

**CORPORATE REVENUE BUDGET
MONITORING REPORT 2019/20
PERIOD 10**

**For EMT
(year to 31st January 2020)**

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Revenue Budget Management Report – Period 9 Forecast

1. Executive Summary

- 1.1 The Council set a net budget of £851.6m for 2019/20 at its meeting on 26 February 2019. This net budget is after assuming savings of £58.3m, including approving a savings programme of £46.2m and requiring a further £12.1m savings to be delivered that were achieved on a one-off basis in 2018/19. This is set out in Table 2.
- 1.2 Directorate Current Budgets have decreased by £0.5m since period 9, whilst Corporate budgets have increased by £0.5m. Details of these budget movements are set out in Annex 12.
- 1.3 At Period 10 the total forecast outturn is estimated to be an underspend of **£1.7m** with a further £0.1m of new savings being identified and included in the forecast.
- 1.4 In the movement from period 9 to period 10 there has been an overall improvement in the Directorate position of £0.2m largely relating to
- Forecast improvements in
- Adult Social Care of £1.4m
 - Inclusive Growth of £0.2m
 - Education & Skills of £0.2m
 - Human Resources of £0.1m
 - Partnerships, Insight and Prevention of £0.1m
 - Finance & Governance of £0.4m
- offset by a forecast increased overspend in
- Neighbourhoods of £2.2m
- 1.5 There is a £5.4m net underspend in Corporate Budgets including Policy Contingency (No change since Period 9).

- 1.6 Birmingham Children's Trust (BCT) Month 8 Budget Monitoring Report highlighted a risk of potential overspend of £8.1m. Further mitigations of between £1.7m and £3.4m are being investigated. This has not been included in the above forecast outturn position as BCT is a separate entity. The Council does not provide a guarantee to the Trust to fund an overspend and expects the Trust to manage its position. The potential overspend relates in the main to increases in children in care placement costs due to the continued increase in numbers and cost of children in care and additional remand costs. The Council is working with BCT to understand the financial position as the trust undertake a number of measures to mitigate the increasing demands upon their service. The Financial Plan 2020-2024 provides an additional £6.1m to assist the Trust in future years.
- 1.7 A summary of the forecast position for each Directorate is set out in Table 1.
- 1.8 There is a forecast underspend of £0.9m in Schools at Period 10. It is expected that any year end underspend will be appropriated to the DSG Grant Reserve. Further detail is contained in Annex 9.
- 1.9 There is a forecast balanced position in the Housing Revenue Account. Further detail is contained in Annex 10.

Table 1: Period 10 Forecast Outturn Position									
Directorate	Original Budget	Current Budget	Period 10 Forecast Outturn	Period 10 Forecast Base Budget Over /(Under)	Period 10 Forecast Savings Non-Delivery	Period 10 Forecast Over /(Under)	Period 9 Forecast Over /(Under)	Change since Period 9 (Improvement)/ Deterioration	
	£m	£m	£m	£m	£m	£m	£m	£m	%
Adult Social Care	325.692	331.225	317.571	(13.654)	0.000	(13.654)	(12.206)	(1.448)	(0.44)
Digital & Cust Services	22.046	31.244	31.229	(0.015)	0.000	(0.015)	0.000	(0.015)	(0.05)
Education & Skills	261.902	267.416	267.822	0.406	0.000	0.406	0.584	(0.179)	(0.07)
Finance & Governance	25.397	24.312	25.014	0.016	0.687	0.703	1.073	(0.370)	(1.52)
Human Resources	6.597	7.345	6.818	(0.527)	0.000	(0.527)	(0.450)	(0.077)	(1.05)
Inclusive Growth	97.515	98.441	98.579	(1.365)	1.503	0.138	0.373	(0.235)	(0.24)
Neighbourhoods	99.565	106.306	123.092	12.148	4.639	16.787	14.637	2.150	2.02
Partnerships, Insight and Prevention	6.442	6.735	6.564	(0.171)	0.000	(0.171)	(0.100)	(0.070)	(1.05)
Directorate Sub Total	845.156	873.024	876.690	(3.163)	6.829	3.666	3.910	(0.244)	(0.03)
Policy Contingency	42.244	24.978	17.886	(7.092)	0.000	(7.092)	(7.092)	0.000	0.00
Corporately Managed Budgets	91.600	80.998	82.704	1.706	0.000	1.706	1.706	0.000	0.00
Corporate Grants	(127.409)	(127.409)	(127.409)	0.000	0.000	0.000	0.000	0.000	0.00
Corporate Subtotal	6.435	(21.433)	(26.819)	(5.386)	0.000	(5.386)	(5.386)	0.000	0.00
City Council General Fund	851.590	851.590	849.870	(8.549)	6.829	(1.720)	(1.476)	(0.244)	(0.03)
Dedicated Schools Grant	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	n/a
Housing Revenue Account	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	n/a
City Council Total	851.590	851.590	849.870	(8.549)	6.829	(1.720)	(1.476)	(0.244)	(0.03)

Note 1: Percentage movement is shown as a percentage of the current budget

Note 2: The original budget in table 1 included hierarchy movement after the Council set the net budget for 2019/20 at its meeting on 26th Feb 2019

2. Key Issues since Period 9

- 2.1 A number of budgetary pressures reported in the 2018/19 outturn are evident in the period 10 monitoring process which are due to issues with planned savings delivery and/or base budget pressures. They are the focus of management actions and recovery plans are in place to deliver within directorate budgets wherever possible.
- 2.2 At Period 10 the forecast overspend in Directorates has decreased by £0.9m since Period 9 primarily relating to the following:
- Adult Social Care is now forecasting an underspend of £13.7m. This has improved by £1.4m since Period 9 (Period 9 £12.3m underspend) relating to:
 - There is an £0.3m increase in Specialist Care Services base budget pressure since Period 9 that mainly relates to additional staffing and agency costs.
 - Packages of Care forecast a net improvement from period 9 of £1.8m due to additional income of £0.2m relating to invoices for overpaid packages of care, and £0.3m relating to historic invoices for joint funded packages of care which had previously been in dispute but for which agreement has now been agreed. In addition there is £1.3m reduction in the cost of packages of care in the Older People sector.
 - There is a £0.1m further pressure relating to other minor variations.
 - Education and Skills forecast an overspend of £0.4m in period 9. This has improved by £0.2m since Period 9 (Period 9 £0.6m overspend) relating to minor variations.
 - Neighbourhoods Directorate forecast an overspend of £16.8m. This has increased by £2.2m since Period 9 (Period 9 £14.6m overspend) relating to:
 - Street Scene forecasts an increase in overspend by £1.2m since Period 9 comprising £0.5m further income pressures within the Trade Waste and £0.7m relating to a contractual termination fee (of up to 4 weeks) associated with the employment of agency staff.
 - Housing Service forecasts an overspend of £5.2m from £4.2m since Period 9. The increase of £1.0m mainly relates to growth in numbers presenting as homelessness and the savings in Housing Strategic service redesign which were identified as at risk will not be delivered in this financial year.

- Inclusive Growth forecast an overspend of £0.2m. This has improved by £0.2m since period 9 (Period 9 £0.4m overspend) largely relating to Property Services due to delays in recruitment of staff
- Human Resources is now forecasting an underspend of £0.5m of which £0.2m relating to Schools HR. This has improved by £0.1m comparing to a £0.4m underspend at Period 9. The improvement primarily relates to vacancies and additional income received-
- Partnerships, Insight and Prevention (PIP) is now forecasting an underspend of £0.2m comparing to a £0.1m underspend at Period 9. The improvement is mainly as a result of vacancy management and other minor variations.
- Finance & Governance forecast an overspend of £0.7m. This has improved by £0.4m since period 9 (Period 9 £1.1m overspend) relating to:
 - Development and Commercial forecasts an £0.3m increase in overspend as a result of shortfall of income in Digital Advertising.
 - There is an increase in underspend of £0.5m in Service Finance due to an underspend on Prudential Borrowing costs linked to the SAP capital programme.
 - Other minor variations £0.2m underspend
- Digital & Customer Services forecasts a net balanced position which has not changed from Period 9. However there are key issues comprising:
 - Revenue and Benefits forecasts an underspend of £1.0m relating to surplus on Housing Benefit Subsidy. Given the overall uncertainty of grant income from DWP, as well as the further delay in the implementation of full Universal Credits (and associated financial risks), at year end it would be prudent to utilise some of the excess income for the subsidy in 2019/20 and allocate this to the specific benefits reserve, put in place to help manage the downsizing of the benefits operation over time.
 - IT&D - The forecast outturn assumes that all slippage from the Invest to Save Investment will be carried forward into 2020/21 to be utilised towards the IT&D service delivery, resulting in a nil variance outturn in 2019/20. The carry forward request will be included in the outturn report for Cabinet approval.

Further detail of each directorate forecast is set out in the Directorate Executive Summaries at Annexes 1-10 of this report.

- 2.4 There is scrutiny and challenge of the financial position on a monthly basis via the Council's monthly Leadership Team, Member led Star Chambers, EMT and Resources Overview & Scrutiny Committee. Quarterly reports are considered by Cabinet. Additional Member led Star Chambers have been established for those directorates that are forecasting significant overspends to explore the issues and develop solutions. This is continued throughout the year including early focus on the 2020/21 position. These measures will seek to provide appropriate challenge and support to ensure that directorates deliver services within their approved budget.

3. Overview of the Savings Programme

- 3.1 The total approved savings programme is £58.3m in 2019/20. This comprises the approved savings plan of £46.2m plus £12.1m of savings that were only delivered on a one-off basis in 2018/19. Of these £41.3m are on track, £5.0m at risk and £13.0m are classed as undeliverable or non-delivered (red/purple) shown in Table 2. This is broken down by approved savings and one off savings in Tables 2a and 2b in Annex 12. Table 3 illustrates the movement between Period 9 and Period 10.

Table 2: Overview of the Forecast Delivery of the 2019/20 Savings Programme									
Directorate	2019/20 Agreed Savings	On Track/ Fully Delivered against Programme	Blue - Fully Delivered	Green-On Track	Amber-At Risk	Red-Non Delivery	Purple-Undeliverable		One off Mitigations to address Savings Non-Delivery
	£m	%	£m	£m	£m	£m	£m		£m
Adult Social Care	(16.310)	94.4	(10.042)	(5.350)	0.000	(0.918)	0.000		0.000
Digital & Cust Services	(6.918)	95.8	(5.479)	(1.149)	0.000	0.000	(0.290)		(0.290)
Education & Skills	(8.797)	0.8	0.017	(0.084)	(5.027)	(1.985)	(1.718)		(3.703)
Finance & Governance	(2.831)	58.1	(0.958)	(0.688)	0.000	(0.717)	(0.468)		(0.498)
Human Resources	(0.718)	100.0	(0.718)	0.000	0.000	0.000	0.000		0.000
Inclusive Growth	(4.770)	65.7	(1.407)	(1.726)	0.000	(0.794)	(0.843)		0.000
Neighbourhoods Partnerships, Insight and Prevention	(18.564)	71.8	(7.008)	(6.328)	0.000	(1.486)	(3.742)		(0.589)
	(0.548)	100.0	(0.532)	(0.016)	0.000	0.000	0.000		0.000
Directorate Subtotal	(59.456)	69.7	(26.127)	(15.341)	(5.027)	(5.900)	(7.061)		(5.080)
Corporate Savings	1.180	100.0	1.180	0.000	0.000	0.000	0.000		0.000
Total Programme	(58.276)	69.1	(24.947)	(15.341)	(5.027)	(5.900)	(7.061)		(5.080)
New savings									
Inclusive Growth	0.000	n/a	(0.050)	(0.084)	0.000	0.000	0.000		0.000
New Savings Subtotal	0.000	n/a	(0.050)	(0.084)	0.000	0.000	0.000		0.000
Overachieved savings									
Adult Social Care	0.000	n/a	(0.918)	0.000	0.000	0.000	0.000		0.000
Overachieved Savings Subtotal	0.000	n/a	(0.918)	0.000	0.000	0.000	0.000		0.000
Total Programme	(58.276)	70.9	(25.915)	(15.425)	(5.027)	(5.900)	(7.061)		(5.080)
Percentage of Total Programme excluding new and overachieved savings	100.00%		42.81%	26.32%	8.63%	10.12%	12.12%		n/a

In total £7.1m is forecast to be undeliverable (purple) and £5.9m is forecast to be non-delivered (red) which is not delivered assumed in the forecast. Directorates will have to identify recovery plans to address this and bring those proposals to Cabinet where there is a policy implication. These could be alternative proposals or one-off mitigations. This has been addressed at Member led Star Chamber Meetings with detailed implementation plans being submitted for savings. £5.1m of one-off mitigations and £0.1m of new savings have been identified at Period 10. In addition there is £0.9m overachievement of savings at Period 10.

3.2 Of the £5.1m one-off mitigations mentioned above, £0.3m are in Digital & Customer Services, £3.7m in Education & Skill, £0.5m in Finance & Governance, and £0.6m in Neighbourhoods.

- In Digital & Customer Services, the unachieved non-essential savings target of £0.1m and unachieved consolidation programme saving target of £0.2m will be absorbed through underspends within the directorate in 2019/20. There are no potential impacts on service delivery.
- In Education & Skills, Travel Assist savings non-delivery of £1.7m is being covered in 2019/20 by a one-off Policy Contingency allocation. Savings of £1.0m for Efficiency, Workforce Contract savings and Management review have been made on a one off basis in 2019/20 from a one-off contingency no longer required. Other savings of £1.0m (mainly related to Commercialisation) have been achieved on a one-off basis from other managed expenditure reductions. Sustainable solutions for these savings will need to be identified from 2020/21 onwards. These savings do not impact on service delivery.
- In Neighbourhoods, £0.5m non-delivery of savings in Health and Wellbeing will be covered by the £3.9m funding from Policy Contingency and £0.1m other non-delivery has been covered by use of grant.
- In Finance & Governance, the unachieved savings of £0.3m on Contract Management has been covered by underspends from other services within the Directorate, and unachieved savings of £0.2m on external legal costs has been covered from surplus income.

3.4 In addition Adult Social Care have over-achieve savings of £0.9m relating to demand management within Packages of Care.

3.5 Table 3 illustrates the movement between Period 9 and Period 10.

Table 3: Movement in Forecast Delivery of the 2019/20 Savings Programme						
	Blue - Fully Delivered	Green-On Track	Amber-At Risk	Red-Non Delivery	Purple-Undeliverable	One off Mitigations
	£m	£m	£m	£m	£m	£m
Period 10 Forecast	(25.915)	(15.425)	(5.027)	(5.900)	(7.061)	(5.080)
Period 9 Forecast	(14.925)	(25.457)	(8.040)	(4.716)	(6.190)	(3.582)
(Increase)/Decrease	(10.990)	10.032	3.013	(1.184)	(0.871)	(1.498)
Percentage Change (%)	73.6	(39.4)	(37.5)	25.1	14.1	41.8

The largest movement is an increase in savings classed as fully delivered of £11.0m. This is primarily related to savings of £5.0m related to Adult Social Care high cost provision and £5.9m related to the ICT&D Strategy moving from on track to fully delivered.

There was movement of £1.0m of various savings within Neighbourhoods classed as at risk to on track.

There was movement of £1.2m of various savings classed as at risk to non-delivery (largely related to Commercialisation within Education & Skills) and £0.8m various savings to undeliverable.

3.5 Definitions of the savings classifications are as follows:

- Fully delivered (Blue) – the saving has been fully implemented and the saving has been achieved.
- On track (Green) – Savings that are on target to meet delivery milestones and are expected to deliver the level of savings anticipated.
- At risk (Amber) – Savings yet to be delivered and there may be some risks to the delivery milestones and/or the level of savings originally anticipated.
- Non Delivery (Red) – the saving are experiencing difficulty in achieving their delivery plan milestones and/or the level of savings originally anticipated; mitigations will need to be identified immediately for consideration and approval via Cabinet.

- Undeliverable (Purple) – the Council is no longer pursuing this saving as it is no longer considered to be achievable. An immediate action is needed to develop an alternative proposal to deliver the value of the saving that will be considered and approved by Cabinet.
- One-off mitigation – an approved saving has had trouble being delivered in the way anticipated, but a one-off mitigation has been identified within the service area which need to be reported to and considered by Cabinet as appropriate.

4. Risks and Mitigations not in the forecast

- 4.1 There are a number of risk areas identified across Directorates that are being highlighted in summary to ensure proactive management and mitigation and to identify new opportunities. However, the Directorates are not yet able to assess and financially quantify those risks fully to include them in the forecast. These will be tracked, and progress reported in future reports. **Further details of Directorate Risks and Mitigations are set out in Annexes 1-10.**

All Services have undergone robust challenges via a series of Star Chambers in January which will continue into the new financial year. The Services have provided implementation plans for all savings or mitigation plans where the directorate has been able to. Where these have been developed these can be seen in the directorate annexes.

The calculation of 2019/20 bad debts provision may result in an increase in the provision required City Wide. The general bad debts provision will be provided at outturn.

4.2 Adult Social Care:

- Any fluctuations in demand over the Winter period may affect commitments against Packages of Care. As the gross budget is £303.8m, minor variations can have a considerable financial impact. This area of expenditure will be closely monitored.
- £2.6m of the base budget savings relate to a one-off benefit as the costs associated with the roll out of the Framework Pricing Policy are anticipated to be lower than anticipated. As providers are reviewed, and service users moved to Direct Payment arrangements, this forecast underspend may be at risk and is therefore being closely monitored.
- Health and Hospital Discharge Teams within the Assessment & Support Planning Service have reported an increase in hospital activity that has the potential to impact on both hospital discharges and the need for social care packages. This activity is being closely monitored by the service.

4.3 Education and Skills:

- Children's Trust –The latest report highlights a potential gross overspend of £8.1m less further mitigations of between £1.7m and £3.4m. The Council is working with BCT to understand the financial position as the Trust undertake a number of measures to mitigate the increasing demands upon their service. The Council does not provide a guarantee to the Trust to fund an overspend and expects the Trust to manage its position.
- Children's Trust Residual Costs £0.1m – Investigation is underway to validate potential costs.
- Travel Assist £0.2m: there are risks relating to increased SEND pupils requiring transport provision and the delay in implementing the Dynamic Purchasing System framework.
- Early Years Day Nurseries £0.1m: there are potential costs as a result of the transfer of day nurseries. The forecast has not changed since Period 6, but a residual risk against this area remains.
- Adult Education £0.1m: there is a potential shortfall on the income from fees and charges. Measures to mitigate this are being explored.
- Libraries £0.1m: there is a potential issue of £0.1m relating to an underachievement of income. Further work is being undertaken to investigate this.
- There is a potential overspend of £0.1m in Access to Education relating to increased staffing and building costs following the closure of Vauxhall Gardens.

4.4 Neighbourhoods

The Directorate is investigating how costs can be reduced in a number of areas. These are yet to be quantified:

- A hazardous incident was addressed by Environmental Services. The final cost of this will be reported once known.
- Housing Options is currently showing an overspend of £4.8m on a budget of £3.5m, however if homelessness cases presenting increase further beyond the capacity of housing services, costs may increase further.
- There are potential risks related to unplanned property repairs within the Mortuary and the main Coroner's building.

5. Future Years Issues

- 5.1 Table 4 identifies forecast levels of non-achievement of savings in future years in relation to those savings classed as red or purple. It will be necessary for alternative savings proposals to be identified for consideration by Cabinet if the approved savings plans cannot be delivered as originally proposed and require policy decisions. All future years savings non delivery and pressures reported have been mitigated as part of the budget setting process 2021+

Table 4: Forecast Levels of Non Delivery of Savings at Period 10 in All Years				
Directorate	2019/20	2020/21	2021/22	2022/23
	£m	£m	£m	£m
Adult Social Care*	0.000	1.615	0.605	0.605
Digital & Cust Services	0.000	0.290	0.290	0.290
Education & Skills	0.000	4.750	5.569	5.569
Finance & Governance	0.687	1.410	1.490	1.490
Human Resources	0.000	0.000	0.000	0.000
Inclusive Growth*	1.503	1.843	2.319	2.604
Neighbourhoods Partnerships, Insight and Prevention	4.639	3.730	3.652	3.652
	0.000	0.000	0.000	0.000
Directorate Subtotal	6.829	13.638	13.925	14.210
Corporate Savings	0.000	1.174	1.174	0.774
Period 10 Total Programme	6.829	14.812	15.099	14.984
Period 9 Total Programme	6.272	14.812	15.099	14.984
Increase/ (Decrease)	0.557	0.000	0.000	0.000
Percentage Change (%)	8.88%	0.00%	0.00%	0.00%

*These figures are net of new and overachieved savings identified in Table 2.

Note: figures in 2019/20 include one off mitigations

- Adults: The Directorate is reporting a base budget pressure of £8.0m in 2020/21, rising to £9.0m from 2021/22.
 - £5.6m related to the continuation of Adult Social Care need funded by Winter Pressures Grant.
 - There is a shortfall in resources formerly funded from the Public Health Grant of £2.3m in 2020/21, rising to £3.3m from 2021/22.
 - There are resources of £0.1m needed to fund posts formerly funded by Public Health.

The Directorate is also reporting savings non-delivery of £1.6m in 2020/21, reducing to £0.6m from 2021/22 arising from a reduction in the planned use of the Public Health Grant within the Adults Service.

- Digital & Customer Services: The Directorate is reporting a base budget pressure of £0.9m in 2020/21, reducing to £0.6m in 2022/23
 - There is a pressure of £0.3m in 2020/21 only relating to increase in demand for legal and procurement services following the insourcing of the Capita Contract.
 - There is a pressure of £0.6m following a decision that Acivico will purchase its own IT system, and no longer contribute to BCC costs.
 - During 2020 the Council intends to review the Council Tax Support scheme. Any new proposals will be subject to extensive consultation and, dependent on the outcome of the consultation, changes may be made to the level of support awarded.

The Directorate is also reporting savings non-delivery of £0.3m in future years relating to:

- Non-delivery of £0.1m in relation to non-essential spending savings for which the Directorate are proposing alternative mitigations as part of the 2020/21 budget process.
- Non-delivery of £0.2m of cross-cutting consolidation savings.
- Education & Skills: The Directorate is reporting a base budget pressure of £7.6m in 2020/21, rising to £9.3m by 2022/23 relating to:
 - Travel Assist: There is £1.5m base budget pressure relating to additional costs of the contract. Furthermore additional costs are anticipated with tenders to cover £0.4m of living wage increase and £0.5m of costs related to the Clean Air Zone (CAZ). This is offset by assumed savings of £0.2m.

- Early Years: A base budget pressure of £0.4m is expected related to the ongoing VAT costs of the staff formerly employed in Childrens centres who are due to TUPE transfer to Birmingham Community Healthcare Trust (BCHC).
- Children's Trust: There is a base budget pressure of £6.1m relating to growth in looked after children.
- There is a pressure of £0.5m in Childrens Social care demography from 2021/22, rising to £1.0m in 2022/23.
- These pressures are partially offset by a reduction in the Children's Trust Contract price due to a reduction in their future Pension Contribution rates of £1.2m in 2020/21, falling to £0.5m by 2022/23.

The Directorate is also reporting savings non-delivery of £4.8m in 2020/21, rising to £5.6m in 2022/23 mainly relating to:

- Travel Assist: Risks remain with the £2.4m savings non delivery on Travel Assist.
 - Birmingham Adults Education Services (BAES): A potential savings pressure of £0.4m has arisen relating to an increase to the corporate support services recharge to Adult Education, which was introduced as part of the commercialisation savings in 2019/20.
 - Children's Trust: A potential savings pressure of £1.5m has arisen relating to Children's Trust Step-up savings.
 - Early Years: A potential savings pressure of £0.8m has arisen relating to Early Years Step-up savings from 2021/22.
 - Workforce: A potential savings pressure of £0.3m has arisen relating to Early Years Step-up savings.
 - The Directorate is developing plans to mitigate the forecast levels of non-achievement of savings in future years.
- Inclusive Growth: The Directorate has identified the following base budget pressures.
 - £0.7m for Central Administration Building operating pressures,
 - £0.3m (rising to £0.6m in 2021/22) Wholesale Markets Income pressures,
 - £1.3m Health & Safety Compliance in the Corporate Estate,

- £0.2m (rising to £0.7m in 2021/22) Car Park income pressure related to the closure of car parks to facilitate the
- £0.7m other pressures below £0.2m. Details are provided in Annex 6
- £0.3m revenue implications from 2021/22 for approved capital programmes
- £2.4m related to income assumptions in future years reduced to ensure they remain at achievable levels.
- The Service has identified mitigations for some of these pressures totalling £1.5m with effect from 2021/22 resulting from the cessation of Prudential Borrowing costs. In addition the Service has also identified potential mitigations of £0.3m next year, rising to £0.9m by 2021/22 which will be considered as part of the 2020/21 budget process.

The Directorate has also identified non- achievement of savings as below

- £1.5m (rising to £2.4m in 2022/23) savings not delivered relating to InReach loan Income is developing plans to mitigate the forecast levels of non-achievement of savings in future years.
 - £0.3m other savings under £0.2m. Details are provided in Annex 6.
- Neighbourhoods: The Directorate has identified a number of base budget pressures totalling £13.6m, reducing to £12.3m in 2022/23 including:
 - £3.5m relating to Waste Management- Fleet
 - £3.8m Housing Options- Homeless
 - £1.5m reducing to £0.5m from 2021/22 relating to additional employee costs in refuse collection
 - £0.6m Housing Options – Impact of not increasing rents
 - £0.5m Waste Management- Street Cleaning Income
 - Further details are identified in Annex 7

The Directorate has also identified a number of non-delivery of savings of £3.7m:

- £0.7m Street Scene
- £1.1m Neighbourhoods

- £0.7m Directorate- wide
- £0.7m Regulation and Enforcement
- £0.5m Housing Services
- Further details are identified in Annex 7.

Following an incident at the Tyseley (ERF) plant consideration is required with regards to addressing the potential financial risk in future plant failure and the resultant re-direction of waste disposal.

- Finance & Governance:
 - There are base budget pressures of a further £3.2m rising to £4.3m in 2022/23 comprising the following:
 - £1.0m advertising income
 - £0.9m rising to £2.1m in 2022/23 for CityServe (Schools Catering)
 - £0.3m for VAT advice
 - £0.5m to remove an income target for balance sheet management
 - £0.3m for additional interim staff for 2020/21 only.
 - £0.5m for other pressures under £0.2m. Details are provided in Annex 4.
 - There is forecast savings non-delivery of £0.6m rising to £0.7m in 2022/23 relating to advertising income, £0.4m relating to CityServe, and £0.4m relating to Contract Management Savings.
- Partnerships, Insight and Prevention:
 - There are base budget pressures of a further £1.0m falling to £0.8m in 2022/23 comprising the following:
 - £0.7m to expand the existing team to meet service demand and ensure compliance with the Equality Act
 - £0.3m other pressures under £0.2m. Details are provided in Annex 8.

5.4 Further details are contained in in Annexes 1-8

Annex 1 Adult Social Care Directorate

1. Executive Summary

- 1.1 The Council set the Adult Social Care Directorate a net budget of £325.7m for 2019/20 at its meeting on 26 February 2019. This net budget is after approving a savings programme of £14.6m and requiring a further £1.7m savings to be delivered that were achieved on a one-off basis in 2018/19. Following budget adjustments, the net budget for the Directorate is now £331.2m
- 1.2 At Period 10 the Adult Social Care Directorate forecasts that net spend for the year will be £317.6m. This would result in an underspend of £13.7m. with major underspends identified within Packages of Care and employees. This is an improvement of £1.4m against the forecast underspend at period 9. The underspend on packages of care reflects the Directorate's achievements against their challenging savings and transformation programme, whilst vacancies are being held to ensure savings related to the Customer Journey are achieved in future years. At period 10 no new savings have been identified.

Table 1: Period 10 Forecast Outturn Position												
Service	Original Budget	Current Budget	Forecast Outturn	Forecast Base Budget	Forecast Savings Non-	Forecast Over/ (Under)	Period 9 Forecast Over/	Change since Period 9 (Improvement)/ Deterioration		Net Future Budget Issues not		
	£m	£m	£m	£m	£m	£m	£m	£m	£m	2020/21	2021/22	2022/23
Director	26.684	17.831	17.013	(0.818)	0.000	(0.818)	(0.944)	0.126	1%	4.390	4.390	4.390
Community & Operational	64.823	72.397	72.638	(0.677)	0.918	0.241	0.015	0.226	0%	2.800	2.800	2.800
Assessment & Support Planning	35.752	41.926	40.890	(1.036)	0.000	(1.036)	(0.985)	(0.051)	0%	1.400	1.400	1.400
Specialist Care Services	29.071	30.471	31.748	0.359	0.918	1.277	1.000	0.277	1%	1.400	1.400	1.400
Adult Packages of Care (PoC) Summary	202.394	211.954	200.275	(10.761)	(0.918)	(11.679)	(9.887)	(1.792)	-1%	2.300	2.300	2.300
PoC - Adults with a Learning Disability	96.685	94.806	94.369	(0.437)	0.000	(0.437)	(0.413)	(0.024)	0%			
PoC - Adults with Mental Health Needs	3.894	12.803	11.545	(1.258)	0.000	(1.258)	(1.514)	0.256	2%			
PoC - Adults with a Physical Disability	28.718	29.617	29.566	(0.051)	0.000	(0.051)	(0.132)	0.081	0%			
PoC - Older People	71.220	72.635	62.704	(9.013)	(0.918)	(9.931)	(7.801)	(2.130)	-3%	2.300	2.300	2.300
PoC - Working Age Dementia	1.877	2.093	2.091	(0.002)	0.000	(0.002)	(0.027)	0.025	1%			
Commissioning	31.791	29.042	27.644	(1.398)	0.000	(1.398)	(1.390)	(0.008)	0%	0.123	0.123	0.123
Service Total	325.692	331.224	317.570	(13.654)	0.000	(13.654)	(12.206)	(1.448)	0%	9.613	9.613	9.613

*Details of future budget issues are provided in Table 2.

Key issues identified since Period 9

- 1.3 The forecast underspend of £13.7m is an improvement of £1.4m since Period 9.

The key changes to the Adult Social Care Directorate's forecast underspend since Period 9 are:

- Specialist Care Services - £0.3m increase in base budget pressures due to additional staffing and agency costs.
- Packages of Care - £1.8m increase in the reported underspend. Additional income of £0.2m relating to invoices for overpaid packages of care, and £0.3m relating to historic invoices for joint funded packages of care which had previously been in dispute but for which agreement has now been agreed. In addition, there has been a £1.3m reduction in the actual costs of home-based care in the Older People sector, which are currently lower than the planned anticipated services reported at period 9.
- Other Minor Variations - £0.1m further pressures

Savings “at risk” that are assumed to be delivered in the Forecast

- 1.4 There are no savings identified as “at risk” (i.e. amber) that are assumed to be delivered in the forecast.

Potential Mitigations not yet included in the Forecast

- 1.5 Current forecasts are based on planned full delivery of these savings targets in 2019/20.

Risks identified but not yet included in the Forecast

- 1.6 The current forecast assumes the commitment at period 9 against Packages of Care will continue to the end of the financial year. Any fluctuation in demand over the Winter period may affect this assumption and on a Packages of Care gross budget of £303.8m, minor variations can have a considerable financial impact. This area of expenditure is being closely monitored

to ensure variations are investigated as soon as they are highlighted, however the current financial commitment is usually two months behind in terms of activity.

£2.6m of the base budget underspends relate to a one-off benefit as the costs associated with the roll out of the Framework Pricing Policy are anticipated to be lower than anticipated. As providers are reviewed, and service users moved to Direct Payment arrangements, this forecast underspend may be at risk and is therefore being closely monitored.

Health and Hospital Discharge Teams within the Assessment & Support Planning Service have reported an increase in hospital activity that has the potential to impact on both hospital discharges and the need for social care packages. This activity is being closely monitored by the service.

Future Years

- 1.7 Issues that have the potential to impact on future years' budgets (excluding inflation adjustments) are presented in the table below.

Table 2: Future Year's Issues				
Future year's issue	Description of issue	Issue		
		2020/21 £m	2021/22 £m	2022/23 £m
Base Budget Pressures				
Public Health	Shortfall in resources formerly funded from the Public Health Grant	2.275	3.285	3.285
Public Health	Resources needed to fund posts formerly funded by Public Health	0.123	0.123	0.123
Winter Pressures	Short term grant funding	5.600	5.600	5.600
Savings non-delivery		0.000	0.000	0.000
AD103 HIV/TB Support	Shortfall in resources formerly funded from the Public Health Grant	0.115	0.115	0.115
AD006 Public Health	Shortfall in resources formerly funded from the Public Health Grant	1.500	0.490	0.490
Mitigation				
Total		9.613	9.613	9.613

Annex 2 Digital & Customer Services

1.1 The Council set the Digital and Customer Services Directorate (D&CS) a net budget of £26.8m for 2019/20 at its meeting on the 26th February 2019. This net budget is after approving a savings programme of £2.8m for 2019/20 and £4.1m of savings delivered on a one-off basis in 2018/19. Following budget adjustments, including allocations from Policy Contingency and transfers of services from other Directorates as part of the Council's new structure, the net original budget for the Directorate was revised to £22.0m and the net budget for the Directorate is now £31.2m

1.2 At Period 10 the D&CS Directorate forecasts that net spend for the year will be £31.2m a nil variance against budget.

Table 1: Period 10 Forecast Outturn Position												
Digital and Customer Services	Original Budget	Current Budget	Forecast Outturn	Forecast Base Budget Over/ (Under)	Forecast Savings Non-delivery	Forecast Over/ (Under)	Period 9 Forecast Over/ (Under)	Change since Period 9 (Improvement)/ Deterioration		Net Future Budget Issues not known when Budget set*		
										2020/21	2021/22	2022/23
	£m	£m	£m	£m	£m	£m	£m	£m	%	£m	£m	£m
Revenues & Benefits	2.791	2.838	2.838	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000
Business Improvements	9.517	9.814	9.420	(0.394)	0.000	(0.394)	(0.415)	0.021	0.21	0.150	0.150	0.150
Customer Services	8.566	8.136	8.495	0.359	0.000	0.359	0.415	(0.056)	(0.69)	0.000	0.000	0.000
IT & Digital Services	1.005	10.289	10.289	0.000	0.000	0.000	0.000	0.000	0.00	0.900	(1.400)	(1.400)
Director of DC&S	0.168	0.168	0.188	0.020	0.000	0.020	0.000	0.020	11.90	0.039	0.039	0.039
Directorate Total	22.047	31.245	31.230	(0.015)	0.000	(0.015)	0.000	(0.015)	(0.05)	1.089	(1.211)	(1.211)

*Details of future budget issues are provided in Table 2.

Key issues identified since Period 9

1.3 The key changes to D&CS Directorate's forecast underspend since Period 9 are:

- Revenues and Benefits – There is an anticipated surplus on the Housing Benefit Subsidy of £1.0m. Risks still exist around this forecast and the exact amount will not be known until the final claim is submitted at the end of the financial year, along with the level of Housing Benefit Overpayment Recovery and the level of debtors with the subsequent adjustment required to the Bad Debt Provision.

Given the overall uncertainty of grant income from DWP, as well as the further delay in the implementation of full Universal Credits (and associated financial risks), at year end it would be prudent to consider allocating some of the excess income for the subsidy in 2019/20 (subject to confirmation and audit) to a specific reserve around Universal Credit.

- IT&D - The forecast outturn assumes that all slippage from the Invest to Save Investment will be carried forward into 2020/21 to be utilised towards the IT&D service delivery, resulting in a nil variance outturn in 2019/20.

Savings “at risk” that are assumed to be delivered in the Forecast

1.4 There are no savings identified as “at risk” (i.e. amber) that are assumed to be delivered in the forecast.

Potential Mitigations not yet included in the Forecast

1.5 There are no plans to mitigate base pressures/savings non-delivery referred to above that are **not** currently included in the forecast.

Risks identified but not yet included in the Forecast

1.6 There are no risks that have been identified, that are **not** yet included in the forecast.

Future Years

1.7 Table 2 describes issues that may impact on future years' budgets.

Table 2: Future Year's Issues				
	Description of issue	Issue		
		2020/21 £m	2021/22 £m	2022/23 £m
Base Budget Pressures				
	Additional IT contracts Procurement Capacity following Capita Transition	0.150	0.000	0.000
	Additional IT contracts Legal Capacity following Capita Transition	0.150	0.000	0.000
	Loss of income	0.600	0.600	0.600
Savings non-delivery				
	Unachievable CC102A 19+ Consolidation Programme, Staff Consolidation	0.150	0.150	0.150
	Fall out of corporate support to enable delivery of saving E20d.9 in Corporate Strategy	0.039	0.039	0.039
	Unachievable Non-essential spending savings	0.140	0.140	0.140
Mitigation				
	Replacement savings submitted as part of the	(0.140)	(0.140)	(0.140)
	Additional SAP saving linked to ERP programme	0.000	(2.000)	(2.000)
Total		1.089	(1.211)	(1.211)

Annex 3 Education & Skills Directorate**General Fund Forecast****1. Executive Summary**

- 1.1 The Council set the Education & Skills Directorate a net budget of £255.5m for 2019/20 at its meeting on 26 February 2019. This net budget is after approving a savings programme of £8.8m and requiring a further £0.4m savings to be delivered that were achieved on a one-off basis in 2018/19. Following budget adjustments, including allocations from Policy Contingency, the net budget for the Directorate is now £267.4m.
- 1.2 At Period 10 the Education & Skills Directorate forecasts that net spend for the year will be £267.8m. This would result in an overspend of £0.4m. The overspend is made up by a Base Budget overspend of £0.4m. There was a savings non-delivery of £1.7m, which was addressed through an in-year Policy Contingency funding transfer. The Education & Skills Directorate is actively pursuing actions to resolve the remaining overspend position. At period 10 there are no new savings included in the forecast.

Table 1: Period 10 Forecast Outturn Position												
Directorate	Original Budget	Current Budget	Period 10 Forecast Outturn	Forecast Base Budget Over/ (Under)	Forecast Savings Non-delivery	Period 10 Forecast Over/ (Under)	Period 9 Forecast Over/ (Under)	Change since Period 9 (Improvement/ Deterioration)		Net Future Budget Issues not known when Budget set*		
										2020/21	2021/22	2022/23
	£m	£m	£m	£m	£m	£m	£m	£m	%	£m	£m	£m
Service General Fund												
Access to Education	(0.020)	(0.020)	(0.020)	0.000	0.000	0.000	0.000	0.000	0.0%	0.000	0.000	0.000
Children With Complex Needs Transport	20.757	23.654	25.086	1.432	0.000	1.432	1.541	(0.110)	-0.5%	4.694	4.694	4.694
Education Psychology Service	2.463	2.463	2.463	0.000	0.000	0.000	0.000	0.000	0.0%	0.000	0.000	0.000
Higher Needs	1.627	1.627	1.627	0.000	0.000	0.000	0.000	0.000	0.0%	0.000	0.000	0.000
Inclusion & SEND	24.827	27.724	29.156	1.432	0.000	1.432	1.541	(0.110)	-0.4%	4.694	4.694	4.694
Education & Early Years	14.512	18.205	17.122	(1.084)	0.000	(1.084)	(0.945)	(0.138)	-0.8%	0.408	1.227	1.227
Children's Trust	183.285	183.179	183.687	0.508	0.000	0.508	0.360	0.148	0.1%	6.518	7.383	8.262
Strategic Leadership	14.859	13.505	12.793	(0.712)	0.000	(0.712)	(0.634)	(0.078)	-0.6%	0.287	0.287	0.287
Skills and Employability	24.418	24.802	25.064	0.262	0.000	0.262	0.261	0.001	0.0%	0.430	0.430	0.430
Education & Skills	261.902	267.416	267.822	0.406	0.000	0.406	0.584	(0.178)	-0.1%	12.337	14.021	14.900

*Details of future budget issues are provided in Table 4

Key issues identified since Period 9

- 1.3 The forecast overspend of £0.4m is an improvement of £0.2m since Period 9 due to minor variations.

Savings “at risk” that are assumed to be delivered in the Forecast

- 1.3 Table 2 details those savings identified as “at risk” (i.e. amber) that are assumed to be delivered in the forecast. It further identifies the management actions being put in place to ensure that they will be delivered.

Table 2: Savings at risk							
Savings rated as amber	Reason saving rated amber	Saving at risk 2019/20 £m	Saving at risk 2020/21 £m	Saving at risk 2021/22 £m	Saving at risk 2022/23 £m	management actions to ensure savings delivered	when will outcome be known?
Reduction in Children's Trust contract payment (CH5 17+)	Increased demand and cost of childrens placements and remand pressures.	(4.027)	(4.027)	(4.027)	(4.027)	Further mitigations being sought within Childrens Trust alongside those already identified. The Council does not provide a guarantee to the Trust to fund an overspend and expects the Trust to manage its position.	01/04/2020
Commercialisation (CC104 19+)	Saving arising from support service increase which required a corresponding reduction in Adult Education Service, which the service has been unable to meet corresponding expenditure reductions to accommodate.	0.000	(0.484)	(0.484)	(0.484)	Ongoing review of Adult Education Service budgets and a joint corporate and service review of recharge to the service.	01/04/2020
Building and Property (CY106 19+)	Issues relating to proposed relocation of staff teams	0.000	(0.080)	(0.080)	(0.080)	Review of re-location of staff team proposals so that savings are delivered from 2020/21 onwards.	01/04/2020
Children's Trust (CY108 19+)	Risk against delivery of efficiencies, support service, transformation and demand management.	(1.000)	(1.000)	(1.000)	(1.000)	Further mitigations being sought within Childrens Trust alongside those already identified.	
Total		(5.027)	(5.591)	(5.591)	(5.591)		

Potential Mitigations not yet included in the Forecast

- 1.5 There are no plans to mitigate base pressures/savings non-delivery referred to above that are **not** currently included in the forecast.

Risks identified but not yet included in the Forecast

- 1.6 Table 3 details risks that have been identified, but are **not** yet included in the forecast.

Table 3: Risks							
Risk	probability (H,M,L)	potential financial impact 2019/20 £m	potential financial impact 2020/21 £m	potential financial impact 2021/22 £m	potential financial impact 2022/23 £m	management actions to avoid/minimise risk	when will outcome be known?
Children's Trust	H	3.023				This is part of the gross overspend of £8.050m less further mitigations planned of £1.700m. Further mitigations of £1.700m being sought.	31/03/2020
Children's Trust Residual	M	0.100	0.100			Validation of potential costs.	31/03/2020
Travel Assist Transport Provision	M	0.150				Management actions are being developed to introduce more efficient transport arrangement relating to use of guides and independent travel training.	31/03/2020
Early Years Day Nurseries	M	0.100				Management reviewing actions to reduce spend.	31/03/2020
Adult Education	M	0.100				Management reviewing potential for further ESFA grant funding	31/03/2020
	L	0.100					31/03/2020

Libraries Access to Education (Vauxhall Gardens)	L	0.060				Management reviewing actions to reduce spend.	
						Management reviewing actions to reduce spend.	31/03/2020
Total		3.633	0.100	0.000	0.000		

Future Years

1.7 Table 4 describes issues that may impact on future years' budgets.

Table 4: Future Year's Issues				
Future year's issue	Description of issue	Issue		
		2020/21 £m	2021/22 £m	2022/23 £m
Base Budget Pressures				
1. Travel Assist	Additional costs of new transport contract	1.500	1.500	1.500
2. Travel Assist	Additional costs of new DPS framework	0.890	0.890	0.890
3. Early Years	Additional VAT liability on contract	0.408	0.408	0.408
4. Children Trust	Budget pressure from placements and remand	6.100	6.100	6.100
5. Children Trust Recharges	Historic recharge issues	0.121	0.121	0.121
6. Children Trust	Children Social Care demography	0.000	0.500	1.000
Savings non-delivery				
1. Travel Assist	Red-rated savings risk	2.488	2.488	2.488
2. Adult Education Service	Part non-delivery of recharge saving	0.430	0.430	0.430
3. Children Trust	Step up saving 2020/21	1.545	1.545	1.545
4. School Transport	Part reversal of saving 2020/21	1.186	1.416	1.646
5. Workforce	Workforce (WOC) step-up saving 2021/21	0.287	0.287	0.287
6. Early Years	Step up saving 2020/21	0.000	0.819	0.819
Mitigation				
1. Children Trust	Contract price reduction due to reduced pension rates	(1.248)	(0.883)	(0.504)
2. School Transport	Assumed savings 2020/21	(1.370)	(1.600)	(1.830)
Total		12.337	14.021	14.900

Annex 4 Finance and Governance Directorate

1. Executive Summary

- 1.1 The Council set the Finance and Governance Directorate a net budget of £25.4m for 2019/20 at its meeting on 26 February 2019. This net budget is after approving a savings programme of £2.3m and requiring a further £0.5m savings to be delivered that were achieved on a one-off basis in 2018/19. Following budget adjustments, including allocations from Policy Contingency the net current budget for the Directorate is now £24.3m
- 1.2 At Period 10 the Finance and Governance Directorate forecasts that net spend for the year will be £25.0m. This would result in an overspend of £0.7m. The overspend reflects savings non-delivery of £0.7m. The Finance and Governance Directorate is actively pursuing solutions to resolve this position. At Period 10 no new savings have been identified and included in the forecast.

Table 1: Period 10 Forecast Outturn Position												
Directorate	Original Budget	Current Budget	Forecast Outturn	Forecast Base Budget Over/ (Under)	Forecast Savings Non-delivery	Forecast Over/ (Under)	Period 9 Forecast Over/ (Under)	Change since Period 9 (Improvement)/ Deterioration		Net Future Budget Issues not known when Budget set*		
	£m	£m	£m	£m	£m	£m	£m	£m	%	2020/21	2021/22	2022/23
Development & Commercial	(4.374)	(4.313)	(2.535)	1.091	0.687	1.778	1.684	0.094	(2.19)	3.563	4.178	4.762
Service Finance	20.487	19.295	18.747	(0.548)	0.000	(0.548)	(0.100)	(0.448)	(2.32)	1.019	1.019	1.019
GBSLEP	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000
City Solicitor	7.754	7.675	7.389	(0.286)	0.000	(0.286)	(0.286)	0.000	0.00	0.000	0.000	0.000
Birmingham Audit	1.529	1.655	1.414	(0.241)	0.000	(0.241)	(0.223)	(0.018)	(1.07)	0.000	0.000	0.000
Directorate Total	25.396	24.312	25.015	0.016	0.687	0.703	1.074	(0.371)	(5.57)	4.582	5.197	5.781

*Details of future budget issues are provided in Table 2

Key issues identified since Period 9

1.3 The forecast overspend of £0.7m is an improvement of £0.4m since Period 9.

The key changes to Finance and Governance's Directorate's forecast overspend since Period 9 are:

- Development and Commercial - £0.3m deterioration in income shortfall based on latest forecast from Digital Advertising Income. The expectation of improved sales in the run up to Christmas was not forthcoming and the national economic uncertainty continues for February to March 2020 bookings.
- Service Finance - £0.5m improvement due to an underspend on Prudential Borrowing costs (linked to the SAP capital programme due to reduced activity pending implementation of new Finance and HR ERP).
- Other minor variations of £0.2m underspend, mainly related to Development and Commercial.

Savings “at risk” that are assumed to be delivered in the Forecast

1.4 There are no savings identified as “at risk” (i.e amber) that are assumed to be delivered in the forecast.

Potential Mitigations not yet included in the Forecast

1.5 There are no further plans to mitigate base pressures/savings non-delivery referred to above that are **not** currently included in the forecast.

Risks identified but not yet included in the Forecast

1.6 No risks have been identified that are **not** yet included in the forecast.

Future Years

1.7 Table 2 describes issues that may impact on future years' budgets.

Table 2: Future Year's Issues				
Future year's issue	Description of issue	Issue		
		2020/21 £m	2021/22 £m	2022/23 £m
Base Budget Pressures				
PFG001 20+ Digital Advertising	Mainly as a result of cabling works, closure of roads, planning restrictions and continued economic uncertainty.	0.997	0.997	0.997
PFG002 20+ Cityserve (schools catering)	Reduction in commercial activity relating to the schools catering element of Cityserve	0.906	1.490	2.074
PFG003 20+ Cleaning	Mainly as a result of the current hourly rate (charged for delivering cleaning) being below that of the external market and does not cover the actual cost of providing the service.	0.000	0.201	0.201
VAT	Sustainable resource for additional cost of VAT advice	0.250	0.250	0.250
Interim Staff	Additional interim Finance staff for 2020/21	0.250	0.000	0.000
Balance Sheet Management	Previous benefits from balance sheet management are no longer available	0.500	0.500	0.500
NNDR refunds - BCC owned property revaluations	Unachievable income target associated with Business Rates appeals	0.218	0.218	0.218
Additional Audit Work fee	Estimated additional future cost of audit work	0.051	0.051	0.051
Savings non-delivery				
CY003 CityServe	Reduction in commercial activity relating to the schools catering element of Cityserve	0.387	0.387	0.387
CC4 17+, SS002a - Digital Advertising forecast shortfall	Mainly as a result of cabling works, closure of roads, planning restrictions and continued economic uncertainty.	0.623	0.703	0.703
CC106 19+ Contract Management Savings	Unachievable income target associated with Contract Management	0.400	0.400	0.400
Total		4.582	5.197	5.781

Annex 5 Human Resources

1. Executive Summary

- 1.1 The Council set the Human Resources (HR) Directorate a net budget of £6.6m for 2019/20 at its meeting on 26 February 2019. This net budget is after approving a savings programme of £0.5m and requiring a further £0.2m savings to be delivered that were achieved on a one-off basis in 2018/19. Following budget adjustments, including allocations from Policy Contingency, the net budget for the Directorate is now £7.3m.
- 1.2 At Period 10 the HR Directorate forecasts that net spend for the year will be £6.8m. This would result in an underspend of £0.5m.

Table 1: Period 10 Forecast Outturn Position												
Service	Original Budget	Current Budget	Forecast Outturn	Forecast Base Budget Over/ (Under)	Forecast Savings Non-delivery	Forecast Over/ (Under)	Period 9 Forecast Over/ (Under)	Change since Period 9 (Improvement)/ Deterioration		Net Future Budget Issues not known when Budget set*		
										2020/21	2021/22	2022/23
	£m	£m	£m	£m	£m	£m	£m	£m	%	£m	£m	£m
HR Schools	0.141	0.141	(0.089)	(0.230)	0.000	(0.230)	(0.230)	0.000	0.00	0.000	0.000	0.000
HR Services	6.456	7.204	6.907	(0.297)	0.000	(0.297)	(0.220)	(0.077)	(1.07)	0.000	0.000	0.000
Directorate Total	6.597	7.345	6.818	(0.527)	0.000	(0.527)	(0.450)	(0.077)	(1.05)	0.000	0.000	0.000

Key issues identified since Period 9

- 1.3 The forecast underspend of £0.5m of which £0.2m relating to underspend in schools HR is an improvement of £0.1m since Period 9 as a result of vacancies held and additional income received.

Savings “at risk” that are assumed to be delivered in the Forecast

- 1.4 There are no savings identified as “at risk” (i.e. amber) that are assumed to be delivered in the forecast.

Potential Mitigations not yet included in the Forecast

- 1.5 There are no base pressures/savings non-delivery pressures in the forecast to mitigate for.

Risks identified but not yet included in the Forecast

- 1.6 There are no new risks that have been identified, that are **not** yet included in the forecast.

Future Years

- 1.7 No issues have been identified that may impact on future years' budgets.

Annex 6 Inclusive Growth Directorate

1. Executive Summary

- 1.1 The Council set the Inclusive Growth Directorate a net budget of £104.0m for 2019/20 at its meeting on 26 February 2019. This net budget is after approving a savings programme of £2.8m and requiring a further £1.9m savings to be delivered that were achieved on a one-off basis in 2018/19. Following budget adjustments, including the transfer of Educational Skill and Infrastructure to Education and Skills Directorate, allocation of £0.6m Policy Contingency to cover price increases in Street Lighting electricity, £0.1m Policy Contingency for Council House improvements, £0.1m Mobile Investment Fund Policy Contingency plus other minor changes, the net budget for the Directorate is now £98.4m.
- 1.3 At Period 10 the Inclusive Growth Directorate forecasts that net spend for the year will be £98.6m. This would result in an overspend of £0.2m. The overspend is made up of a Base Budget underspend of £1.3m and Savings non-delivery of £1.5m. The Inclusive Growth Directorate is actively pursuing solutions to resolve this position.

Table 1: Period 10 Forecast Outturn Position												
Service	Original Budget	Current Budget	Forecast Outturn	Forecast Base Budget Over/ (Under)	Forecast Savings Non-delivery	Forecast Over/ (Under)	Period 9 Forecast Over/ (Under)	Change since Period 9 (Improvement)/ Deterioration		Net Future Budget Issues not known when Budget set*		
	£m	£m	£m	£m	£m	£m	£m	£m	%	2020/21 £m	2021/22 £m	2022/23 £m
P&D City Centre, EZ, BDI	3.257	(0.571)	(1.637)	(1.066)	0.000	(1.066)	(1.031)	(0.035)	6.13	0.261	0.261	0.261
Transportation & Connectivity	46.159	46.308	46.008	(0.300)	0.000	(0.300)	(0.300)	0.000	0.00	2.482	2.400	2.400
P&D Strategy & Planning	0.963	4.474	3.894	(0.680)	0.100	(0.580)	(0.622)	0.042	0.94	0.000	0.000	0.000
Birmingham Property Services	(3.743)	(4.345)	(1.855)	2.244	0.246	2.490	2.732	(0.242)	5.57	2.763	1.430	1.430
Housing Development	(0.322)	(0.322)	0.372	0.000	0.694	0.694	0.694	0.000	0.00	1.514	2.106	2.391
Highways & Infrastructure	43.483	43.969	42.869	(1.563)	0.463	(1.100)	(1.100)	0.000	0.00	0.001	0.288	0.288
Inclusive Growth Director	7.718	8.928	8.928	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000
Other Funds - Holding A/Cs	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.00	0.000	0.000	0.000
Directorate Total	97.515	98.441	98.579	(1.365)	1.503	0.138	0.373	(0.235)	(0.24)	7.021	6.485	6.770

*Details of future budget issues are provided in Table 2

Key issues identified since Period 9

- 1.3 The forecast overspend of £0.2m is an improvement of £0.2m since Period 9.

The key changes to Inclusive Growth Directorate's forecast over/underspend since Period 9 are:

- Property Services - £2.5m Deficit (Period 9 £2.7m Deficit):
 - £0.2m reduction in overspend increase due to delays in recruitment of staff.

Savings that cannot be achieved in line with the original proposals and their ongoing mitigations:

- Controlled Parking Zone (SN35) - The introduction of the Controlled Parking Zone has been delayed due to issues relating to implementation of new Traffic Regulation Orders which are required in order to enforce the parking controls. The issues have proved to be more extensive than previously expected and the implementation date is now expected to be June 2020. This will result in a forecast shortfall in income in 2019/20 of £0.5m from this source which is being mitigated through income currently being generated through car parking and civil parking enforcement.

Savings “at risk” that are assumed to be delivered in the Forecast

- 1.4 There are no savings identified as “at risk” (i.e. amber) that are assumed to be delivered in the forecast.

Potential Mitigations not yet included in the Forecast

- 1.5 Use of base budget underspend:

Base budget mitigations will be identified where possible to balance the position either at a Division of Service or Directorate level.

Risks identified but not yet included in the Forecast

- 1.6 There are currently no risks excluded from the forecast.

Future Years

1.7 Table 2 describes issues that may impact on future years' budgets.

Table 2: Future Year's Issues				
Future year's issue	Description of issue	Issue		
		2020/21 £m	2021/22 £m	2022/23 £m
Base Budget Pressures				
Property Services:				
Central Administration Building (CAB) Income	Income target related to increased external occupation of the CAB estate which is unlikely to be achieved given requirement for increased agility.	0.240	0.240	0.240
CAB Operating Expenditure Pressure	An exercise has been carried out to establish realistic running costs for the CAB estate following above inflationary increases in utilities and increase repairs and maintenance demands.	0.660	0.660	0.660
Wholesale Markets Income Pressure	Following the first full year of operation, it has emerged that estimates of rental income and running costs as well as its occupancy are significantly different to those assumed in the business cases.	0.317	0.606	0.603
Health & Safety Compliance in Corporate Estate – H&S surveys	A programme of condition surveys will be undertaken by Acivico & BCL commencing 1 st April 2020 across the entire Council property portfolio (excluding Housing and Schools)	1.250	1.250	1.250
Security Net Surplus Budget	This is a predominantly internal cost recovery service with no ability to generate the budgeted net surplus.	0.180	0.180	0.180
Highways & Infrastructure :				
Proposed sale or closure of car parks to facilitate development of the Smithfield site	The demolition of Pershore Street and Markets car parks allows the Smithfields site, which is already being redeveloped, to progress. This leaves car parks with a budget pressure due to lost income surpluses.	0.159	0.730	0.730
Local car parking income pressure	Local Car Parking service has failed to achieve the budgeted income target in recent years. Usage and income to date suggest a similar pattern of usage and income going forward.	0.190	0.190	0.190
A38 Tunnel Waterproofing & City Centre Revitalisation	Prudential borrowing to fund urgently required tunnel waterproofing and the revenue implications of city centre revitalisation works such as loss of car parking bays	0.001	0.288	0.288

Table 2: Future Year's Issues				
Future year's issue	Description of issue	Issue		
		2020/21 £m	2021/22 £m	2022/23 £m
Planning & Development :				
European & International Affairs: inability to achieve self-funding due to non-income generating activity and match-funding requirements/interest rates	inability to achieve self-funding due to non-income generating activity and match-funding requirements/interest rates.	0.048	0.048	0.048
Transportation & Connectivity:				
Overhead recovery rate to be written out	Ability to bring forward development projects sufficiently quickly is jeopardising the budgeted surplus targets.	2.400	2.400	2.400
Strategic Director Inclusive Growth:				
Route to Zero (R20)	Revenue funding to support the creation of a Taskforce and the commissioning of an experienced supplier to carry out a R20 study to inform the city and Council on what it needs to do to tackle climate change	0.082	0.000	0.000
Savings non-delivery				
Property Services :				
CAB Reduction	Shortfall in revenue income generated from ring-fenced capital receipts due to revised timelines for disposal.	0.116	0.000	0.000
Planning & Development :				
European & International Affairs	inability to achieve self-funding due to non-income generating activity and match-funding requirements/interest rates.	0.213	0.213	0.213
Housing Development :				
InReach (Birmingham) Ltd - Loan Income	Ability to bring forward development projects sufficiently quickly is jeopardising the budgeted surplus targets.	1.514	2.106	2.391

Table 2: Future Year's Issues				
Future year's issue	Description of issue	Issue		
		2020/21 £m	2021/22 £m	2022/23 £m
Mitigation				
Property Services:				
Central Admin Building (CAB) Income	mitigation resulting from the cessation of prudential borrowing costs.	0.000	(0.240)	(0.240)
CAB Operating Expenditure Surplus	mitigation resulting from the cessation of prudential borrowing costs.	0.000	(0.660)	(0.660)
Wholesale Markets Income Pressure	mitigation resulting from the cessation of prudential borrowing costs.	0.000	(0.606)	(0.603)
Highways & Infrastructure :				
Closure of Car Parks	potential mitigations identified, which will be progressed as part of the 2020/21+ budget process.	(0.159)	(0.730)	(0.730)
Local car Parking Income Pressure	potential mitigations identified, which will be progressed as part of the 2020/21+ budget process.	(0.190)	(0.190)	(0.190)
Total		7.021	6.485	6.770

Annex 7 Neighbourhoods Directorate

1. Executive Summary

- 1.1 The Council set the Neighbourhood Directorate a net budget of £99.6m for 2019/20 at its meeting on 26 February 2019. This net budget is after approving a savings programme of £15.0m and requiring a further £3.6m savings to be delivered that were achieved on a one-off basis in 2018/19. Following budget adjustments, including allocations from Policy Contingency, the net budget for the Directorate is now £106.3m
- 1.2 At Period 10 the Neighbourhoods Directorate forecasts that net spend for the year will be £123.1m. This would result in an overspend of £16.8m. The overspend is made up by a Base Budget overspend of £12.2m and Savings non-delivery of £4.6m. The Neighbourhood Directorate is actively pursuing solutions to resolve this position. At period 10 the Neighbourhood Directorate was not able to identify any additional savings.

Table 1: Period 10 Forecast Outturn Position												
Service	Original Budget	Current Budget	Forecast Outturn	Forecast Base Budget Over / (Under)	Forecast Savings Non-delivery	Forecast Over / (Under)	Period 9 Forecast Over / (Under)	Change since Period 9 (Improvement) / Deterioration		Net Future Budget Issues not known when Budget set*		
	£m	£m	£m	£m	£m	£m	£m	£m	%	2020/21	2021/22	2022/23
Street Scene	66.835	67.165	76.677	8.382	1.130	9.512	8.312	1.200	1.79%	8.515	7.090	6.940
Housing Services	3.760	3.525	8.758	4.933	0.300	5.233	4.283	0.950	26.95%	4.900	5.409	5.409
Neighbourhoods Management	15.310	19.858	19.492	(0.966)	0.600	(0.366)	(0.366)	(0.000)	(0.00%)	1.312	0.987	0.962
Regulation & Enforcement	0.315	0.208	1.192	(0.425)	1.409	0.984	0.984	0.000	0.00%	1.786	1.606	1.496
Business Support	13.344	15.550	16.974	0.224	1.200	1.424	1.424	(0.000)	(0.00%)	0.814	0.417	1.105
Total	99.565	106.306	123.093	12.148	4.639	16.787	14.637	2.150	2.02%	17.327	15.509	15.912

*Details of future budget issues are provided in Table 3

- 1.3 For the Housing Revenue Account (HRA) a balanced overall revenue position is forecast, with any net overspends or underspends to be managed by corresponding adjustments to the level of HRA borrowing repaid, Reserves or any additional contribution to the capital investment programme

Key issues identified since Period 9

- 1.4 The forecast overspend of £16.8m is a deterioration of £2.2m since Period 9

The key changes to Neighbourhood Directorate forecast overspend since period 9 are:

- Street Scene- £1.2m increase in base budget pressures as a result of:
 - Employee costs amounting to £0.7m. Although reductions have been made in the number of agency staff employed by the service, there is an approximate 4 week contractual termination fee as the released agency staff are employed under the terms of the Swedish Derogation in the Agency workers regulation.
 - £0.5m relates to further income pressures within the Trade Waste.
- Housing - £1.0m increase in base budget pressures. A majority of the overspend is associated with the utilisation of Bed & Breakfast (high unit cost) accommodation. Although this was projected to reduce, as mitigations through prevention and an increase in accommodation at a lower unit cost than B&B have been secured, there has in addition been a further adverse variation due to a continued growth in the overall numbers presenting as homeless (a further net increase in January 2020 of 73). In addition the 'Housing Strategic service redesign' saving which was previously identified as 'at risk' will now not be delivered in this financial year. Plans are being developed to deliver this saving in 2020/21.

Savings “at risk” that are assumed to be delivered in the Forecast

- 1.5 There are no savings identified as “at risk” (i.e. amber) that are assumed to be delivered in the forecast.

Potential Mitigations not yet included in the Forecast

1.6 None for Neighbourhood Directorate

Risks identified but not yet included in the Forecast

1.7 Table 2 details risks that have been identified, but are **not** yet included in the forecast.

Table 2: Risks							
Risk	probability (H,M,L)	potential financial impact 2019/20 £m	potential financial impact 2020/21 £m	potential financial impact 2021/22 £m	potential financial impact 2022/23 £m	management actions to avoid/minimise risk,	when will outcome be known?
Hazardous Incident addressed by Environmental Services	H	TBC				Final cost of incident currently unknown but will be reported once known.	
Neighbourhood Directorate Wide bad debts provision	H	TBC				The calculation of 2019/20 bad debts provision following IFRS 9 guidelines may result in an increase in the provision required.	
Housing Options	H	TBC				Housing Options is currently projecting an overspend £4.75m. However, if homelessness cases presenting, increase beyond the capacity of housing services, costs may increase further. The service is planning to launch two pilots to test new ways of working as part of the housing redesign model, a prevention hub model and Homeless on the Day approach. However, there have been some delays in its implementation.	
Street Scene	H	TBC				Although reductions have been made in the levels of	

						<p>agency staff employed by the Waste Management Service, there is an approximate 4 week delay in expenditure reductions being reflected in the financials.</p> <p>This time lag is due to the employment model under which agency staff are contracted to be employed by the Service (Swedish Derogation Model). The Service has incurred reduced costs over the lifetime of employing the agency staff, but when these staff are released the Service incurs a contractual termination fee of up to 4 weeks.</p>	
Coroners	M	TBC				<p>There remains a risk from unplanned property repairs needed to the Mortuary and to the main building such as roof repairs, significant repairs to the floor of the main room used for filing purposes and repairs to rectify general wear and tear on the whole building.</p>	
Total							

Future Years

1.8 Table 3 describes issues that may impact on future years' budgets.

Table 3: Future Year's Issues				
Future year's issue	Description of issue	Issue		
		2020/21	2021/22	2022/23
		£m	£m	£m
Base Budget Pressures				
Waste Management	Vehicle repair and maintenance and hire costs	3.500	3.500	3.500
Housing Options - homelessness	Increase in temporary accommodation costs	3.800	3.800	3.800
Housing Options	Impact of not increasing rents	0.600	0.600	0.600
Waste Management	Decrease in Street Cleaning Income due to decrease in customer base	0.500	0.500	0.500
Waste Management	Additional employee costs for refuse collection service	1.520	0.520	0.520
Waste Management	Demography impacts on Waste Management services	0.500	0.500	0.500
Waste Management	Additional resources for leaf clearance	0.400	0.400	0.400
Waste Management - IT	Waste Management - IT	0.500	0.500	0.500
Regulation and Enforcement - Coroners	Operational service pressures including longer inquests and investigations. Plus the phasing out of TUPE funding from WM Police.	0.400	0.480	0.480
Waste Management - Garage Income	Reduced demand for other City Council Directorates	0.375	0.150	0.000
Parks Pressures	Maintenance of play areas	0.300	0.300	0.300
Environmental Health	Additional staff resources to achieve Food Standards Agency targets	0.300	0.275	0.275
Markets Service	Increased pressure in delivering the budget expectations. The Indoor Market, The Rag Market, Open Market, Perimeter Shops and Subsidiary Markets have all experienced a downturn in operating surplus. Costs escalation from increase in Business rates and increased legal costs to improve recovery of debt.	0.220	0.220	0.110
Regulation and Enforcement - Victoria Square	Loss of income potential due to New Street and Victoria Square being unavailable for events in 2020/21	0.148	0.000	0.000

Table 3: Future Year's Issues				
Future year's issue	Description of issue	Issue		
		2020/21	2021/22	2022/23
		£m	£m	£m
Waste Management Recycled Paper	Commercial rates for recycled paper have reduced sharply compared to the assumptions contained with the budget	0.120	0.120	0.120
Cultural Development	Cyclical repairs and maintenance to Museums	0.100	0.100	0.100
Sport - Moseley Road Baths	Statutory testing and maintenance costs to be incurred as part of a 3 year licence agreed with Moseley Road CIO	0.100	0.075	0.050
Directorate-wide	Support for the development of Business Improvement Districts across the City	0.100	0.100	0.100
Waste Management - Trade Waste Income	Reduction in customer base	0.050	0.050	0.050
Regulation and Enforcement - Centenary Square	Ongoing additional running costs for newly refurbished Centenary Square (new fountain and foliage)	0.025	0.025	0.025
Neighbourhoods - Assets of Community Value	Funding to fulfil the statutory duty of evaluating the suitability of categorising land or property as being an asset of community value	0.025	0.025	0.025
Revenue Implications of Capital Proposals	Revenue Implications of various Capital Schemes	0.014	(0.383)	0.305
Savings non-delivery				
Various savings proposals	Street Scene	0.750	0.550	0.550
Various savings proposals	Neighbourhoods	1.087	0.787	0.787
Disposal/Sale of land and property	Directorate-wide	0.700	0.700	0.700
Bereavement Services	Regulation and Enforcement	0.693	0.606	0.606
Housing Options - Temporary Accommodation	Housing Services	0.500	1.009	1.009
Total		17.327	15.509	15.912

Annex 8 Partnerships, Insight and Prevention

1. Executive Summary

- 1.1 The Council set the Partnerships, Insight and Prevention (PIP) Directorate a net budget of £4.0m for 2019/20 at its meeting on 26 February 2019. This net budget is after approving a savings programme of £0.6m. Following transfers of services from other Directorates as part of the Council's new structure the original net budget of £4.0m is revised to £6.4m. The net current budget for the Directorate is now £6.7m following further in year budget adjustments.
- 1.2 At Period 10 the Partnerships, Insight and Prevention (PIP) Directorate forecasts that net spend for the year will be £6.6m. This would result in an underspend of £0.2m which is a Base Budget underspend.

Table 1: Period 10 Forecast Outturn Position

Division of Service	Original Budget	Current Budget	Forecast Outturn	Forecast Base Budget Over/ (Under)	Forecast Savings Non-delivery	Forecast Over/ (Under)	Period 9 Forecast Over/ (Under)	Change since Period 9 (Improvement)/ Deterioration		Net Future Budget Issues not known when Budget set*		
										2020/21	2021/22	2022/23
	£m	£m	£m	£m	£m	£m	£m	£m	%	£m	£m	£m
Communications	1.340	1.338	1.320	(0.018)	0.000	(0.018)	(0.013)	(0.005)	(0.37)	0.150	0.150	0.150
Public Health	0.040	0.117	0.117	0.000	0.000	0.000	0.000	0.000	0.00	0.696	0.662	0.674
Community Safety and Resilience	1.605	1.910	2.112	0.202	0.000	0.202	0.202	0.000	0.00	0.070	0.000	0.000
Asst. Chief Exec	3.458	3.370	3.015	(0.355)	0.000	(0.355)	(0.289)	(0.066)	(1.96)	0.038	0.000	0.000
Directorate Total	6.442	6.735	6.564	(0.171)	0.000	(0.171)	(0.100)	(0.071)	(1.05)	0.954	0.812	0.824

*Details of future budget issues are provided in Table 2

Key issues identified since Period 9

- 1.3 The forecast underspend of £0.2m is an improvement of £0.1m since Period 9 as a result of vacancy management and other minor variations.

Savings “at risk” that are assumed to be delivered in the Forecast

- 1.4 There are no savings identified as “at risk” (i.e amber).

Potential Mitigations not yet included in the Forecast

- 1.5 There are no base pressures/savings non-delivery that require mitigation.

Risks identified but not yet included in the Forecast

- 1.6 There are no risks that have been identified.

Future Years

- 1.7 Table 2 describes issues that may impact on future years’ budgets.

Table 2: Future Year's Issues				
Future year's issue	Description of issue	Issue		
		2020/21 £m	2021/22 £m	2022/23 £m
Base Budget Pressures				
PP01	Service review to expand existing team to meet service demand and ensure compliance with Equality Act	0.646	0.662	0.674
PP02	One off funding to enable a software upgrade to systems within the central control centre	0.070	0.000	0.000
PP03	Corporate support to ensure the effective operation of the Strategic Programme Board until July 2020	0.038	0.000	0.000
PP04	Support priority Council communications and strategic marketing campaigns	0.150	0.150	0.150
PP05	Support the Council's revised action plan to address equality and diversity outcomes	0.050	0.000	0.000
Savings non-delivery				
N/A				
Mitigation				
N/A				
Total		0.954	0.812	0.824

Education & Skills Directorate

Annex 9 Dedicated Schools Grant (DSG)

1. Executive Summary

- 1.1 The Dedicated Schools Grant (DSG) is a highly prescribed and ring-fenced grant which is currently budgeted at £637.4m. It is the primary source of funding that is delegated /allocated to schools and other educational providers for their revenue costs as well as funding certain prescribed centrally managed provision. The funding is shown in Table 1 below. The latest total funding for Birmingham as notified by the Education Skills Funding Agency (ESFA) on the 20th November 2019 is £1,188.1m, of which £550.7m is currently recouped by the ESFA to directly passport funds to academies and free schools, leaving £637.4m.
- 1.2 The current DSG budget is £637.4m at period 10 and remains unchanged from period 9.
- 1.2 Period 10 the DSG forecasts that gross spend for the year will be £636.2m, which would result in an underspend of £0.9m. It is expected that any underspend will be appropriated to DSG Grant Reserves.

Table1

	Funding	Less	BCC	Forecast	Over/	Over/
		Recoupment	Funding	Period 10	(Under)	(Under)
					Period 10	Period 9
	£m	£m	£m	£m	£m	£m
Schools Block	918.160	524.035	394.125	394.125	0.000	0.000
High Needs Block	162.103	26.637	135.466	136.796	1.330	1.319
Early Years Block	89.754		89.754	87.571	(2.183)	(2.183)
Central Services Block	18.040		18.040	18.028	(0.012)	0.000
Total	1,188.056	550.671	637.385	636.520	(0.865)	(0.864)

Table 2 sets out the Period 10 forecast out-turn position for 2019/20

Table 2: Period 10 Forecast Outturn Position									
Directorate	Original Budget	Current Budget	Period 10 Forecast Outturn	Forecast Base Budget	Forecast Savings Non-	Forecast Over/ (Under)	Period 9 Forecast Over/	Change since Period 9 (Improvement)/ Deterioration	
	£m	£m	£m	£m	£m	£m	£m	£m	%
Service									
School Settings / Improvement	1.273	1.273	1.230	(0.043)	0.000	(0.043)	0.000	(0.043)	-3.4%
Admissions	1.434	1.434	1.465	0.032	0.000	0.032	(0.398)	0.429	30.0%
Education Skills & Infrastructure	0.047	0.047	0.047	0.000	0.000	0.000	0.000	0.000	0.0%
Early Years	63.350	63.333	61.150	(2.183)	0.000	(2.183)	(2.212)	0.029	0.0%
Placements, Traveller & Exclusions	1.684	1.484	1.054	(0.430)	0.000	(0.430)	0.000	(0.430)	-25.6%
Schools Delegated Budget	493.668	459.131	459.131	0.000	0.000	0.000	0.572	(0.572)	-0.1%
DHSSchool Funding Central	(653.064)	(626.662)	(626.662)	0.000	0.000	0.000	(0.129)	0.129	0.0%
LACES	1.467	1.467	1.365	(0.102)	0.000	(0.102)	(0.099)	(0.003)	-0.2%
Higher Needs	80.446	88.909	90.832	1.923	0.000	1.923	1.402	0.521	0.6%
Access to Education	5.663	5.663	5.602	(0.061)	0.000	(0.061)	0.000	(0.061)	-1.1%
Complex Needs Care	0.110	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.0%
Early Support Service	1.673	1.673	1.673	0.000	0.000	0.000	0.000	0.000	0.0%
Early Help&Childrens	0.069	0.069	0.069	0.000	0.000	0.000	0.000	0.000	0.0%
Business Support	2.180	2.180	2.180	0.000	0.000	0.000	0.000	0.000	0.0%
Directorate Total	(0.000)	(0.000)	(0.865)	(0.865)	0.000	(0.865)	(0.863)	(0.001)	0%

Key issues identified since Period 9

1.4 The key issues that are included within the DSG forecast underspend of £0.9m are:

• **High Needs.**

The level of spend on High Needs is an area of concern, which is a concern nationally. At the end of 2018/19 the gross deficit on High Needs block was £16.0m. A report to Schools Forum on the 19th June recommended the use of £2.7m of non-schools DSG reserves (other funding blocks) to reduce the cumulative High Needs Block deficit. The Directorate is developing and will be implementing a 3 year deficit recovery plan in 2019/20. This will be addressed as part of the additional funding of £26.6mm which was announced in December 2019.

Overall a pressure of £1.3m is currently being forecast for the DSG High Needs Block in line with period 9 and this is analysed over 4 services areas below

High Needs Service Area

The service is currently flagging a potential budget pressure on High Needs Services Area budget of £1.9m in 2019/20, though the final position will be dependent upon:

- Any additional costs resulting from any further placements of high cost pupils in Independent school provision.

This pressure is in addition to the High Need Block deficit of £13.3m referred to in the paragraph above.

The net overspend consists of both pressures and savings in 2019/20 across a number of areas is as follows:

- Special school and academies (including ESN) £1.4m Pressure
- Communication with Autism Teams provision for Children Out Of School £0.1m Pressure
- Resource Bases £0.3m Pressure
- Criteria for Special Provision (£0.13m) Saving
- Colleges/ FE providers Post16 & Post19 £1.4m Pressure
- Independent providers (including tripartite) (£2.2m) Saving
- Early years provision £0.1m Pressure
- Higher than average SEN (£0.1m) Saving
- Alternative Provision initiatives £1.0m Pressure

All of the above budgets are being reviewed monthly to take account of pupil movements and placements in provision.

Within the High Needs block there is a budget for Exclusions amounting to £0.4m in 2019/20, managed by the Head of the Virtual School. We had recently been informed by the Assistant Director of Inclusion and SEND that an overspend of £0.7m was expected in 2019/20 for invoices received to August 2019 from the provider Flexible Learning. Further work has been carried out to estimate the cost of excluded pupil placements (placements at Flexible Learning) for the period September 2019 to March 2020, based on invoices received for the months of September and October 2019. These have been extrapolated to estimate a further cost of £0.3m to the 31st March 2020. This is a significant pressure of £1.0m in total and a review of the circumstances and reasons for the overspend is underway.

Alternative Provision, Attendance and Independent School's

The service area have identified £0.4m of savings, due to

- Saving of £0.3m due to less than budgeted number of pupils being placed in alternative provision in 2019/20 to date.
- Staff vacancy saving of £0.1m
- Other savings on non-pay budgets of £0.1m

Access to Education

Service have identified a £0.1m underspend as a result of staff vacancies and additional income generated.

Virtual School (Looked After Children Education Service)

Service have identified a £0.1m underspend as a result of staff vacancies and charging relevant staff time to the Pupil Premium Grant. This is partly offset by the cost of agency cover.

• Early Years

Currently projecting an overall underspend on the Early Years DSG block of £2.2m and this as arisen in 2 areas detailed below:

DSG funding for 3 & 4 Years olds

DSG Funding from the ESFA is received and calculated using:

- 5/12ths of the January 2019 census pupil numbers
- 7/12ths of the January 2020 census pupil numbers

On the basis of funding and costs anticipated we are currently projecting an underspend in for 2019/20 of £2.0m using:

- Actual payment information we have available for Private, Voluntary and Independent provider's (PVI's) (confirmed May 2019 & October 2019)
- Trend data from previous years for PVI's and schools to cover payments to be made in January 2020.
- Trend data from previous years for PVI's and schools to estimate 7/12ths funding (September 2019 to January 2020)

This is being raised as a potential saving at period 9, however we will not be in a position to provide a final projection until the January 2020 census information is available.

Disability Access Fund

DAF budget for 2019/20 is £0.4m and current actual spend is £0.1m. Projecting the spend to year end using last year's trend will equate to a total spend in 2019/20 of approx. £0.2m, giving rise to a potential underspend of £0.2m.

• **Central School Services Block**

Currently projecting a financial position broadly in line with budget.

Risks identified but not yet included in the Forecast

1.5 Risks and mitigations identified but not yet included in the forecast

Budget risks that have not yet crystallised and mitigations that are being considered to address these, including financial implications, are:

• **Birmingham Community Equipment Loan Service**

A contribution of £0.3m is expected from DSG to support the contract for the equipment loan service. A contribution of around £0.1m towards this may be possible following the restructuring of the Physical Disabilities Support Service held with Access to Education however there is no budget to support the remaining £0.2m.

- **School Deficits.** The Directorate is supporting schools with deficits to either come out of deficit and/or stop them increasing. As at 31st March 2019 the net balance on schools was £47.4m, which comprised £59.0m surplus balances and £12.6m deficit balances. The growing level of deficit is an increasing concern since where those deficits are not addressed and schools are directed to become academies due to poor educational performance. BCC is currently expecting 15 schools to convert to academy status in the 2019/20 financial year, however this number could vary as a result of academy orders being received and slippage or advancement in expected conversion dates of schools. Of the schools converting a number are projected to have significant deficit balances that will remain with BCC, these are currently projected to amount to approximately £5.9m in 2019/20. The extent of the final deficits will not be confirmed until each school's deficit balance has been determined and confirmed with the school, in line with ESFA guidelines (4 months after the date of conversion). To date 6 school balances have been confirmed in 2019/20.

The deficit of £5.9m will be covered from the DSG Closing school's contingency of £0.8m and the balance will be met from revenue funding released through application of capital receipts. This will leave a balance of circa £2.9m of capital receipts for future deficits, from 2020/21 onwards, which poses a significant risk.

Admissions and Appeals. The service could receive less income approx. £0.1m due to unclear DfE guidance on charging of academies for admission appeals. In light of legal advice we are now raising invoices, however academies may dispute payment of these invoices.

Future Years

2.1 *Whilst the focus of this report is on the delivery of the 2019/20 budget, the monitoring process allows the opportunity to consider what issues may have been identified which have not been provided for in previous plans.*

2.2 Key future year's issues include.

High Needs Block

Nationally the gap between allocated high needs funding and local spending to meet demand is forecast to continue to increase. Increases in demand are due to many factors, and include:

- Additional unfunded statutory obligations arising from the 2014 SEND reforms
- Increasing numbers of pupils with high needs and increasing complexity of need.

The level of spend on High Needs is an area of concern, which is a concern nationally. At the end of 2018/19 the net cumulative deficit on High Needs was £15.5m. Latest modelling of pupil pipeline data shows that growth in demand is outstripping available local resources.

The Government have announced additional national funding of circa £700.0m for Special Needs. It has been confirmed in late December that Birmingham will receive additional funding for High Needs of £26.6m. This will contribute positively to addressing the pressures outlined along with the work underway on the transformation and modernisation of SEND provision which is being progressed by the Directorate.

School Deficit Balances

The Directorate is supporting schools with deficits to either come out of deficit and/or stop them increasing. As at 31/3/2019 the net balance on schools was £47.4m, which comprised £59.0m surplus balances and £12.6m deficit balances. The growing level of deficit is an increasing concern since where those deficits are not addressed and schools are directed to become academies due to poor educational performance BCC is required to fund the deficits.

The Directorate have produced and presented a School Financial Deficit Action Plan to CMT (13th May 2019) of the level of financial deficits in schools at the 2018/19 out-turn and outlined the action plan which has been developed to seek to minimise future levels of deficits, to avoid additional financial risk to the Council. A report was also taken to School Forum in June and further reports will be taken to CMT and School Forum on a quarterly basis.

The actions reported to School Forum in June covers a range of measures to strengthen action on deficits through the following:

- Identify a Schools Forum representative to sit on the Schools Finance Governance Board,
- Amend Schools Forums terms of reference to include the City Councils section 151 officer, who provides oversight of financial, statutory and constitutional requirements,
- Receive quarterly reports on the position of individual school budgets and the progress of actions being taken to address school deficits,
- Develop a Birmingham 'clawback' policy of individual surplus school balances, in order to maximise the designated School Budget across the City,
- Complete the DfE's Schools Forum self-assessment toolkit, to determine aspects of good practice and areas for further development,

Progress will be monitored through reporting to CLT and School Forum. The first report was presented to Schools Forum in September and a similar report will be presented to CLT in March / April 2020.

Annex 10 Housing Revenue Account**1. Housing Revenue Account**

- 1.1 A balanced overall revenue position is forecast, with any net overspends or underspends to be managed by corresponding adjustments to the level of funding of the capital programme from revenue, HRA borrowing repaid or reserves.

Description	Annual		
	Budget	Forecast	Variance
	£m	£m	£m
Expenditure	205.069	207.159	2.090
Income	(274.139)	(275.729)	(1.590)
Below the Line Analysis	69.070	68.570	(0.500)
Net Expenditure	0.000	0.000	0.000

- 1.2 There are no material changes to the position reported at Quarter 3
- 1.3 Overall there are sufficient underspends on HRA expenditure to cover current specific pressures where costs have been identified.

Annex 11 Savings Programme

Table 2a: Overview of the Forecast Delivery of the 2019/20 Savings Programme- Original Approved Savings								
Directorate	2019/20 Agreed Savings	On Track/ Fully Delivered against Programme	Blue - Fully Delivered	Green-On Track	Amber-At Risk	Red-Non Delivery	Purple- Undeliverable	One off Mitigations to adresss Savings Non-Delivery
	£m	%	£m	£m	£m	£m	£m	£m
Adult Social Care	(14.620)	100.0	(9.270)	(5.350)	0.000	(0.918)	0.000	0.000
Digital & Cust Services	(2.773)	89.5	(1.334)	(1.149)	0.000	0.000	(0.290)	(0.290)
Education & Skills	(8.797)	0.8	0.017	(0.084)	(5.027)	(1.985)	(1.718)	(3.703)
Finance & Governance	(2.301)	71.5	(0.958)	(0.688)	0.000	(0.187)	(0.468)	(0.468)
Human Resources	(0.514)	100.0	(0.514)	0.000	0.000	0.000	0.000	0.000
Inclusive Growth	(2.836)	96.5	(1.246)	(1.490)	0.000	(0.100)	(0.134)	0.000
Neighbourhoods Partnerships, Insight and Prevention	(14.982)	75.3	(6.308)	(4.974)	0.000	(1.077)	(2.623)	(0.170)
	(0.548)	100.0	(0.532)	(0.016)	0.000	0.000	0.000	0.000
Directorate Subtotal	(47.371)	71.6	(20.145)	(13.751)	(5.027)	(4.267)	(5.233)	(4.631)
Corporate Savings	1.180	100.0	1.180	0.000	0.000	0.000	0.000	0.000
Total Programme	(46.191)	70.8	(18.965)	(13.751)	(5.027)	(4.267)	(5.233)	(4.631)

Table 2b: Overview of the Forecast Delivery of the 2019/20 Savings Programme- One Off Savings								
Directorate	2019/20 Agreed Savings	On Track/ Fully Delivered against Programme	Blue - Fully Delivered	Green-On Track	Amber-At Risk	Red-Non Delivery	Purple- Undeliverable	One off Mitigations to adresss Savings Non-Delivery
	£m	%	£m	£m	£m	£m	£m	£m
Adult Social Care	(1.690)	100.0	(1.690)	0.000	0.000	0.000	0.000	0.000
Digital & Cust Services	(4.145)	100.0	(4.145)	0.000	0.000	0.000	0.000	0.000
Education & Skills	0.000	0.0	0.000	0.000	0.000	0.000	0.000	0.000
Finance & Governance	(0.530)	0.0	0.000	0.000	0.000	(0.530)	0.000	(0.030)
Human Resources	(0.204)	100.0	(0.204)	0.000	0.000	0.000	0.000	0.000
Inclusive Growth	(1.934)	27.5	(0.211)	(0.320)	0.000	(0.694)	(0.709)	0.000
Neighbourhoods Partnerships, Insight and Prevention	(3.582)	57.3	(0.700)	(1.354)	0.000	(0.409)	(1.119)	(0.419)
	0.000	0.0	0.000	0.000	0.000	0.000	0.000	0.000
Directorate Subtotal	(12.085)	71.4	(6.950)	(1.674)	0.000	(1.633)	(1.828)	(0.449)
Corporate Savings	0.000	0.0	0.000	0.000	0.000	0.000	0.000	0.000
Total Programme	(12.085)	71.4	(6.950)	(1.674)	0.000	(1.633)	(1.828)	(0.449)

Annex 12 Movement in Directorate Budgets Since Period 9

Movements in Directorate Budgets from Period 9 to Period 10	
	£m
Directorate Current Net Budget at Period 9	873.545
Directorate Current Net Budget at Period 10	873.024
Movements	(0.521)
Detailed Movements in Directorate Budgets from Period 9 to Period 10	
	£m
Borrowing from Invest to Save Reserve	
Reversal of Temporary Reduction in Borrowing from Invest to Save Reserve to fund new ERP system	1.016
General Policy Contingency Allocations from Invest to Improve Fund	
Funding for Route to Zero (R20)	0.109
Funding for Transformation Finance Officer	0.073
Contributions to Reserves	
Contribution to Commonwealth Games Reserve	(2.000)
Other	
Revenue benefits from disposal transferred to Directorates	0.256
Use of Capital Fund to fund NEC Film Studio	0.024
Grand Total	(0.521)