4,183	21,428	13,523	39,134
Debt Management Office	6,000			6,000
Treasury Bills	6,394	49,985		56,378
Total Accountable Body investments	16,576	71,413	13,523	101,512

Note

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





Annex 6A

DEBT AND PRUDENTIAL INDICATORS**WHOLE COUNCIL**

	15/16 Indicators £m	15/16 Outturn £m
Capital Finance		
1 Capital Expenditure - Capital Programme	487.5	458.0
2 Capital Expenditure - other long term liabilities	27.8	28.6
3 Capital expenditure	515.3	486.6
4 Capital Financing Requirement (CFR)	4,663.7	4,525.3
Planned Debt		
5 Peak loan debt in year	3,531.3	3,176.3
6 + Other long term liabilities (peak in year)	513.8	590.6
7 = Peak debt in year	4,045.1	3,766.9
8 does peak debt exceed year 3 CFR?	no	no
Prudential limit for debt		
9 Gross loan debt	3,740.0	3,176.3
10 + other long term liabilities	560.0	590.6
11 = Total debt	4,300.0	3,766.9

Notes

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

		Annex 6B	
DEBT AND PRUDENTIAL INDICATORS: HOUSING REVENUE ACCOUNT		15/16 Indicators £m	15/16 Outturn £m
Capital Finance			
1	Capital expenditure	100.1	100.5
HRA Debt			
2	Capital Financing Requirement (CFR)	1,113.5	1,089.1
3	Statutory cap on HRA debt	1,141.6	1,140.1
Affordability			
4	HRA financing costs	98.4	93.2
5	HRA revenues	290.0	285.5
6	HRA financing costs as % of revenues	33.9%	32.6%
7	HRA debt : revenues	3.8	3.8
8	Forecast Housing debt per dwelling	£17,717	£17,376
9	Estimate of the incremental impact of new capital investment decisions on housing rents. (expressed in terms of ave. weekly housing rent)	£0.00	£0.00
Notes			
2-3	The HRA Capital Financing Requirement (CFR) is being used by the Government as the measure of HRA debt for the purposes of establishing a cap on HRA borrowing for each English Housing authority.		
4	Financing costs include interest and MRP (or depreciation in the HRA)		
7	This indicator is not in the Prudential Code but is a key measure of long term sustainability. This measure is forecast to fall below 2.0 by 2026/27, which is two years later than previously forecast.		
8	This indicator is not in the Prudential Code but is a key measure of affordability: the HRA debt per dwelling should not rise significantly over time.		
9	The cost of borrowing for the Capital Programme represents the interest and repayment costs arising from any new prudential borrowing introduced in the capital programme since the last revision at Quarter 2, expressed in terms of an average weekly rent. The calculation excludes the cost of borrowing which is funded from additional income or savings. As all planned HRA borrowing is funded from additional income in this way, the impact is zero. The Prudential Code calls this the Estimate of the incremental impact of capital investment decisions on housing rents.		

Annex 6C

DEBT AND PRUDENTIAL INDICATORS:**GENERAL FUND**

	15/16 Indicators £m	15/16 Outturn £m
Capital Finance		
1 Capital expenditure (including other long term liabilities)	415.3	386.1
2 Capital Financing Requirement (CFR)	3,550.2	3,436.2
General Fund debt		
3 Peak loan debt in year	2,417.8	2,087.2
4 + Other long term liabilities (peak in year)	513.8	590.6
5 = Peak General Fund debt in year	2,931.6	2,677.8
General Fund Affordability		
6 Total General Fund financing costs	264.7	661.5
7 General Fund net revenues	874.5	874.5
8 General Fund financing costs (% of net revenues)	30.3%	75.6%
9 Estimate of the incremental impact of new capital investment decisions on Council Tax.	£0.23	£0.71

Expressed in terms of Council Tax (Band D equiv)

(impact already included in Council Tax increases assumed in LTFP)

Note

- 4 Other long term liabilities include PFI, finance lease liabilities, and transferred debt liabilities
- 6 Financing costs include interest and MRP (in the General Fund), for loan debt, transferred debt, PFI and finance leases
- 8 This indicator includes the gross revenue cost of borrowing and other finance, including borrowing for the Enterprise Zone and other self-supported borrowing.
- 9 The cost of borrowing for the Capital Programme represents the interest and repayment implications arising from any changes in forecast prudential borrowing in the capital programme since Quarter 2, expressed in terms of Council Tax at Band D. The implications are cumulative in later years as successive years' borrowing is added. This impact has been funded within the Long Term Financial Plan and assumed Council Tax charges up to 2017/18. The calculation excludes the cost of borrowing which is funded from additional income or savings.

		Annex 6D	
PRUDENTIAL INDICATORS: TREASURY MANAGEMENT		15/16 Indicators	15/16 Outturn
CIPFA Treasury Management Code			
1	Has the authority adopted the TM Code?	Yes	Yes
Interest rate exposures		Limit	Outturn
2	upper limit on fixed rate exposures	130%	98%
3	upper limit on variable rate exposures	30%	15%
Maturity structure of borrowing (lower limit and upper limit)			
4	under 12 months	0% to 30%	13%
5	12 months to within 24 months	0% to 30%	3%
6	24 months to within 5 years	0% to 30%	7%
7	5 years to within 10 years	0% to 30%	8%
8	10 years to within 20 years	5% to 40%	16%
9	20 years to within 40 years	10% to 60%	38%
10	40 years and above	0% to 40%	15%
Investments longer than 364 days upper limit on amounts maturing in:		Limit	Outturn
11	1-2 years	200	-
12	2-3 years	100	-
13	3-5 years	100	-
14	later	-	-
Note			
2-10 These indicators assume that LOBO loan options are exercised at the earliest possibility, and are calculated as a % of net loan debt.			

HOUSING REVENUE ACCOUNT – FINANCIAL COMMENTARY 2015/16

1. Financial Background – 2015/16

- 1.1. The HRA Business Plan and Budget 2015+ formed a part of the overall Council Plan 2015+ that was approved at a full Council meeting on 3 March 2015 and this set out the long term financial strategy, asset management plans including new build, treasury management strategy, future rent projections and performance targets.
- 1.2. This HRA Business Plan and Budget 2015+ established the budget strategy for 2015/16 and a balanced budget was approved for the financial year.
- 1.3. A small number of budget revisions were undertaken during the year, which had the overall effect of retaining a balanced budget for the year. These substantially related to a realignment of staffing resources between Local Housing Management and Estate Services to facilitate the Annual Visits programme.

2. HRA Outturn 2015/16

- 2.1. An in-year break-even position was projected for the HRA (as reported to Cabinet as part of the monthly corporate revenue monitoring reports), maintaining the retained balance at £4.534m (including the recommended minimum balance of £4.000m in accordance with previous External Audit recommendations).
- 2.2. The table below summarises the revised budget and compares this to the actual outturn for all the key services.

Housing Revenue Account

	Revised Budget £'m	Actual Outturn £'m	Variation £'m
Rent Income/Recharged Income	(285.662)	(285.691)	(0.029)
Repairs	67.264	63.717	(3.547)
Local Housing Management Costs	61.946	59.944	(2.002)
Estate Services Costs	18.568	16.841	(1.727)
Revenue Funding of Capital (including MRR)	53.576	57.905	4.329
Capital Financing	54.307	55.570	1.263
Debt Repayment Provision	10.890	19.750	8.860
Equal Pay Costs	19.111	11.814	(7.297)
Net Position	-	(0.150)	(0.150)

- 2.3 The major variations during the year included:

- Lower than budgeted expenditure on repairs to Council dwellings, due to substantial capitalisation of works to bring void properties back into use and environmental works, together with reductions in discretionary expenditure due to winding down of existing contractual arrangements (which expired on 31 March 2016).
- A combined net underspend of £3.729m on local housing management and estate services (primarily due to the retention of staff vacancies in preparation for ongoing reductions in rental income from 2016/17).

- Increased capital financing costs as a result of minor increases in average interest rates charged, together with new borrowing in the year of £4.570m to fund elements of the BMHT new build council housing programme.
- Lower than anticipated costs in relation to equal pay liabilities paid in year as settlements slipped into future years.

2.4 A debt repayment provision of £19.750m is proposed for 2015/16. Taken together with new borrowing of £4.570m as a part of the Local Growth Fund (funding new build council housing, as referred to above), this will reduce total HRA borrowing to £1.095bn at the year-end. This compares to a borrowing cap of £1.140bn. This strategy is proposed as this is considered the most financially efficient option for the HRA and increases its capital financing flexibility. This also affords an option for further new borrowing in the future at lower rates if this is necessary to support the capital expenditure programme.

3. Key Service Highlights for 2015/16

The following service achievements for 2015/16 should be noted:

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

- handover of a further 330 new affordable homes under the BMHT programme
- completion of the programme for the replacement of windows, heating systems, rewires to continue the on-going maintenance of properties
- External funding of £5.514million secured including fuel poverty contributions (£1.515million) and grants from the Homes and Communities Agency (£3.190million)

3.2. Repairs Service

- the annual gas servicing programme was completed for all properties
- emergency repairs were completed in line with agreed timescales
- all responsive and right to repair jobs were issued to and undertaken by repairs contractors for completion in line with agreed timescales
- all empty properties requiring repairs (where the property is to be relet) were issued to and completed by repairs contractors for completion in line with agreed timescales
- procurement of new contracts for Repairs, Gas Servicing and Capital investment in retained HRA properties, to take effect from 1 April 2016 for a minimum period of 4 years, generating savings to the HRA compared to existing contracts of a minimum of £13million over the next 4 years

3.3. Local Housing and Estate Services

- cumulative year end current tenants arrears of £12.046m (or 4.2% of the total rent due) in line with the target
- delivery of key local estate services – concierges, caretaking, older people accommodation
- a reduction in void properties from 701 at the start of the year to 531 at 31 March 2016

3.4 Equal Pay costs

- A total of £11.814m for Equal Pay payments were made during 2015/16 for all HRA funded staff, with future costs anticipated to amount to up to £15.000m. These costs are being funded in their entirety from revenue resources generated from a combination of efficiency savings in service delivery and rephasing of self-financing debt repayments.

4. Housing Revenue Account Balances

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

	£'m
Balances at 31 March 2013	(4.542)
Surplus in year (see section 2.2 above)	(0.150)
Balances at 31 March 2014	(4.692)

COLLECTION FUND OUTTURN – 2015/16**1. Background**

- 1.1. The Council is required to establish and maintain a Collection Fund under the Local Government Finance Acts 1988 and 1992. The Fund represents the collection of Council Tax and National Non-Domestic Rates (NNDR) and the distribution of sums received to relevant authorities. These amounts are kept separate from the main activities of the Council which are accounted for in the General Fund. Transfers from the Collection Fund to the General Fund are made at a planned level and, therefore, if the actual position is better or worse than planned leading to a surplus/deficit, this will be rolled forward to be taken into account in the next budget setting round; which will be 2017/18 in this instance.

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

The Collection Fund position for 2015/16 applicable to the Council Tax element of the Fund is summarised below:

Table 1	£m	£m
Income:		
Council Tax Income due in 2015/16	(324.347)	
Adjustment to sums due for prior years	1.382	
Contribution to Bad Debt Provision	9.462	
Total Income		(313.503)
Budgeted Precepts 2015/16		
Birmingham City Council	271.175	
New Frankley in Birmingham Parish	0.043	
West Midlands Police & Crime Commissioner	24.942	
West Midlands Fire and Rescue Authority	12.860	
Total Expenditure		309.020
2015/16 In Year Surplus		(4.483)
2014/15 Surplus b/fwd		(3.623)
Cumulative Council Tax Surplus c/fwd		(8.106)

- 2.2. The actual in-year surplus on the Council Tax element of the Collection Fund for 2015/16 was £4.483m. The cumulative balance brought forward from 2014/15 amounted to a surplus of £3.623m, giving a closing cumulative surplus at the end of 2015/16 of £8.106m.

2.3. A £6.587m cumulative surplus was forecast when setting the 2016/17 budget, resulting in an improvement of £1.519m to be carried forward into future years. This improvement is mainly as a result of the final estimate of the provision for bad and doubtful debt required. The make-up of this improvement is summarised in table 2:

Table 2	£m	£m	£m
Forecast Cumulative Surplus for 2016-17 Budget Setting			(6.587)
Forecast Provision for Bad and Doubtful Debts	(39.697)		
Actual Provision for Bad and Doubtful Debts	38.491		
		(1.206)	
Other Improvements		(0.313)	
			(1.519)
Cumulative Council Tax Surplus c/fwd			(8.106)

2.4. The Council's share of the surplus is £7.116m, which compares to a £5.781m surplus anticipated when the Council Tax for 2016/17 was set. This is an improvement of £1.335m. The additional surplus of £1.335m will be taken into account when setting the budget for 2017/18. The allocation of the total accumulated surplus, from Council Tax at 31 March 2016 is outlined in Table 3:

Table 3	Forecast	Outturn	Improvement
	£m	£m	£m
Council	(5.781)	(7.116)	(1.335)
Police & Crime Commissioner	(0.532)	(0.654)	(0.122)
Fire & Rescue Authority	(0.274)	(0.336)	(0.062)
Total Surplus	(6.587)	(8.106)	(1.519)

2.5. Council Tax Arrears

A summary of the Council Tax Arrears position for the end of 2015/16 is shown in Table 4.

Table 4	Prior Years	2015/16	Total
	£m	£m	£m
Balance b/f prior years	97.638		97.638
Adjustments	(1.382)		(1.382)
Due in year		324.347	324.347
Collected	(13.635)	(299.152)	(312.787)
Write offs	(11.053)	(0.056)	(11.109)
Council Tax Arrears	71.568	25.139	96.707

A summary of the Council Tax Arrears position for 2015/16 compared with 2014/15 is shown in Table 5.

Table 5	31 March 2015	31 March 2016	Change
	£m	£m	£m
Council Tax Arrears Prior Years	72.984	71.568	(1.416)
Council Tax Arrears In Year	24.654	25.139	0.485
Council Tax Debtors	97.638	96.707	(0.931)

2.6. Provision for Doubtful Debts

The provision for bad and doubtful debts stands at £38.491m as at 31 March 2016, a slight decrease from the £40.138m set aside at the end of 2014/15. The 2015/16 year end provision is compared in Table 6 to the prior year:

Table 6	31 March 2015	31 March 2016	Change
	£m	£m	£m
Council Tax Arrears Debtors (Gross)	97.638	96.707	(0.931)
Less Provision for Bad or Doubtful Debts	(40.138)	(38.491)	1.647
Council Tax Debtors (Net)	57.500	58.216	0.716
Bad Debt Provision as % of Gross Debtors	41.1%	39.8%	-1.3%

During the year a total value of £11.109m of Council Tax debts, relating to both current and prior years, have been written off as irrecoverable.

After making a further contribution to the provision for bad and doubtful debts of £9.462m in 2015/16, the overall provision has, therefore, decreased by £1.647m.

2.7. Collection Performance

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

The adjusted actual in year collection rate was 94.6% which includes adjustments as per DCLG guidelines.

Table 7 shows the comparative prior year rates:

Table 7	Actual In Year Council Tax Collection Rates		
	2013/14	2014/15	2015/16
QRC4 Base	95.3%	94.6%	94.6%

3. NNDR - National Non-Domestic Rates (Business Rates)**3.1. Business Rates Summary**

The Collection Fund position for 2015/16 applicable to the Business Rates element of the Fund excluding the Enterprise Zone is summarised below:

Table 8	£m	£m
Business Rates Income due for 2015/16	(429.178)	
Adjustments for Prior Years	(3.165)	
Contribution to Appeals Provision	37.500	
		(394.843)
Contribution to Bad Debt Provision	12.598	
Cost Of Collection Allowance	1.942	
		14.540
Total Income		(380.303)
Expenditure:		
Budgeted Proportionate Shares 2015/16:		
Central Government	202.437	
Birmingham City Council	198.389	
West Midlands Fire and Rescue Authority	4.049	
Total Expenditure		404.875
2015/16 In Year Deficit		24.572
2014/15 Deficit b/fwd	7.910	
Back Dated Appeals Spread Adjustment	9.698	
		17.608
Cumulative Business Rates Deficit c/fwd		42.180

3.2. The actual in-year deficit on the Business Rates element of the Collection Fund for 2015/16 was £24.572m. The cumulative balance brought forward from 2014/15 amounted to a deficit of £17.608m after allowing for the annual impact of spreading the backdated appeals element of the deficit that was forecast in January 2014. The closing deficit at the end of 2015/16 is, therefore, £42.180m. A £36.648m cumulative deficit was forecast when setting the 2016/17 budget, a significant proportion of which was due to additional substantial reductions for back dated appeals in the city centre. The further deficit of £5.532m will be carried forward into future years, of which the City Council's share is £2.710m.

3.3. The main reasons for the additional deficit can be explained as follows:

- Analysis of the latest appeals information available from the valuation office (VOA) has resulted in an increase in the provision set aside for losses over and above those previously forecast due to some additional anticipated downwards adjustments to rateable values by the VOA of certain properties.
- Analysis of the end of year arrears position and associated provision for doubtful debts has resulted in an increase in the specific provision relating to the larger debtors. In addition the increase includes further movement of other debtors through the enforcement process that require a higher provision than anticipated when setting the budget for 16/17, such as those that have entered into administration, those that have been returned from the enforcement agents with no effects or where the council are considering enforcing bankruptcy.
- An increase in unoccupied property relief for several large assessments during March 2016.
- An element of anticipated growth has not yet materialised as at 31st March 2016. However, it is expected that this will be forthcoming early in the new financial year including an adjustment for backdated liabilities.

Table 9 shows the movement between the forecast and outturn deficit positions:

Table 9	£m	£m
Forecast Cumulative Deficit for 2016-17 Budget Setting		36.648
Forecast Deficit due to Appeals	(17.742)	
Actual Deficit due to Appeals	18.916	
		1.174
Forecast Deficit due to increase in provision for doubtful debts	(2.011)	
Actual Deficit due to increase in provision for doubtful debts	3.916	
		1.905
Forecast Deficit due to Unoccupied Property & Mandatory Reliefs	(0.021)	
Actual Deficit due to Unoccupied Property & Mandatory Reliefs	2.133	
		2.112
Forecast Deficit due to anticipated Growth	(2.370)	
Actual Deficit due to anticipated Growth	2.795	
		0.425
Other Improvements for other Reliefs		(0.084)
Cumulative Business Rates Deficit c/fwd		42.180

3.4. The following table shows the proportionate shares of the 2015/16 Business Rates deficit compared with the forecast for the 2016/17 budget setting process:

Table 10:	Forecast	Outturn	(Improvement)/ Decline
	£m	£m	£m
Central Government	18.324	21.090	2.766
Fire	0.366	0.422	0.056
BCC	17.958	20.668	2.710
Total	36.648	42.180	5.532

3.5. Business Rates Arrears 2015/16

A summary of the Business Rates Arrears position for the end of 2015/16, including the element attributable to the Enterprise Zone, is shown in Table 11:

Table 11	Prior Years	2015-16	Total
	£m	£m	£m
NNDR Arrears b/fwd prior years	93.904		93.904
Adjustments/Net of Refunds	3.165		3.165
Due in year:			
Non EZ		429.178	429.178
Enterprise Zone (EZ)		1.229	1.229
Collected	(12.033)	(406.921)	(418.954)
Amounts Written Off	(12.129)	(0.054)	(12.183)
Credits Written On	1.322		1.322
Business Rates Arrears	74.229	23.432	97.661

A summary of the Business Rates Arrears position for 2015/16 compared with 2014/15 is shown in Table 12:

Table 12	31 March 2015	31 March 2016	Change
	£m	£m	£m
Business Rates Arrears Prior Years	72.518	74.229	1.711
Business Rates Arrears In Year	21.386	23.432	2.046
Business Rates Debtors	93.904	97.661	3.757

3.6. Provision for Doubtful Debts

The Business Rates Bad Debt provision has moved from £53.535m to £55.348m, an increase of £1.813m. The 2015/16 year end provision is compared in Table 13 to the previous year:

Table 13	31 March 2015	31 March 2016	Change
	£m	£m	£m
Business Rates Arrears (Gross)	93.904	97.661	3.757
Less Provision for Bad or Doubtful Debts	(53.535)	(55.348)	(1.813)
Business Rates Debtors (Net)	40.369	42.313	1.944
Bad Debt Provision as % of Gross Debtors	57.0%	56.7%	(0.3%)

During the year there has been a net amount of £10.861m written off relating to Business Rates debts (£12.183m debt write offs less £1.322m of credits written on) compared with £10.980m net write-offs in 2014-15. After making a further contribution to the provision for bad and doubtful debts in 2015/16 of £12.674m, including £0.076m relating to the Enterprise Zone, the overall provision has, therefore, increased by £1.813m.

3.7. Collection Performance

For Business Rates the adjusted actual in year collection rate calculated was 96.7% (2014/15: 96.7%). This is the in-year collection rate as reported to the Department for Communities and Local Government as required by the Final Quarterly Return for Collection of Council Tax and Business Rates (QRC4) and is inclusive of allowable adjustments. Set out below is the QRC4 in-year collection performance for the past three years.

Table 14	Actual In Year Business Rates Collection Rates		
	2013/14	2014/15	2015/16
QRC4 Base	95.5%	96.7%	96.7%