

**CORPORATE REVENUE BUDGET  
MONITORING REPORT AND MID  
YEAR REVIEW 2016/17  
MONTH 4**

**(up to 31<sup>st</sup> July 2016)**

**Section**

**1. Executive Summary..... 3**

**2. Directorate forecast position and new savings proposals ..... 5**

**3. Other corporate items..... 17**

**Appendices**

**1. Schedule of savings programme not deliverable..... 18**

**2. Schedule of new savings proposals for 2016/17..... 19**

**3. Summary Financial Position analysed by Directorate. .... 20**

**4. Detailed Financial Position analysed by Directorate..... 21**

**5. Overall Savings Programme..... 23**

**6. Policy Contingency ..... 25**

**7. Write offs..... 26**

## 1. Executive Summary

- 1.1 At the meeting on 1<sup>st</sup> March 2016, the Council agreed a Net revenue budget for 2016/17 of £835.281m to be met by business rates income, government grants and council tax payers. The Council Business Plan and Budget 2016+ is available via the Birmingham City Council website.
- 1.2 Due to the exceptional level of financial pressures identified at Month 2, a mid-year review has been undertaken based on the latest position at Month 4. This review identifies the extent to which Directorates can mitigate these pressures through delivery of existing savings, one-off mitigations and, where necessary, the identification of new savings proposals for approval by Cabinet.
- 1.3 Latest projections (as summarised in Table 1 below) indicate pressures of £9.692m in the base budget delivery at year-end and £40.857m within the savings programme which are now not considered to be deliverable, giving a combined total of £50.549m as the year end projection. As part of the mid-year review, Directorates have identified new savings proposals of £4.171m. There are also corporate mitigations of £8.796m. The total revised forecast after mitigations at Month 4 is £37.582m. This is summarised in Table 1 below and discussed in further detail in Sections 2 and 3 of this report.

**Table 1 – Total Forecast at Month 4 after New Savings Proposals**

Directorate	Net base budget pressures £m	Savings programme – Not Deliverable £m	New Savings Proposals £m	Total Forecast at Month 4 £m
People	6.880	32.103	(3.771)	35.212
Place	4.312	8.464	(0.400)	12.376
Economy	0.000	1.250	0.000	1.250
Corporate Resources	0.000	0.290	0.000	0.290
Sub-total Directorates	11.192	42.107	(4.171)	49.128
Corporate Mitigations	(1.500)	(1.250)	(8.796)	(11.546)
<b>Total</b>	<b>9.692</b>	<b>40.857</b>	<b>(12.967)</b>	<b>37.582</b>

- 1.4 The above position assumes that £13m will be received from Health as a result of NHS bodies collectively being able to operate within their control totals and release the 1% non-recurrent contingency CCGs are required to hold for BCC care costs.

- 1.5 The delivery of the 2016+ savings programme was recognised in the Business Plan 2016+ as being extremely challenging. As part of the mid-year review, a pragmatic assessment has been made of the extent to which savings can still be achieved. It has now been concluded that some elements of the programme are not deliverable, in whole or in part, although efforts will continue to be made to maximise the delivery of savings wherever possible. Those savings which are not now considered to be deliverable are listed in Appendix 1.
- 1.6 However, Directorates have been able to identify some new savings opportunities; these are set out in Appendix 2. Where these proposals require public or staff consultation, this will be led by the appropriate Directorate and implementation will be subject to these consultation processes and the necessary formal approval. The impact in future years will be dealt with as part of the 2017+ budget process.
- 1.7 Work will continue to further reduce the projected overspend, with a strong management emphasis on controlling and avoiding expenditure. Progress will be reported on in future months. The overall Net budget agreed by Council as part of the Business Plan 2016+ is not being amended as a result of the mid-year review. Despite the actions being put in place, it must be recognised that the risk of a 'Council-wide' overspend at year end is substantially higher than in recent years. The Council's financial planning has anticipated the possibility of such circumstances, via the maintenance of the Organisational Transition Reserve. After existing planned commitment this contains an unallocated balance of £60m, "available as a contingency to provide a level of safeguard." This unallocated balance is available, if necessary, to address any residual year end overspend. The potential impact on this reserve will be taken into account in the preparation of the 2017+ Business Plan.
- 1.8 Cabinet are also requested to approve the writing off of Business Rate income as identified in Appendix 7 of this report.

## 2. Detailed Revenue Commentaries by Directorate

The following paragraphs comment on the major financial issues identified at this point in the year. Detailed figures for each Directorate are shown in Appendix 3.

### 2.1 People Directorate

The Directorate is forecasting a variation of £35.212m after proposed new savings (Month 2 £50.867m). This is made up of pressures of £6.880m (Month 2 £6.134m) on the base budget and net £28.332m (Month 2 £44.733m) of savings deemed to be not deliverable in 2016/17.

The reduction of £15.655m since Month 2 primarily relates to proposed new savings of £3.771m and the assumed receipt of £13.000m from Health offset by growth in the number of agreed Adults Care Packages.

#### **Base Budget**

The base budget pressure of £6.880m forecast at Month 4 relates to the following:

##### Adults - £8.045m pressure

- **Adult Social Care Packages - £2.144m pressure**

This represents the gap between the estimated budget requirements for packages of care and the forecast commitment based on current packages of care. The position has increased by £0.556m since Month 2 as a result of new placements and a net increase in new Home Support packages.

Additional funding was included in the Business Plan and Budget 2016+ for demographic growth. However, the numbers of funded adults receiving care services has increased by 14% overall over the last three years. The increase in numbers and hence costs of both Younger Adult packages, particularly Adults with Learning Disabilities, and Older Adults has increased over the first four months, resulting in an additional pressure from demographic increase. In 2016/17 it is projected that this increase will continue to be above the level of additional funding.

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

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

- reviewing the use of additional resources made available for new Care Act responsibilities
- ensuring that the budget correctly reflects all available income to the service and data cleansing the information in Care First to ensure that the

commitment on which the projected spend is based is as accurate as possible

- holding back on avoidable commitments and review of workforce commitments

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

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

‘The Cheshire West Judgement’ increased considerably the number of people who may be deprived of their liberty and therefore subject to the statutory scheme contained in the Mental Health Act 2005.

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

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

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

To the extent that there is a base budget pressure in 2016/17, it has already been agreed as part of the Month 2 Corporate Revenue Monitoring report that this will be dealt with corporately. This has been reflected within Corporate Mitigations in Table 1.

- **Homelessness - £2.815m pressure**

The projected pressure includes additional Temporary Accommodation costs of £2.135m. There is also a fundamental review underway of the provision for bad debts and early indications show an in-year increase of £0.680m in bad debts in 2016/17.

The Council has a statutory duty to homeless people which includes a duty to provide temporary accommodation. The Council meets this duty through providing a range of different temporary accommodation options for households including hostels, bed and breakfast accommodation (B&B), Council housing stock and properties procured from the private rented sector. The number of people presenting to the Council as homeless has increased significantly during

the past 12 months and the availability of suitable property has become scarce and more expensive. Indications are that this is a national problem and may continue to increase in the foreseeable future.

A further consequence relating to the lack of supply of suitable housing is an increase in the rate paid to procure the required accommodation. The payment levels are now above the benefit rates and this has resulted in additional cost for the Council. The People Directorate is required to meet the shortfall between the subsidy cap and the rental levels. The Directorate is reviewing options to address this ongoing pressure. A business case is being developed to explore usage of redeveloping HRA properties to house homeless citizens. However, this does have capital cost implications. Relationships are being brokered with third sector housing providers to explore mutual benefits to maximising this market for the use of homelessness services.

- **Other net variations - £1.586m pressure**

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

### Children - £1.165m underspend

- **Education Service Grant (ESG) - £0.681m pressure**

Reductions of £2.400m were required in 2016/17 to offset the impact of changes in ESG grant. Various mitigations have been identified and applied but there is still a residual amount of £0.681m for which mitigations have not been identified.

- **Early Help & Children's Social Care - £2.259m underspend**

There is a projected £1.460m underspend in internal foster care. The service has undertaken a review of current internal foster care capacity in readiness for implementation of the next phase of the improvement plan to grow the in house service. This has resulted in fewer higher cost external fostering and residential placements.

There is a projected underspend of £1.200m due to a longer mobilisation period on the phased go live of the residential block contract due to securing planning permission and OFSTED registration for individual properties.

The reduction in the number of externally commissioned residential and community based assessment has resulted in a further underspend of £0.370m. This is due to more direct social work with families which mitigates court requests for separate independent assessments.

In addition there are other net underspends of £0.099m.

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

There is also a pressure of £0.520m due to budgets being inadequate to cover costs of legal disbursements. This may become a more concerning issue in the event of an increase in cases being issued – nationally there is an increase.

- **Travel Assist - £0.500m pressure**

A forecast budget pressure of £0.500m is reported on pupil guides arising from factors such as increased demand for Guiding hours and increase of casual cover for additional routes not covered by permanent Guides. These are expected to create an overspend of £0.839m. However it is anticipated that this will be mitigated by reductions from September to reflect actions to achieve travel assist savings and, therefore, an overall pressure of £0.500m is forecast. Further work is required by the service to better understand and explain the factors at work and improve the overall level of monitoring and management information which in turn may require major system and process changes.

- **Other net variations- £0.087 underspend**

These mainly relate to a £0.243m pressure on Other Education and £0.162m on Unattached Playing Fields offset by £0.492m underspend on Disabled Children Social Care as a result of fewer placements than budgeted.

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

### **Savings Programme**

Following the mid-year review, an assessment has been undertaken of those savings that are no longer deemed to be achievable in 2016/17. Details of these are shown in Appendix 1.

People Directorate are forecasting savings not deliverable of a net £28.332m.

Following on from the Future Council programme, initiatives in the Maximising Independence of Adults (MIA) work-stream have been brought together as an overall change programme. This will have connections with the Better Care Fund (BCF) and the Sustainability and Transformation Plan (STP). The Programme will work to deliver key offers to support vulnerable adults by helping them to help themselves, offering help when it is needed, and providing ongoing support for those who need it. It has three Sub-Programmes: Assessment and Support Planning Customer Journey, Market Shaping, and Prevention. The Programme is responsible for delivering a number of savings initiatives. However, it is now clear that not all original planned savings are deliverable.

The explanations are as follows:

#### Adults - £15.147m

- **Adult Care Packages - £13.133m**

The Adult Social Care Service has delivered significant savings in recent years whilst tackling the continued increases in demand. Savings were achieved against the Younger Adults re-provisioning programme up to the end of 2015/16



through re-assessments of younger adult clients and moves to more appropriate care settings or through changes to the arrangements commissioned from some providers. However, the scale and pace of the savings targets have proved to be very challenging and there continues to be a shortfall against the figures included in the budget.

The People Directorate Leadership Team is actively looking at how best to implement further savings and, where necessary, is considering appropriate alternative activities to mitigate this shortfall. The Operations Board approved a revised set of projects which reflect the activity in the Programme that is working towards the overall savings targets in this area of the Directorate's services.

- **Supporting People (SP)- balanced position**

The commissioning of new SP contracts for Disabilities was delayed by three to four months due to the complexity of introducing new arrangements together with the commissioned services from the Third Sector. It has been agreed that this pressure of £1.054m will be covered in 2016/17 by a transfer from the Supporting People reserve.

- **Specialist Care Services - £2.014m**

- Enablement £1.500m: A review of the enablement service is being undertaken. Specific plans are currently being evaluated to change the way the service operates.
- Care Centres £0.514m: Cabinet on 26<sup>th</sup> July 2016 agreed to consult on changes in the use of two of the four Care Centres. The outline Business Case identified that the preferred option would not deliver the savings target of £0.300m in 2016/17 and that there are likely to be one-off costs which would lead to a higher overall pressure.

### Health - £15.400m

- **Better Care Fund (BCF) - balanced position**

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

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

The position assumes that £13m will be received from Health as a result of NHS bodies collectively being able to operate within their control totals and release the 1% non-recurrent contingency CCGs are required to hold for BCC care costs. This represents the £8.400m referred to above and a further contribution of £4.600m towards the £20m set out in the paragraph below.

- **Sustainability and Transformation Plan (STP) - £15.400m**

The STP is a Government requirement to make wide reaching changes to the national health and social care system. Sustainability and Transformation Plans are being prepared by 44 areas across the country including the Birmingham and Solihull area. This offers the opportunity to build a place based collaborative care and health system that moulds itself around the needs of local people. A System Board has been established in order to oversee the preparation of the STP, and manage its subsequent delivery. The City Council's Business Plan 2016+ has assumed £20m of efficiency savings resulting from whole system change on adult social care and NHS spend. This and later year assumptions, combined with the BCF savings described above, have been incorporated into the STP gap analysis. An updated position will be reported in due course as part of future monitoring reports.

### Children - £1.556m

- **Travel Assist - £1.388m**

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

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

The total saving of £0.268m has been brought forward from 2015/16 as the action plan for savings progressed slowly during last year due to complex legal issues. This covers 31 unattached playing fields with a number of different solutions. Options are being considered ranging from transfer to schools, renegotiation of leases and disposal of sites. There is expected to be an in year shortfall against delivery of £0.168m due to the complexities around delivery of the saving.

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

Work has been undertaken by the service to reduce the costs and affordability gap associated with the PFI / BSF contracts. For 2016/17 this is expected to yield total savings of £1.863m, of which approximately £1.000m is non recurrent. This will be used to fully meet the savings target of £0.700m in year

and the balance of £1.163m will be used to offset the ongoing PFI pressure from 2015/16 and Education Services Grant base budget shortfall.

### New Savings Proposals – (£3.771m)

People Directorate has identified £3.771m of new saving proposals. These relate primarily to additional element of the Maximising Independence of Adults programme and a review of legacy and third party contracts held within People Directorate. A detailed list of the new savings proposals which represent new policy decisions is available in Appendix 2 of this report.

## **2.2 Place Directorate (excluding Housing Revenue Account)**

The Directorate is reporting a forecast variation of £12.376m after mitigations (Month 2 £8.195m), made up of pressures of £4.312m (Month 2 £4.566m) on the base budget and a net £8.064m (Month 2 £3.629m) of Savings Programme deemed to be not deliverable in 2016/17.

The increase of £4.181m since Month 2 is mainly due to savings identified as at risk in Month 2 for Waste Management Services and Neighbourhood Services being reviewed for deliverability and re-categorised as savings not deliverable. This has been offset by proposed new savings of £0.400m.

### **Base Budget**

A base budget pressure of £4.312m is forecast at Month 4 relating to the following:

- **Waste Management Services - £2.634m pressure**  
A Service Improvement Plan has been developed and is being implemented to stabilise the service following the completion of the roll out of the wheeled bins. A number of projects and management actions are being implemented including: performance management framework, optimising the route planning, reducing missed collections, waste prevention and enforcement, rebalancing the workforce and reducing agency staff and completing the restructuring of the back office support. This base budget pressure relates primarily to employees and other operational costs in the delivery of the new service and this is expected to reduce as the Service Improvement Plan continues to be implemented.
- **Sport and Events - £1.000m pressure**  
This represents the new strategy relating to the externalisation of Alexander Stadium. The initial strategy is not considered feasible following consultation with the market and a new procurement strategy is now planned (a separate report is being taken to Cabinet on 20<sup>th</sup> September 2016). This will result in an additional pressure (representing the net operating costs of the service that were planned to be mitigated through the externalisation of the Service).

- **Other Services - £0.678m pressure**

This relates to:

- £0.150m for Markets, due in part to the on-going legal lease negotiations and the impact from the relocation of the existing traders to the new Wholesale Market in Witton. This is the net pressure after mitigations from the resources set out to develop the new Wholesale Market
- Regulatory Services of £0.352m. These relate to a range of services including Registrars (lower income than expected), Coroners (greater external autopsy fees) and Licensing
- Other minor pressures of £0.176m

### **Savings Programme**

Following the mid-year review an assessment has been undertaken of those savings that are no longer deemed to be achievable detail of these are shown in Appendix 1.

Place Directorate is forecasting savings not deliverable of a net £8.064m. This is as follows:

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

The saving was largely predicated on securing some potential funding for the Safer Places Team and the CCTV Network from the Local Police and Crime Panel (PCC) (it is important that our work with the PCC continues effectively and alternative City Council proposals will be developed for future years to mitigate this pressure). There was also an element relating to the development of the future operating model for the Equalities Team and a new operating model is now being developed in consultation with staff. This will be implemented by March 2017.

- **Neighbourhood and Community Services - £2.166m**

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

- **Waste Management Services - £4.366m**

The major savings not deliverable include the transfer of the Queslett Site to private ownership, the partial delivery of the three R's project to Reduce, Reuse and Recycle waste, the redesign of street cleaning and the proposal to pass on cost new bins on to the developers of new estates. It is proposed to offset this by £1m through improving the waste collection service performance from January 2017. The actions that have been identified in the Service Improvement Plan to deal with the base budget pressures will also assist in the management of the savings programme.

- **Other Services - £0.810m**

This relates to a range of services including Licensing, Coroner and Mortuary, Markets and unachieved income / reduction in Parks costs. This has been offset by use of reserves (mainly underspend balances from 2015/16) and other technical adjustments including capitalisation of maintenance.

- **New Savings Proposals - (£0.400m)**

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

A number of new savings proposals in 2016/17 which represent new policy decisions are included within Appendix 2 of this report

### 2.3 Economy

Economy is reporting a forecast variation of £1.250m (no movement from Month 2) relating to the Savings Programme deemed to be not deliverable in 2016/17.

#### **Base Budget**

There are no base budget pressures being forecast within Economy.

#### **Savings Programme**

Following the mid-year review an assessment has been undertaken of those savings that are no longer deemed to be achievable in 2016/17.

Economy is reporting £1.250m of savings not deliverable at Month 4.

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

The Council plans to put in place significantly tighter management of its energy bill and carbon liabilities via a number of initiatives. The implementation of these initiatives is highly complex and cuts across Directorates. It has already been agreed as part of the Month 2 Corporate Revenue Monitoring report that the extent to which there is non-delivery of the saving will be mitigated corporately. This has been reflected within Corporate Mitigations in Table 1.

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

This relates to the establishment of an Energy Services Company providing cheaper, greener energy to people in Birmingham in conjunction with delivering an income stream for the Council. Implementation is highly complex and a briefing paper is being prepared exploring options, with a report to Cabinet

planned for the end of the financial year. It has already been agreed as part of the Month 2 Corporate Revenue Monitoring report that the extent to which there is non-delivery of the saving will be mitigated corporately. This has been reflected within Corporate Mitigations in Table 1.

## **2.4 Corporate Resources**

Corporate Resources is reporting an overspend position of £0.290m after mitigations (Month 2 £2.914m). This relates to an assessment of the deliverability of the Savings Programme.

The decrease in pressures since Month 2 is mainly as a result of additional savings from the investment costs of the B1 move and savings being achieved in year from reserves and balances, offset by an assessment of the deliverability of the saving relating to paying suppliers faster in exchange for discounts.

### **Base Budget**

There is a forecast break-even position at Month 4. This includes £0.617m for pension costs relating to staff seconded to Service Birmingham offset by additional savings of £0.385m from the investment cost of the B1 move and other minor net reductions of £0.062m.

It is anticipated that the remaining pressure of £0.170m will be mitigated by the Directorate.

### **Savings Programme**

Following the mid-year review an assessment has been undertaken of those savings that are no longer deemed to be achievable in 2016/17.

At Month 4 the Savings Programme is forecasting savings not deliverable of £0.290m. This relates to a new supplier finance scheme which is being introduced across the supplier base and is dependent upon both demand and timing of council approval processes. Work is underway on both of these aspects and although a small element of around £0.010m will be delivered in year, the majority of the saving is considered not deliverable.

The Integrated Support Services (ISS) initiative is now well advanced, with the design phase completed and consultation having started in June 2016. The 2016/17 savings target of £9.500m will be partly met by the in-year effect of the implementation of structure changes and service re-design, and partly from the application of Directorate reserves and balances.

## 2.5 Housing Revenue Account

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

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

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

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

## 2.6 Collection Fund

The monitoring arrangements for the Collection Fund include reporting on the in-year position for Council Tax and Business Rates. However, for the most part, the impact on the budget is as set out in the Council Business Plan and Budget 2016+, with any surplus or deficit being required to be carried forward and taken into account as part of the 2017/18 budget setting process.

### Council Tax

The overall net budget for Council Tax is £289.8m in 2016/17. In addition, the Council collects the precepts on behalf of the Fire and Police Authorities. An in-year surplus is forecast, of which the Council's share is expected to be £3.716m. The main reasons for this are a decrease in the forecast of Council Tax Support Discounts of £1.366m compared with the budget, a decrease in other reliefs awarded (mainly single person discounts) of £0.436m, an increase in the net growth forecast £1.440m due to additional new properties, plus an anticipated net reduction in prior years adjustments of £0.474m compared with the budget. In addition, a cumulative surplus brought

forward from 2015/16 (over and above that budgeted for) has previously been reported in the 2015/16 Outturn Report, of which the Council's share is £1.335m.

The Council's share of the forecast total surplus is therefore £5.051m (£3.716m in year plus £1.335m brought forward), which is expected to be carried forward and taken into account in the 2017/18 budget setting process.

### Business Rates

Currently the Council retains just under half of all business rates collected under the Business Rates Retention Scheme. The overall budgeted level of Business Rates in 2016/17 is £420.1m (excluding Enterprise Zone growth), of which the Council's retained share is £205.8m. An in-year deficit is forecast of which the Council's share is expected to be £1.626m. The main reasons for this are an increase required for the provision for bad and doubtful debts of £0.558m, a further contribution required for valuation appeals of £0.980m, plus an increase in other reliefs of £0.088m.

The increase in the doubtful debt provision is due to the progression of older debtors through the enforcement process coupled with the increasing age of these outstanding liabilities. The Council are working with Service Birmingham in order to ensure that the collection of more recent debt is in line with budgeted expectations as part of the Revenues Contract.

The latest information from the valuation office indicates a further increase in expected losses as a result of rating appeals due mainly to additional unexpected reductions for GP surgeries over and above those previously anticipated, plus the impact of additional backdated settlements as a consequence of the Metro works in the City Centre. The Council are working closely with Central Government as part of the wider reforms to Business Rates retention including a review of the appeals process and the impact it has had on local government finances.

In addition to the in-year position, a cumulative deficit brought forward from 2015/16 (over and above that budgeted for) has previously been reported in the 2015/16 Outturn Report, of which the Council's share is £2.710m.

An overall forecast deficit of £4.336m (£1.626m in year plus £2.710m brought forward) relating to the Council's share is therefore anticipated to be taken into account in the budget setting process for 2017/18.

Taking the position on Council Tax and Business Rates together a total surplus of £0.715m (£5.051m Council Tax Surplus less £4.336m Business Rates Deficit) relating to the Council's share is anticipated to be carried forward and taken into account in the 2017/18 budget setting process.

In addition, aspects of the Business Rates regime also impact on the General Fund in the form of grants for specific types of reliefs awarded. There is a forecast increase in income of £0.186m anticipated for the General Fund relating to Business Rates that will impact upon the current year. This is mainly due to additional government funded reliefs awarded for small businesses plus backdated relief awards for some retail premises.



### 3.0 Other Corporate Items

#### Corporate Mitigations

As part of the Month 2 Revenue Monitoring report to Cabinet on 26<sup>th</sup> July 2016, corporate mitigations of up to £2.750m were approved. These covered mitigations for Deprivation of Liberty Safeguards of £1.500m, reducing the Council's energy bill of £0.600m and establishment of an energy company of £0.650m to the extent that there is a pressure or non-delivery of the saving by the year end.

A further mitigation of £8.796m has been identified as part of this report and relates to Treasury Management. This is as a result of interest savings arising from lower than budgeted interest rates, plus the benefit of a short term borrowing strategy to fund the Council's new prudential borrowing agreed since the budget.

Further work is ongoing relating to the relaxation of the application of capital receipts and the Council's Efficiency Strategy as described in the Business Plan.

#### General Policy Contingency

It is proposed to allocate £0.075m from General Policy Contingency to support the initial start-up costs of the Youth Active Trust.

If approved, this would leave a balance on General Policy Contingency of £2.969m.

## Savings Programme not Deliverable by Directorate

Directorate	Description	Total Savings Programme 2016/17	Savings not Deliverable 2016/17	Balance 2016/17	Non-Delivered in Part (P) / Full (F)
		£m	£m	£m	P/F
CORP RESOURCES	CC22 Pay suppliers faster in exchange for discounts	0.300	(0.290)	0.010	P
<b>CORP RESOURCES</b>	<b>TOTAL</b>	<b>0.300</b>	<b>(0.290)</b>	<b>0.010</b>	
ECONOMY	E2 Reduce the Council's energy bill	0.400	(0.400)	0.000	F
ECONOMY	Reduce the Council's energy bill - unachieved savings from 15/16	0.200	(0.200)	0.000	F
ECONOMY	E19 Establish an Energy Services Company	0.650	(0.650)	0.000	F
<b>ECONOMY</b>	<b>TOTAL</b>	<b>1.250</b>	<b>(1.250)</b>	<b>0.000</b>	
PEOPLE	MIA5 Internal Care Services - Younger Adults Day Care	0.702	(0.702)	0.000	P
PEOPLE	MIA14 Introduce charges for Telecare and reducing spend on joint equipment contracts	1.600	(0.800)	0.800	P
PEOPLE	MIA16 Internal Care Review - Occupational Therapy	0.020	(0.020)	0.000	F
PEOPLE	P2-P9 Younger Adult Savings	3.819	(2.819)	1.000	P
PEOPLE	P2- Adults- Business Transformation- undelivered savings from 15/16	4.688	(4.688)	0.000	F
PEOPLE	P4-Changes in internal services – Older Adult Day Care & Elder Group unachieved in 15/16	0.097	(0.097)	0.000	F
PEOPLE	P5-Changes to internal services – Learning Disability Day Care - unachieved in 15/16	0.250	(0.250)	0.000	F
PEOPLE	P6-Expansion of internal services – Shared Lives - unachieved in 15/16	1.707	(1.707)	0.000	F
PEOPLE	P7-Changes in internal services – Home Care Enablement - unachieved in 15/16	1.050	(1.050)	0.000	F
PEOPLE	P9-Joint Adults and Children's approach to transitions - unachieved in 15/16	1.000	(1.000)	0.000	F
	<b>Adult Care Packages</b>	<b>14.933</b>	<b>(13.133)</b>	<b>1.800</b>	
PEOPLE	MIA17 Internal Care Review - Home Care Enablement	1.500	(1.500)	0.000	F
PEOPLE	MIA18 Internal Care Review - Care Centres	0.300	(0.514)	(0.214)	P
	<b>Specialist Care Services</b>	<b>1.800</b>	<b>(2.014)</b>	<b>(0.214)</b>	
	<b>ADULTS SUBTOTAL</b>	<b>16.733</b>	<b>(15.147)</b>	<b>1.586</b>	
PEOPLE	MIA3 Promote independent travel and reduce reliance on council funded transport, underpinned by clear policy	2.463	(1.388)	1.075	P
PEOPLE	P24 - Unattached playing fields - Unachieved savings from 15/16	0.268	(0.168)	0.100	P
PEOPLE	<b>CHILDREN'S SUBTOTAL</b>	<b>2.731</b>	<b>(1.556)</b>	<b>1.175</b>	
PEOPLE	MIA10 Redesign and integrate services at scale across the health and social care economy	20.000	(15.400)	4.600	P
	<b>HEALTH SUBTOTAL</b>	<b>20.000</b>	<b>(15.400)</b>	<b>4.600</b>	
<b>PEOPLE</b>	<b>TOTAL</b>	<b>39.464</b>	<b>(32.103)</b>	<b>7.361</b>	
PLACE	PL30-Community Safety and Equalities	0.322	(0.322)	0.000	P
PLACE	SN50 Community Safety	0.800	(0.800)	0.000	F
PLACE	<b>Community Safety and Equalities</b>	<b>1.122</b>	<b>(1.122)</b>	<b>0.000</b>	
PLACE	CC27 Open for Learning - Community Libraries element only	0.300	(0.300)	0.000	P
PLACE	EGJ7 Create a commercial model for business support	0.028	(0.014)	0.014	P
PLACE	PL20-Birmingham Careers Service (Connexions)	0.131	(0.105)	0.026	P
PLACE	PL40c-Community Development	0.248	(0.248)	0.000	P
PLACE	PL40e-Neighbourhood Advice	0.216	(0.216)	0.000	P
PLACE	SN13 Reduce number of play areas	(0.020)	0.020	0.000	P
PLACE	Community Libraries - Unachieved savings from 15/16	0.759	(0.759)	0.000	P
PLACE	PL4 Review of property portfolio Community Development (undelivered from 15/16)	0.181	(0.181)	0.000	P
PLACE	PL6 Neighbourhood Advice (undelivered from 15/16)	0.290	(0.200)	0.090	P
PLACE	PL40a Community Play (undelivered from 15/16)	0.174	(0.163)	0.011	P
	<b>Neighbourhood and Community Services</b>	<b>2.307</b>	<b>(2.166)</b>	<b>0.141</b>	
PLACE	SN7 Reduce Reuse Recycle - Reduce failures/failed waste collections	3.082	(1.682)	1.400	P
PLACE	SN16 Reduce Reuse Recycle - Discourage traders from illegal use of the council's household recycling centres (HRCs)	0.094	(0.094)	0.000	P
PLACE	SN17 Reduce Reuse Recycle - Reduce imported waste costs	0.391	(0.391)	0.000	P
PLACE	SN18 Reduce Reuse Recycle - Passing initial cost of bins, waste collection and recycling onto the developers of new estates/house builders	0.180	(0.180)	0.000	P
PLACE	SN19 Transfer Queslett landfill site to alternative ownership	0.269	(0.269)	0.000	P
PLACE	SN20 Redesign street cleansing and a combination of enforcement, education and community marketing to encourage residents and businesses to keep streets/footpaths tidy	1.500	(1.500)	0.000	P
PLACE	Refuse & Waste Disposal - Unachieved savings from 15/16	0.700	(0.250)	0.450	P
	<b>Waste Management Services</b>	<b>6.216</b>	<b>(4.366)</b>	<b>1.850</b>	
PLACE	PL17-Coroner and Mortuary	0.095	(0.095)	0.000	P
PLACE	SN4 Extend parking charges at parks	0.020	(0.020)	0.000	P
PLACE	SN26 Discontinue Non Framework Contract at Health and Wellbeing Centres	1.410	(0.400)	1.010	P
PLACE	SN28 Reduction in costs (Parks)	0.300	(0.300)	0.000	P
PLACE	SN32 Income Generation from Coton Nursery	0.306	(0.306)	0.000	P
PLACE	SN45 Disposal of unwanted/under utilised parks land (8 acres per year)	0.200	(0.200)	0.000	P
PLACE	Licensing - Unachieved savings from 15/16	0.339	(0.339)	0.000	P
PLACE	Markets - Unachieved savings from 15/16	1.000	(0.150)	0.850	P
	Technical Mitigations	0.000	1.000	1.000	P
	<b>Other Services</b>	<b>3.670</b>	<b>(0.810)</b>	<b>2.860</b>	
<b>PLACE</b>	<b>TOTAL</b>	<b>13.315</b>	<b>(8.464)</b>	<b>4.851</b>	
<b>DIRECTORATE</b>	<b>GRAND TOTAL</b>	<b>54.329</b>	<b>(42.107)</b>	<b>12.222</b>	

Notes: The appendix reflects variations to existing savings based on the position in the Business Plan 2016+ and undeliverable savings carried forward from 2015/16, the latter being shown in the table above by \*.

## Appendix 2

### NEW SAVINGS PROPOSALS

Directorate	Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m
PLACE	Review of all Operational Service 'Back Office' Business Support	(0.200)	(0.800)	(0.800)	(0.800)	(0.800)
PLACE	Review & Revision of Service Standards for Grounds Maintenance in Parks	(0.200)	(0.600)	(0.600)	(0.600)	(0.600)
<b>PLACE</b>	<b>SUBTOTAL</b>	<b>(0.400)</b>	<b>(1.400)</b>	<b>(1.400)</b>	<b>(1.400)</b>	<b>(1.400)</b>
	<b>Contract Review</b>					
PEOPLE	Trident - Payment By Results	(0.382)				
PEOPLE	Gateway service	(0.152)	(0.253)	(0.253)	(0.253)	(0.253)
PEOPLE	Carers small grant	(0.200)	TBD	TBD	TBD	TBD
PEOPLE	Substance Misuse service user quality assurance	(0.022)	(0.087)	(0.087)	(0.087)	(0.087)
PEOPLE	Third Sector - Mental Health and Employment	(0.110)	(0.440)	(0.440)	(0.440)	(0.440)
PEOPLE	Review payments for out of contract services	(0.078)	TBD	TBD	TBD	TBD
	<b>Opportunities for Adult Care</b>					
PEOPLE	Review and audit of Care First payments system	(0.100)	(0.500)	(0.500)	(0.500)	(0.500)
	<b>Health Opportunities</b>					
PEOPLE	MIA104 Integrated Community Social Work - The Offer - NEW	(2.727)	(4.700)	(5.700)	(5.700)	(5.700)
<b>PEOPLE</b>	<b>SUBTOTAL</b>	<b>(3.771)</b>	<b>(5.980)</b>	<b>(6.980)</b>	<b>(6.980)</b>	<b>(6.980)</b>
	<b>GRAND TOTAL</b>	<b>(4.171)</b>	<b>(7.380)</b>	<b>(8.380)</b>	<b>(8.380)</b>	<b>(8.380)</b>

#### Notes:

The appendix reflects variations to existing savings based on the position in the Business Plan 2016+. Further details will be available via the Birmingham City Council website.

**Table 1 - Summary forecast position of base budget pressures and savings programme not deliverable**

Directorate	Current Budget £m	Net Base Budget Pressures			Savings Programme not Deliverable			New Savings Proposals as at Month 4 £m	TOTAL		
		as at			as at				as at		
		Month 2 £m	Month 4 £m	Movement £m	Month 2 £m	Month 4 £m	Movement £m		Month 2 £m	Month 4 £m	Movement £m
People Directorate	473.644	6.134	6.880	0.746	44.733	32.103	(12.630)	(3.771)	50.867	35.212	(15.655)
Place Directorate	134.663	4.566	4.312	(0.254)	3.629	8.464	4.835	(0.400)	8.195	12.376	4.181
Economy Directorate	67.988	0.000	0.000	0.000	1.250	1.250	0.000	0.000	1.250	1.250	0.000
Corporate Resources	36.539	0.914	0.000	(0.914)	2.000	0.290	(1.710)	0.000	2.914	0.290	(2.624)
<b>Sub-total Directorates</b>	<b>712.834</b>	<b>11.614</b>	<b>11.192</b>	<b>(0.422)</b>	<b>51.612</b>	<b>42.107</b>	<b>(9.505)</b>	<b>(4.171)</b>	<b>63.226</b>	<b>49.128</b>	<b>(14.098)</b>
Policy Contingency	36.449	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Other Corporate Items	85.998	0.000	(1.500)	(1.500)	0.000	(1.250)	(1.250)	(8.796)	0.000	(11.546)	(11.546)
<b>City Council General Fund</b>	<b>835.281</b>	<b>11.614</b>	<b>9.692</b>	<b>(1.922)</b>	<b>51.612</b>	<b>40.857</b>	<b>(10.755)</b>	<b>(12.967)</b>	<b>63.226</b>	<b>37.582</b>	<b>(25.644)</b>
Housing Revenue Account	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

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

Division of Service Area	FULL YEAR BUDGET			YEAR END		
	Original Budget	M'ments	Revised Budget	Base Budget Pressures / (Savings)	Savings Programme not Deliverable	Total
	£'m	£'m	£'m	£'m	£'m	£'m
Adults with Mental Health Needs	14.588	(0.144)	14.444	0.757	0.895	1.652
Older Peoples Services	83.600	13.888	97.487	(3.476)	4.981	1.505
Persons with No Recourse to Public Funds	0.104	0.000	0.104	0.021	0.000	0.021
Homelessness	2.877	(0.060)	2.817	2.815	0.000	2.815
Adults with a Physical Disability	22.613	0.878	23.491	1.516	1.537	3.053
Service Strategy	55.213	(12.957)	42.256	3.463	0.000	3.463
Adults with a Learning Disability	90.765	(2.156)	88.609	2.570	5.835	8.405
Housing Strategy	1.952	(0.100)	1.852	(0.581)	0.000	(0.581)
Other Adult Services	3.755	2.269	6.023	1.478	(0.872)	0.606
Supporting People	24.666	0.000	24.666	(0.519)	0.000	(0.519)
Public Health	(0.006)	0.006	0.000	(0.000)	(1.000)	(1.000)
<b>Subtotal Adults</b>	<b>300.126</b>	<b>1.623</b>	<b>301.749</b>	<b>8.045</b>	<b>11.376</b>	<b>19.421</b>
Education and Skills	53.962	11.189	65.151	1.181	0.000	1.181
Schools Budgets	(143.014)	(12.926)	(155.940)	0.000	0.000	0.000
Commissioning & Performance	17.304	(0.074)	17.230	(0.896)	0.000	(0.896)
Children With Complex Needs	104.497	1.866	106.363	0.082	1.388	1.470
Early Help & Childrens Soc Care	152.064	0.421	152.485	(2.260)	0.000	(2.260)
Business Support	21.065	0.571	21.635	0.730	0.168	0.898
Accounting Adjustment/MRP Component of Contract Payments	(6.491)	0.000	(6.491)	0.000	0.000	0.000
<b>Subtotal Children</b>	<b>199.387</b>	<b>1.046</b>	<b>200.434</b>	<b>(1.165)</b>	<b>1.556</b>	<b>0.392</b>
Health	(28.539)	0.000	(28.539)	0.000	15.400	15.400
<b>Subtotal Health</b>	<b>(28.539)</b>	<b>0.000</b>	<b>(28.539)</b>	<b>0.000</b>	<b>15.400</b>	<b>15.400</b>
<b>People Directorate Total</b>	<b>470.974</b>	<b>2.669</b>	<b>473.643</b>	<b>6.880</b>	<b>28.332</b>	<b>35.212</b>
Community Sports & Events	6.916	(0.070)	6.846	1.000	0.400	1.400
Fleet and Waste Management	52.041	1.040	53.081	2.634	4.366	7.000
Parks and Nature Conservation	14.424	(0.253)	14.171	0.000	0.626	0.626
Bereavement Services	(2.626)	(0.071)	(2.697)	0.000	0.000	0.000
Markets	(2.064)	(0.042)	(2.106)	0.150	0.150	0.300
Business Support	2.479	(0.029)	2.450	0.000	(0.200)	(0.200)
Equalities, Cohesion & Safety	0.217	0.481	0.698	0.078	1.122	1.200
Engineering & Resilience Services	0.451	0.108	0.559	0.000	0.000	0.000
Regulatory Services	5.393	(0.179)	5.214	0.352	0.434	0.786
Private Sector Housing	0.098	(0.543)	(0.445)	0.000	0.000	0.000
Neighbourhood Community Services	11.975	1.234	13.208	0.098	1.166	1.264
Birmingham Adult Education	0.227	(0.213)	0.014	0.000	0.000	0.000
Central Support Costs	11.210	2.035	13.245	0.000	0.000	0.000
Culture & Visitor Economy	33.099	(0.050)	33.049	0.000	0.000	0.000
City Centre Management	0.007	(0.005)	0.002	0.000	0.000	0.000
Accounting Adjustment/MRP Component of Contract Payments	(2.625)	0.000	(2.625)	0.000	0.000	0.000
<b>Place Directorate Total</b>	<b>131.219</b>	<b>3.443</b>	<b>134.663</b>	<b>4.312</b>	<b>8.064</b>	<b>12.376</b>
Development Management Services	4.250	4.002	8.252	0.000	0.000	0.000
Planning & Regeneration	4.588	(0.243)	4.344	0.000	0.000	0.000
Highways Services	33.041	(0.212)	32.829	0.000	0.000	0.000
Transportation and Connectivity	49.146	0.233	49.379	0.000	1.250	1.250
Shelforce	(0.101)	0.000	(0.101)	0.000	0.000	0.000
Employment Services	1.117	4.260	5.377	0.000	0.000	0.000
GBSLEP Executive	0.226	0.000	0.226	0.000	0.000	0.000
Accounting Adjustment/MRP Component of Contract Payments	(32.319)	0.000	(32.319)	0.000	0.000	0.000
<b>Economy Directorate Total</b>	<b>59.947</b>	<b>8.040</b>	<b>67.988</b>	<b>0.000</b>	<b>1.250</b>	<b>1.250</b>

## Appendix 4

Division of Service Area	FULL YEAR BUDGET			YEAR END		
	Original Budget	M'ments	Revised Budget	Base Budget Pressures / (Savings)	Savings Programme not Deliverable	Total
	£'m	£'m	£'m	£'m	£'m	£'m
City Finance	6.833	1.313	8.146	0.000	0.000	0.000
Birmingham Audit	2.377	0.000	2.377	0.000	0.000	0.000
Elections Office	1.732	0.000	1.732	0.000	0.000	0.000
Legal & Democratic Services	5.822	0.010	5.831	0.000	0.000	0.000
Shared Services Centre	2.198	0.000	2.198	0.000	0.290	0.290
Business Transformation Legacy Costs	39.267	0.000	39.267	0.000	0.000	0.000
Charities & Trusts - Support	0.050	0.045	0.095	0.000	0.000	0.000
Directorate Wide Recharges	(28.346)	(0.460)	(28.806)	0.000	0.000	0.000
Insurance	0.014	(0.013)	0.000	0.000	0.000	0.000
Corporate Resources Other Services	1.708	0.052	1.760	0.000	0.000	0.000
Building Consultancy	1.164	0.001	1.165	0.000	0.000	0.000
Urban Design	(0.533)	0.000	(0.533)	0.000	0.000	0.000
Catering & Building Cleaning	(0.100)	0.000	(0.100)	0.000	0.000	0.000
Facilities Management	(0.631)	0.000	(0.631)	0.000	0.000	0.000
Business Loans & Other Investments	(0.727)	0.976	0.249	0.000	0.000	0.000
<b>Subtotal Finance &amp; Legal</b>	<b>30.829</b>	<b>1.922</b>	<b>32.751</b>	<b>0.000</b>	<b>0.290</b>	<b>0.290</b>
Corporate Strategy	(0.096)	(0.053)	(0.149)	0.000	0.000	0.000
Procurement	(0.338)	0.000	(0.338)	0.000	0.000	0.000
Human Resources	7.437	1.407	8.844	0.000	0.000	0.000
Revenues & Benefits Division	(2.548)	0.048	(2.500)	0.000	0.000	0.000
Core ICT	(10.132)	0.000	(10.132)	0.000	0.000	0.000
Customer Services	8.629	0.000	8.629	0.000	0.000	0.000
<b>Subtotal Integrated Support Services and Change</b>	<b>2.952</b>	<b>1.402</b>	<b>4.354</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
Birmingham Property Services	(1.337)	0.719	(0.618)	0.000	0.000	0.000
Major Projects	0.000	0.053	0.053	0.000	0.000	0.000
<b>Subtotal Major Projects</b>	<b>(1.337)</b>	<b>0.772</b>	<b>(0.565)</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Corporate Resources Total</b>	<b>32.443</b>	<b>4.096</b>	<b>36.539</b>	<b>0.000</b>	<b>0.290</b>	<b>0.290</b>
<b>Total Directorate Spending</b>	<b>694.584</b>	<b>18.249</b>	<b>712.833</b>	<b>11.192</b>	<b>37.936</b>	<b>49.128</b>
Policy Contingency	54.469	(10.950)	43.519	0.000	0.000	0.000
Other Corporate Items	86.228	(8.300)	77.928	(1.500)	(10.046)	(11.546)
<b>Centrally Held Total</b>	<b>140.696</b>	<b>(19.249)</b>	<b>122.447</b>	<b>(1.500)</b>	<b>(10.046)</b>	<b>(11.546)</b>
Proposed Transfers to / (from) reserves				0.000	0.000	0.000
<b>Net Budget Requirement</b>	<b>835.281</b>	<b>0.000</b>	<b>835.281</b>	<b>9.692</b>	<b>27.890</b>	<b>37.582</b>
Housing Revenue Account	0.000	0.000	0.000	0.000	0.000	0.000

Savings Programme – Position at Month 4

Directorate	Description	Savings 2016/17 £m	Actions in place to fully achieve Savings (in line with Policy Decision) £m	Actions in place to fully achieve Savings (new Policy Decision required) £m	Actions in place to achieve savings in year only £m	Actions in place but some risk to delivery £m	Savings not Deliverable £m	Savings not deliverable - last month £m
People	Improving efficiencies. We want to make sure that all services have clear plans regarding how they spend money on workforce costs.	5.209	5.209	0.000	0.000	0.000	0.000	2.327
	Reduction in Adult Running Costs.	1.111	1.111	0.000	0.000	0.000	0.000	0.000
	Step up of savings re: Third Sector Commissioning and Supporting People.	3.400	2.346	0.000	1.054	0.000	0.000	0.000
	Adults and Communities Transformation programme.	12.381	0.000	0.000	0.000	0.000	11.381	10.454
	Joint Adults and Children's approach to transitions	1.000	0.000	0.000	0.000	0.000	1.000	1.000
	Redesign and integrate services at scale across the health and social care economy.	20.000	0.000	0.000	0.000	4.600	15.400	20.000
	Better Care Fund	8.400	0.000	0.000	0.000	8.400	0.000	8.400
	Public Health – Commissioning.	1.250	1.250	0.000	0.000	0.000	0.000	0.000
	Public Health – Decommissioning.	3.315	3.315	0.000	0.000	0.000	0.000	0.000
	Public Health. Recommission of contracts and change of specifications for 'lifestyle services'.	1.200	0.000	0.000	0.000	1.200	0.000	0.000
	Step up of previous Early Years savings.	1.000	0.000	0.000	0.000	1.000	0.000	0.000
	Promote independent travel and reduce reliance on council funded transport, underpinned by clear policy.	2.463	0.000	0.000	0.000	1.075	1.388	1.388
	Other	0.933	(5.411)	0.000	0.100	3.310	2.934	2.284
<b>People Total</b>		<b>61.662</b>	<b>7.820</b>	<b>0.000</b>	<b>1.154</b>	<b>19.585</b>	<b>32.103</b>	<b>45.853</b>
Place	Discontinue subsidies Non Framework Contract at Health and Wellbeing Centres.	1.410	1.010	0.000	0.000	0.000	0.400	0.200
	Improving efficiencies. We want to make sure that all services have clear plans regarding how they spend money on workforce costs.	2.320	2.320	0.000	0.000	0.000	0.000	0.000
	Library of Birmingham/ Strategic Library Services. This is the full year effect of a saving identified in 2015/16	1.800	1.800	0.000	0.000	0.000	0.000	0.000
	Markets	1.000	0.850	0.000	0.000	0.000	0.150	0.150
	Pest Control	1.300	1.300	0.000	0.000	0.000	0.000	0.000
	Redesign street cleansing and a combination of enforcement, education and community marketing to encourage residents and businesses to keep streets/footpaths tidy.	1.500	0.000	0.000	0.000	0.000	1.500	0.000
	SN7 Reduce Reuse Recycle - Reduce failures/failed waste collections.	3.082	1.400	0.000	0.000	0.000	1.682	0.000
	Other	12.916	8.560	0.024	0.000	0.000	4.732	3.880
<b>Place Total</b>		<b>25.328</b>	<b>17.240</b>	<b>0.024</b>	<b>0.000</b>	<b>0.000</b>	<b>8.464</b>	<b>4.230</b>

Directorate	Description	Savings 2016/17 £m	Actions in place to fully achieve Savings (in line with Policy Decision) £m	Actions in place to fully achieve Savings (new Policy Decision required) £m	Actions in place to achieve savings in year only £m	Actions in place but some risk to delivery £m	Savings not Deliverable £m	Savings not deliverable - last month £m
Economy	Highways Maintenance. Refinance of the PFI contract, review capital expenditure, review routine and reactive maintenance.	1.500	0.000	0.000	1.500	0.000	0.000	0.000
	Highway Maintenance & Management Services (Private Finance Initiative)	1.000	0.000	0.000	1.000	0.000	0.000	0.000
	Other	5.166	1.563	0.000	1.689	0.664	1.250	1.250
<b>Economy Total</b>		<b>7.666</b>	<b>1.563</b>	<b>0.000</b>	<b>4.189</b>	<b>0.664</b>	<b>1.250</b>	<b>1.250</b>
Corporate Resources	Improving efficiencies. We want to make sure that all services have clear plans regarding how they spend money on workforce costs.	2.360	0.000	0.000	2.187	0.173	0.000	0.000
	Reduce Local Welfare Assistance Provision Scheme.	1.600	1.600	0.000	0.000	0.000	0.000	0.000
	Service Birmingham	6.800	0.500	0.000	6.300	0.000	0.000	0.000
	Service Birmingham. We are proposing to reduce our ICT costs.	2.800	0.000	0.000	2.800	0.000	0.000	0.000
	Targeted net improvement in the housing benefit subsidy by reclaiming Housing Benefit Grant overpayments.	2.000	2.000	0.000	0.000	0.000	0.000	0.000
	To reduce the amount the Council spends on Information and Communication Technology (ICT) over the next few years.	2.500	2.500	0.000	0.000	0.000	0.000	0.000
	Human Resources	1.200	0.000	0.000	0.000	1.200	0.000	0.000
	Integrated Support Services restructure	3.200	0.000	0.000	3.200	0.000	0.000	2.000
	Acceleration of savings.	1.500	1.500	0.000	0.000	0.000	0.000	0.000
	Other	4.476	1.607	0.000	0.584	1.995	0.290	0.000
<b>Corporate Resources Total</b>		<b>28.436</b>	<b>9.707</b>	<b>0.000</b>	<b>15.071</b>	<b>3.368</b>	<b>0.290</b>	<b>2.000</b>
Cross Cutting	Other	0.146	0.146	0.000	0.000	0.000	0.000	0.000
<b>Cross Cutting Total</b>		<b>0.146</b>	<b>0.146</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>	<b>0.000</b>
<b>Grand Total</b>		<b>123.238</b>	<b>36.476</b>	<b>0.024</b>	<b>20.414</b>	<b>23.617</b>	<b>42.107</b>	<b>53.333</b>

Month 2

123.024

30.145

0.456

17.913

22.898

51.612

Notes:

The City Council Business Plan 2016+ recognised that in order to accommodate resource losses and fund budget pressures, savings of £88.210m would be required from Directorates in 2016/17. In addition, there are savings from 2015/16 of £34.814m, where delivery still needs to be monitored, including where they were met on a one-off basis. There is also a further £0.214m of costs identified relating to the implementation of savings relating to care centres. Total savings to be met in 2016/17 are therefore £123.238m.

A review of the position on each of the savings initiatives is undertaken each month, and the position at Month 4 is summarised above. This shows that £81.221m (65.9%) of the required savings of £123.238m are on course to be delivered. Work continues to identify ways of achieving the delivery of the remaining £42.107m of the overall savings target, including new savings proposals of £4.171m as identified within this report.



Policy Contingency Month 4 Monitoring to 31st July 2016

	Original Budget 2016/17	Approvals / Adjustments in Voyager	Revised Budget 2016/17	Approvals / Allocations not yet in Voyager as at 31st July	Proposals awaiting approval at 31st July	Remaining Contingency if proposals approved
	£'000	£'000	£'000	£'000	£'000	£'000
Redundancy Costs			0			0
Car Park Closure Resources	350	(98)	252	(252)		0
Carbon Reduction	1,020		1,020			1,020
Inflation Allowance	15,641		15,641			15,641
Highways Maintenance	750		750			750
Provision for unachievement of savings	10,750		10,750	(750)		10,000
Youth Strategy	1,000	(1,000)	0			0
Birmingham Jobs Fund	2,000	(2,000)	0			0
Business Charter for Social Responsibility	6,539		6,539			6,539
Improvement Expenditure	11,395	(6,980)	4,415	(220)		4,195
Combined Authority	500		500			500
Subtotal Specific Contingency	49,945	(10,078)	39,867	(1,222)	0	38,645
General Contingency	4,524	(872)	3,652	(522)	(161)	2,969
<b>Total Contingency</b>	<b>54,469</b>	<b>(10,950)</b>	<b>43,519</b>	<b>(1,744)</b>	<b>(161)</b>	<b>41,614</b>

**Write-off of Irrecoverable Housing Benefit, Council Tax and Business Rates****a. Irrecoverable Housing Benefit**

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

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

In 2016/17, from 1<sup>st</sup> June 2016 to 31<sup>st</sup> July 2016, further items falling under this description in relation to Benefit overpayments have been written off under delegated authority. The table below details the total approved gross value of these amounts written off of £0.435m, which Members are asked to note.

<b>Age analysis</b>	Up to 2009/10	2010/11 – 12/13	2013/14 -15/16	<b>Total</b>
	£m	£m	£m	£m
Benefit Overpayments	0.025	0.126	0.284	0.435
<b>Total</b>				<b>0.435</b>

Section (d) of this Appendix gives a more detailed age analysis of overpayments and income written off.

**b. Irrecoverable Council Tax & Business Rates**

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

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

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

Cabinet are requested to approve the writing off of business rates debts to the Council which are greater than £0.025m, totalling £0.676m as detailed in Section (c) of this Appendix. Further information in respect of these is available on request.

In 2016/17, from 1<sup>st</sup> June 2016 to 31<sup>st</sup> July 2016, further items falling under this description in relation to Council Tax have been written off under delegated authority. The table below details the total approved gross value of these amounts written off of £3.566m, which Members are asked to note.

Age analysis	Up to 2010/11	2011/12 - 13/14	2014/15 -16/17	<b>Total</b>
	£m	£m	£m	<b>£m</b>
Council tax	1.850	-	-	<b>1.850</b>
Business rates	1.716	-	-	<b>1.716</b>
<b>TOTAL</b>	<b>3.566</b>	-	-	<b>3.566</b>

Section (e) of this Appendix gives a more detailed age analysis of overpayments and income written off.

c. Business Rates Write Offsi) Business Rates

Case No.	Supporting Information	Total Debt
	Further information in respect of the Business Rates Write Offs listed below is available on request.	
1.	Liability Period(s)/Account Ref Number(s) Business Rates due for period 01/12/2005 to 09/07/2006 – (6004022262)	£52,305.26
2.	Liability Period(s)/Account Ref Number(s) Business Rates due for period 01/04/2006 to 31/03/2007 – (6003378952)	£37,009.24
3.	Liability Period(s)/Account Ref Number(s)  Property 1 - Business Rates due for period 01/11/2008 to 26/02/2009 - (6004389091) - £1,023.36 Property 2 - Business Rates due for period 16/07/2008 to 26/02/2009 - (6004645736) - £4,240.28 Property 3 - Business Rates due for period 24/05/2008 to 26/02/2009 - (6004324489) - £5,354.48 Property 4 - Business Rates due for period 01/05/2008 to 26/02/2009 - (6004336218) - £1,394.73 Property 5 - Business Rates due for period 25/03/2008 to 26/02/2009 - (6004346096) - £4,611.45 Property 6 - Business Rates due for period 23/03/2008 to 26/02/2009 - (6004334381) - £8,691.93 Property 7 - Business Rates due for period 21/03/2008 to 26/02/2009 - (6004429741) - £2,541.63 Property 8 - Business Rates due for period 01/03/2008 to 26/02/2009 - (6004351244) - £3,929.42 Property 9 - Business Rates due for period 25/03/2008 to 26/02/2009 - (6004419838) - £5,568.05	£37,355.33
4.	Liability Period(s)/Account Ref Number(s) Business Rates due for period 01/04/2007 to 31/03/2009 - (6004200064)	£113,771.38
5.	Liability Period(s)/Account Ref Number(s) Property 1 - Business Rates due for period 24/06/2008 to 18/11/2008 - (6004363277) - £28,455.54 Property 2 - Business Rates due for period 24/06/2008 to 18/11/2008 - (6004361351) - £21,614.13	£50,069.67
6.	Liability Period(s)/Account Ref Number(s) Business Rates due for period 17/10/2007 to 30/03/2009 - (6004322325)	£65,425.45

**Appendix 7**

7.	Liability Period(s)/Account Ref Number(s) Business Rates due for period 01/10/2007 to 31/03/2010 - (6004311055)	£42,160.50
8.	Liability Period(s)/Account Ref Number(s) Property 1 - Business Rates due for period 01/04/2008 to 26/03/2009 – (6003152296) - £7,714.31 Property 2 - Business Rates due for period 01/04/2008 to 26/03/2009 – (6003647372) - £15,073.27 Property 3 - Business Rates due for period 01/04/2008 to 02/03/2009 – (6004251943) - £10,665.41 Property 4 - Business Rates due for period 01/04/2008 to 02/03/2009 – (6004077029) - £2,653.96 Property 5 - Business Rates due for period 01/04/2008 to 02/03/2009 – (6004077030) - £9,212.98 Property 6 - Business Rates due for period 01/04/2008 to 02/03/2009 – (6003680220) - £15,696.88 Property 7 - Business Rates due for period 01/04/2008 to 02/03/2009 – (6003662853) - £3,841.39	£64,858.20
9.	Liability Period(s)/Account Ref Number(s) Business Rates due for period 23/07/2007 to 06/04/2009 – (6004216135)	£32,079.55
10.	Liability Period(s)/Account Ref Number(s) Business Rates due for period 01/04/2008 to 14/06/2009 - (6004328356)	£74,870.38
11.	Liability Period(s)/Account Ref Number(s) Business Rates due for period 29/07/2008 to 15/10/2009 - (6004359986) - £34,920.36	£34,920.36
12.	Liability Period(s)/Account Ref Number(s) Business Rates due for period 28/07/2008 to 27/11/2009 – (6004365364)	£70,974.88
	<b>Total Debt</b>	<b>£675,790.20</b>

d. Age analysis of Overpayments and Debts written off under delegated authority by Revenues and Benefits Division

Detail	2003-2005/6	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	Total	No of Debtors
Housing Benefit debts written off under delegated authority	£233.20	£3,640.94	£1,974.35	£556.26	£3,192.30	£15,768.45	£13,945.13	£48,942.54	£62,921.41	£82,112.91	£127,378.60	£74,303.17	£434,969.26	785
<b>TOTAL</b>	£233.20	£3,640.94	£1,974.35	£556.26	£3,192.30	£15,768.45	£13,945.13	£48,942.54	£62,921.41	£82,112.91	£127,378.60	£74,303.17	£434,969.26	785

Debt Size	Small		Medium		Large	Total	
Cases	>£1,000	Cases	£1,001-£5,000	Cases	£5,000-£25,000	Cases	
679	£159,629.84	95	£174,356.81	11	£100,982.61	785	£434,969.26

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

Detail	1997-2006/7	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	Total
Council tax written off under delegated authority	1,849,825	-	-	-	-	-	-	-	-	-	-	1,849,825
Business rates written off under delegated authority	322,447	284,996	390,088	361,944	357,117	-	-	-	-	-	-	1,716,592
<b>TOTAL</b>	2,172,272	284,996	390,088	361,944	357,117	-	-	-	-	-	-	3,566,417

**Total number of council tax debts: 5,212**

**Total number of business rates debts: 712**

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

Grouped by value	Small (<£1,000)		Medium (£1,000 - £5,000)		Large (>£5,000)		TOTAL	
	Value	Cases	Value	Cases	Value	Cases	Value	Cases
Council tax written off under delegated authority	1,566,436	4,751	283,389	212	0.00	0	1,849,825	4963
Business rates written off under delegated authority	79,192	200	471,548	189	1,165,852	103	1,716,592	492
<b>TOTAL</b>	<b>1,645,628</b>	<b>4,951</b>	<b>754,937</b>	<b>401</b>	<b>1,165,852</b>	<b>103</b>	<b>3,566,417</b>	<b>5,455</b>