

Business Plan and Budget 2016+

March 2016

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FOREWORD

As in previous years, this document sets out the Business Plan and the Budget for the City Council. However, we have made two important changes this time:

- It has a longer term focus, setting out a more complete medium term financial strategy that will enable us to operate sustainably long-term.
- It incorporates our developing vision for the “Future Council” and shows how we will achieve budget reductions in line with that vision.

A key part of that vision is our commitment to working in partnership with others to achieve shared aims – our role, with other civic and civil leaders, is to agree the vision for Birmingham and, with them lead the city as a joint enterprise. It is not to run the city. The council’s budget is just one part of the resources available to the city to address shared priorities. We have already started a conversation about developing that vision further in the months ahead and we want as many people as possible to engage in that process: this is your city and your City Council.

We have made our priorities very clear and these are set out again in this document. The immediate priority is to see through the inter-connected improvement agendas whilst also ensuring that the City Council has a clear approach to its future role and operating model, supported by a sound financial plan.

Arising from our longer term thinking, we are focusing on a small number of big issues for the city including the provision of decent, affordable housing, investment in our transport infrastructure and a city for young people, learning and skills. Within the Future Council programme of change our priorities will be to create a culture of openness and participation, transform the council’s use of technologies and reform the way we commission services.

We will also show leadership in creating a united Birmingham, a city that has no place for intolerance and fanatical extremism and which values both diversity and unity as strengths. We will prioritise action to strengthen community cohesion by reinforcing our commitment to reduce the economic and social disadvantage and inequalities that can add to conflict and tension.

We are proud that we have made Birmingham a Living Wage Council. In this budget we have found money to extend our commitment to decent pay to people working for social care providers with City Council contracts. There will be money to pay £7.50 per hour to these vital staff – 30p per hour more than the government’s “National Living Wage”.

We are both grateful to everyone who has taken time to contribute to our budget consultation. We have responded to concerns expressed during the consultation about local welfare funding and will be putting money into that. We will also be evaluating options for new approaches to improving safety in general around schools, including a Trust, which

will maintain the level of service whilst reducing costs to the council. Councillors, schools, parents and communities will work together to develop their active School Travel Plans, including safety measures

We are developing these plans for the future at a uniquely challenging time. We have had to identify another £90m of cuts for 2016/17 and £160m more by 2020, on top of the £560m reductions already made. This is in addition to the many pressures on our services arising from demographic change and increasing needs.

Profound change across local government is also underway. New city-regional leadership will be put in place through the West Midlands Combined Authority, with new powers devolved from central government to allow us to drive economic growth, investment and the reform of public services. The council will become more strategic and much smaller. There will be new ways of delivering local services and new ways that people can engage in their local community, such as the new local council for Sutton Coldfield.

As this plan makes clear, this is a council on a journey of change and improvement. We are responding to the challenges of corporate governance, education and children's social care, while of course, we are the first to say there is still more to be done. We are absolutely determined to deliver this improvement at a time of unprecedented budget cuts.

We are committed to providing the leadership necessary to complete this journey. With your help, we will create the modern City Council this great city deserves. By working together in partnership we know that the city of Birmingham will rise to all the challenges we face and secure a great future for all its citizens.



A handwritten signature in black ink that reads "J. Clancy".

Councillor John Clancy
Leader of the Council



A handwritten signature in black ink that reads "Mark Rogers".

Mark Rogers
Chief Executive

PART ONE – BIRMINGHAM PROFILE AND NATIONAL POLICY ENVIRONMENT

Understanding Our Changing Population and Economy

It is important for us to understand the city's economy and the nature of the city, its population and its economy in order that we can best respond to the city's needs. Knowledge of what drives the demand for services must be the cornerstone of our approach to planning.

This section therefore provides a picture of Birmingham – its people and economy.

Key points

Birmingham has a large population which is growing faster than the UK average. And with the rise in population and household growth, the city will need an estimated 84,000 new homes between 2011 to 2031.

Birmingham is a very young city, with nearly half the population being 30 or under, but with a growing number of very elderly residents.

Birmingham is a super-diverse city, benefiting from many different nationalities, faiths, languages, ethnicities and cultures.

Birmingham is the sixth most deprived local authority in the country – just under 40% of Birmingham's localities are in the most deprived 10% in the country.

There are above average levels of child poverty in Birmingham, compared with other local authorities. 30% of the city's children live in a deprived household.

The local economy has emerged from recession, but comparatively high levels of unemployment; worklessness and low level of skills remain a challenge.

Population and Households

Birmingham is the largest local authority in Europe, with a resident population of 1,118,285 in 2016 (Office for National Statistics (ONS) Population Projections, 2012). Between 2001 and 2011 population increased by 9.8%, and in the last five years it has grown by a further 4.2%, to 1,118,285 people today. By 2021, this is projected to stand at 1,156,846, an increase of 3.4% in the next five years. This is due to both natural population growth and the net effect of migration, including international moves. Migration projections are important inputs to the planning process, particularly for housing, employment, education, and benefits.

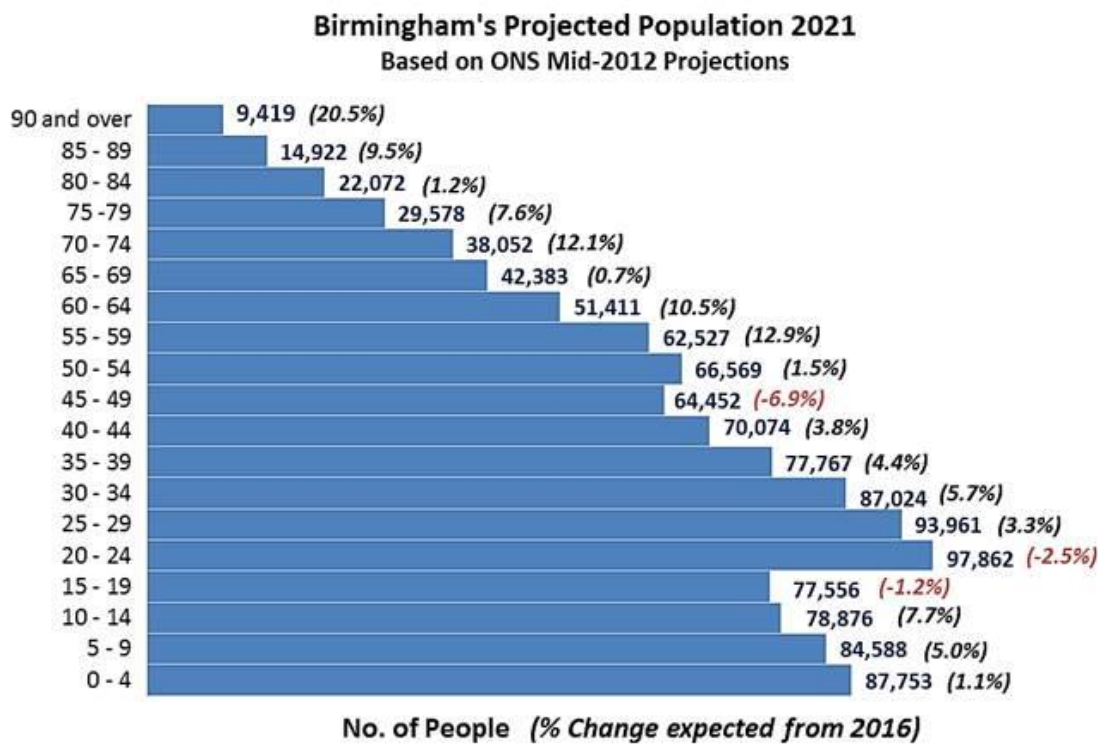
Ours is a very young city bringing demands for children’s wellbeing, young people’s skills and employment, but also brings vibrancy and innovation. Just under half (45.6%) of the city’s population are under 30, Notable changes are:

- Between 2001 and 2011, the 0-4 year old population grew by 17% and now accounts for 7.8% of the population. This growth will slow to 1.1% between now and 2021.
- The largest growth will be the 10-14 age group – increasing by 7.7%, 5,658 more children.

Birmingham’s older population, (65+ years) is lower than the UK average. This group is expected to grow by 6.6% by 2021. The rate of growth is however much higher for the more elderly groups:

- The 65-84 age group will increase by 5.4% over the next five years, to 132,084 people.
- The 85+ age group will increase by 13.5% over the next five years, to 24,341, having already grown by 12.7% during 2001-2011, and by 12.4% 2011-2016.
- The 90 and over group has the largest projected percentage increase – by 21%, or 1,602 people.

These changes and increases to the specific age groups will have implications for demand for various services, placing more pressure on early years and education, health services, social care, employment and housing for example.



Diversity – Ethnicity

We are a ‘super-diverse’ city which has far-reaching policy and service implications that will need to continue to adapt to.

The Census 2011 revealed that just over two in five people (42.1%) classified themselves within an ethnic group other than white British compared to 30% in 2001, a rise of 12%¹. The Pakistani ethnic group has grown faster than any other in Birmingham – by 39% between the last two censuses and is the second largest ethnic sub-group in Birmingham, behind the White British ethnic sub-group.

Diversity – Language

Some 7.5% of households in Birmingham had no persons in a household with English as their main language. Two-fifths (43%) of Birmingham’s school children have a first language that is known or believed to be other than English². This equates to 38,089 pupils, which is 1.3% more than in 2014.

This has implications for Education Services – to understand potential language and cultural barriers and ensure there is equal access to learning.

Households

There has been a rise in the last five years to 431,083 households currently, and this is projected to rise by a further 5% by 2021³.

Housing Demand and Supply

Birmingham requires 84,000 new homes during 2011–2031 and the city only has capacity for 51,100 – a shortfall of 39%⁴. To date, we have provided 5,966 net additional dwellings (minus demolished dwellings)⁵.

Homelessness⁶

Demand for homeless services remains high despite improved performance and outcomes. There has been a fall in rate of homelessness from 9.8 to 7.5 per thousand; however the scale of homeless need in Birmingham remains 3 times above the national average.

¹ Currently, the Census 2011 is the most recent official source of ethnicity statistics for total population.

² Schools, pupils and their characteristics, January 2015, DFE

³ Source: DCLG - 2012-based household projections (linked to ONS 2012-based sub-national population projections).

⁴ Based on the 2012 Strategic Housing Market Assessment, as used for the Birmingham Development Plan 2031 - <http://www.birmingham.gov.uk/plan2031>

⁵ Birmingham’s Local Development Framework Authority’s Monitoring Report 2014 – 15 (indicator H1, 2011-2015 figures).

⁶ Housing Strategy Policy & Commissioning - Birmingham Homelessness Trends 2012-2015 and Jan 2016 review.

We will seek to address the issues of housing supply and homelessness through our priority to provide more affordable new homes and support everyone in the city to secure a decent place to live.

Deprivation

According to the 2015 Index of Multiple Deprivation (IMD) Birmingham is ranked:

- 6th most deprived local authority district in relative rankings (worsening from 8th in 2010),
- 3rd most deprived English Core City behind Manchester and Liverpool, and most deprived of West Midlands region's local authorities.
- 39.6% (253) of Birmingham's localities⁷ are ranked in the most deprived decile (10%) in England – 450,364 people live in this decile, which is 41.2% of Birmingham's population⁸.

For the IDACI index (Income Deprivation Affecting Children⁹), Birmingham is ranked 15th, with 30.5% of our children living in a deprived household. There are above average levels of child poverty in Birmingham, compared with other local authorities. However, the proportions of children in low-income families have decreased since 2009, and the gap with other local authorities has narrowed.

Health and Wellbeing

Obesity in school children in Reception and Year 6 is worse in Birmingham compared to the England average.¹⁰

Life expectancy is worse in Birmingham than the England average:¹¹

- Male – 77.6 years (79.4 years England average).
- Female – 82.2 years (83.1 years England average).

Life expectancy is 7.6 years lower for men and 6.2 years lower for women, in the most deprived areas of Birmingham than in the least deprived areas.

⁷ These are neighbourhoods formally known as Lower-layer Super Output Areas (LSOAs) designed to be of a similar population size – an average of 1,679 residents and 643 households in Birmingham.

⁸ Based on ONS Mid-2014 population estimates.

⁹ The proportion of children living in income deprived households.

¹⁰ The percentage of children in Reception or Year 6 who are obese, based on National Child Measurement Programme (NCMP), for all state schools during the 2014-15 school year – published November 2015.

¹¹ Public Health England Profile of Birmingham June 2015 / Birmingham Public Health Outcomes Framework Nov 2015.

Education

Although there has been a slight decrease in achievement over time, Birmingham still has above average proportions passing their GCSEs: 53.8% in Birmingham versus 52.8% of pupils in England. Birmingham is below the national average for 16-17 year olds recorded as participating in education and training, at 86.8%¹². However, the proportion in Birmingham has increased by 6.7% percentage points on June 2014 (80.1%).

Economy¹³

Birmingham is a major centre for employment, with around half a million jobs located in the city. Despite this, the employment rate for its residents is low and has historically been below the national average – this manifests itself in the city having high economic inactivity and unemployment rates and higher than average levels of deprivation. The local economy has now emerged from the economic downturn, and economic output and workplace based employment have recovered to pre-recession levels. The city has also performed well recently in terms of generating employment. Resident unemployment rates which had stood at their highest level for over a decade during the recession have also recovered, and are now approaching the long run trend levels seen prior to the downturn. However, whilst the local economy has made significant progress in recent years, when we compare performance with the UK as a whole and other cities, significant challenges remain:

- For Gross Value Added (GVA) per head, Birmingham (£21,093) is well below the UK (£24,958) and has the third lowest figure amongst the core cities.
- Forecasts¹⁴ show that this is expected to grow by 27% to £26,788 in 2030, lower than the 34.6% growth expected for the UK.

The city also has a low resident employment rate and high unemployment rate when compared to the UK and other cities. The employment rate in the city (61.1%) is well below the UK average (72.1%) and the second lowest amongst the English core cities. Worklessness is broader than unemployment and includes people in receipt of 'inactive' benefits, such as Incapacity Benefits¹⁵. The city rate has been falling steadily since 2011, but remains higher than the Greater Birmingham Solihull Local Enterprise Partnership (GBSLEP), the region and England rate. On the supply side, comparatively high unemployment and low employment rates in the city are linked to the skills gap that exists locally, with residents having lower skill and qualification levels than the national average.

¹² National Client Caseload Information System, DFE, June 2015.

¹³ This section is based on intelligence and reports by Economic Research and Policy Team, BCC, as at January 2015.

¹⁴ This is a base forecast, based on trend growth and does not take into account local interventions e.g. planned developments etc. Source: WMCA Economic Forecasting Model Copyright @Oxford Economics, 2015-2030.

¹⁵ Department for Work and Pensions (DWP) 'out of work' benefit dataset.

In-commuting

The 2011 Census travel to work data shows that 166,000 people commute into Birmingham for work, accounting for over a third (36.4%) of all employment based in the city. Around 100,000 Birmingham residents commute outside the city for work but Birmingham is still a net importer of 66,000 workers. Higher skilled and better paid employment tends to attract and facilitate commuting from greater distances. This coupled with other factors, like improved connectivity and the increased use of technology to enable more flexible working, means that as the occupational structure of jobs in Birmingham moves to more highly skilled employment, residents will face increased competition from in commuters.

National Government Policy Context

In addition to demographic, social and economic changes and the financial pressures on the City Council, the policies of the national government and developments across the West Midlands will also have a profound impact on our plans for the years ahead. Some key changes that will influence the role and functions of the Future Council and our financial planning are:

- The Reform of Local Government Finance. The Government has confirmed in the Spending Review 2015 that it will phase out general grant funding to local authorities in 2020-21, but allow complete local retention of business rates. This means that councils will have to adjust to a very different financial environment and focus on measures to support economic growth to increase local income. It is also likely that there will be new responsibilities placed on councils. The details of how this system will work and how local public services will be funded will be developed during the year ahead.
- The integration of the NHS and local authority adult social care services. All areas are expected to produce a plan for this by 2017 and to implement it within three years. In addition, councils are now able to levy an additional 2% Council Tax “social care precept” from 2016/17 to provide additional extra money directly to adult social care services. There will also be an increase in the Better Care Fund by £1.5bn by 2019-20. This is money earmarked for local government to support the integration of health and social care.
- The development of Combined Authorities, Metro Mayors and devolution. It is intended that the West Midlands will shortly have a Combined Authority which will begin to bring together functions that support economic development and infrastructure investment. There will also be a process of government handing over control and funding for some centralised services to the new city region bodies and elected mayors. This has started with the recent devolution deals, including the proposed West Midlands deal which would see the Combined Authority have more control over employment and skills, transport, business support and inward investment and a locally controlled capital investment fund.

- Changes to the social security system. Changes have included a cap on overall income from benefits, reductions in housing benefit for young people and larger homes, reductions in funding for Council Tax benefits and new local responsibilities for discretionary payments. The major reform of the Universal Credit has also begun to be introduced in the city.
- The continued drive towards independence for schools. All secondary schools will be academies by 2020 and the Government has set a target of 500 more Free Schools over that period. Schools are funded directly from central government and there will be a new funding formula for schools (which determines how much money each gets) from 2017.
- A shift from social housing to private housing. Housing association tenants will have the Right to Buy (financed by the sale of higher value council houses), and other housing policies are focused on supporting owner occupation and the building of more private sector homes. A rent reduction is to be imposed on council homes, reducing the resources that can be used for investment.
- A reduction in the 'public estate' of land and buildings. This will include co-locating some services such as Job Centre Plus with local government services.

PART TWO - VISION, PRIORITIES AND APPROACH

1. Vision 2020

This vision is based on the fundamental ideals of prosperity, fairness and democracy set out in previous years. It is also informed by city-wide local public engagement debated at Cabinet in November 2015 and Council in December 2015. It is the framework for this corporate plan and our wider partnership working.

Due to the scale of funding reductions but also the changing times in which we operate, the City Council has recognised that there is a need for change in how it works if it is to deliver this vision.

So, to address these challenges, the City Council set up the Future Council programme during 2015 to deliver an integrated and strategic approach to managing the necessary changes. This has taken on board all the recommendations of the Kerslake review of corporate governance, published in December 2014 and the ongoing advice and support from the Improvement Panel set up at the beginning of this year.



2. How our high-level plans fit together

The council's planning framework is set importantly in the context of the wider city leadership and governance, such as: the City Plan and Vision (in development); the Combined Authority Plan (in development) and the Strategic Economic Plan (developed by the local enterprise partnerships in conjunction with the WMCA). This framework will be the vehicle by which we implement this vision 2020 in conjunction with our partners. It is set out in the diagram below.



The above diagram shows at a glance the high level sequence to achieve this vision by setting out: the strategic outcomes and priorities in this Business Plan; how we intend to achieve this vision, including: creating the future council through the future council programme; the implementation of the improvement plans; the directorate/service plans and the performance framework through which we will monitor and evaluate, (in part ten of this document).

3. Our six key strategic outcomes

The vision 2020 is based around **six key outcomes** and this Council Business Plan is geared towards delivering these outcomes. They are explained in more detail below.

Outcome one: A strong economy

Sub-outcomes

- An enterprising, innovative green city delivering sustainable growth, meeting the needs of the population and strengthening Birmingham's global standing.
- A living wage that generates value locally, prosperity shared and the distinct and different strengths of our communities harnessed. Employment is the route to independence and out of poverty.
- The potential for waste to be a resource, energy use optimised and sustainable housing, skills and employment pathways supported by infrastructure and transport links.
- An integrated skills system that reduces the skills gap, supports employers to take on people furthest from the labour market and drives down unemployment.

Outcome two: Safety and opportunity for all children

Sub-outcomes

- Every child having a fantastic childhood and the best preparation for adult life. Children will benefit from an integrated early years and health service, and be well prepared to start formal education.
- Every school rated good and working together in the Birmingham Education Partnership, and with the council, parents and other partners innovating and further improving them.
- Families and children receiving targeted help as early as possible to overcome whatever issues are in their way and, if needed, with a team of great social workers and specialists to help the child and their family further.
- Special educational needs and disability services focused on enablement and personalised to each family.

Outcome three: A great future for young people

Sub-outcomes

- No young person left behind, and education and employment used to address inequality and introduce fairness.
- Vocational and technical skills are as accessible and valued as academic ones.
- Young people are given the very best in careers advice and exposure to the world of work.

Outcome four: Thriving local communities

Sub-outcomes

- More and more citizens accessing the life, economy and benefits of living in Birmingham, from employment to leisure and culture; where citizens have an entitlement to specified services in their communities and can enjoy a vibrant cultural offer driven by arts and culture organisations, not the City Council
- Libraries, learning centres and community hubs that provide the essential community services and one front door for City Council services, all of which are focused on learning and increasing residents' independence
- Every citizen living within a strong and cohesive community which values and supports each of its members, and is empowered to influence the services and decisions affecting their neighbourhood. Everyone feels they belong and shares the benefits of living here

Outcome five: A healthy, happy city

Sub-outcomes

- Citizens having a high quality of health and same life expectancy irrespective of where they live in our city
- Every citizen accessing an affordable and decent home
- Vulnerable citizens feeling safe, living with dignity and independence and having engaged lives in their communities; citizens have access to fully integrated health and social care services that help maintain independence and provide care to those who need it
- A seamless health and social care provision so people can get the service they require or the correct information and advice in one place, with people who need services able to access the services they need irrespective of who the provider is
- Citizens having greater control and independence and making informed choices about who they want to provide the care and support they require and where they want it provided; with all citizens who have an assessed, eligible care need having access to either a direct payment or individual budget.

- Sports and physical activities that contribute to people's health and wellbeing and delivered in partnership with others, where parks and open spaces are maintained and enhanced to enable citizens to improve their health and quality of life.

Outcome six: A modern council

Sub-outcomes

- Citizens accessing council services through a one contact approach which aims to get it right first time. The council does what it says it will do when it says it will do it, puts people first, endeavours to achieve excellence and acts openly and honestly, and where there is accountability when things go wrong.
- A council that provides value for money and where duplication is eradicated. The City Council and the WMCA are strategic influencers, rather than always being direct providers of services.

Having approved the 2020 vision, the Leader has highlighted some priorities from within these outcomes.

Priorities for the city

- **Decent homes.** We will set out bold new plans to provide more affordable new homes and support everyone in the city to secure a decent place to live. We have launched a new initiative to provide fresh thinking across the whole range of housing activity, from housing management and advice, to private rental to homelessness and the provision of new housing. This will be taken forward at city and West Midlands level, through partnerships with government, housing associations, and the private sector and community organisations.
- **A focus on investment and assets.** In the future we will need to make better use of our own assets and secure resources from local economic growth. Growth comes from investment, so we need to shift our focus towards a more innovative and enterprising use of resources, seeing the city as a set of assets, not just a collection of needs. In particular this means working with the Combined Authority and at a more local level to develop new ways to invest in people and communities across the city. This will include exploring ideas such as "Brummie Bonds" and working with the West Midlands Pension Fund (WMPF) to use its assets to support the West Midlands Strategic Economic Plan.
- **A City for Young People, Learning and Skills.** We will continue to renew our focus on the "young city" and our offer to children and young people. We will start to develop a joined up approach to family support, learning, skills and employment, embedded in the community and the home. And we will begin a campaign to make Birmingham a Free School Meal city – through business sponsorship and forms of investment such as social enterprise and social impact bonds.
- **Transforming public transport and reducing congestion.** Transport is a vital part of our investment plans because it enables businesses to connect to markets and skills and people to connect to jobs. We will work with the WMCA and

Government on reducing congestion across the city region and the motorway network. The long term vision for Birmingham Connected will be integrated with plans for the whole metropolitan area and, through Midlands Connect the wider Midlands region. We will put in place detailed plans and funding for the High Speed Two Growth Strategy which will regenerate areas around the new stations and connect HS2 to the whole region.

4. Creating the Future Council

In order to deliver our vision of the Future Council, we have developed the Future Council Programme. This will review, and redesign where necessary, all aspects of the council including:

- How we will operate in order to deliver the vision and outcomes, including:
 - the services we will offer in the future;
 - the people, technology and information available to us;
 - and the best processes and structures to deliver these.
- The aptitudes and abilities that will be required of the staff we employ and the culture in which we work.
- How members operate in their local areas and become local leaders in their communities.
- Our approach to working with partner organisations and local communities.
- How the council develops the right support services in order to ensure those at the front line are able to deliver services successfully.

We will be working at different and multiple levels with a range of stakeholders depending on what is needed to achieve the best results for citizens. This will include:

- **Individual:** Being citizen focused is fundamental. We will work in a different way at an individual level, promoting independence, greater control and choice, for example encouraging and promoting the use of direct payments in social care.
- **Local:** Through engagement with communities and partners, we will develop a new approach to devolution within the city, with a focus on empowering people and giving them influence over local services, not on council structures and budgets. There is the potential for a diversity of forms of governance in local areas, such as parish or neighbourhood councils.
- **City:** We will see the continuing shift towards a more streamlined, strategic City Council, including a new approach to strategic partnership working and more rapid progress towards an integrated health and social care system.
- **City region:** The establishment of the Combined Authority, a start to the implementation of the devolution deal and the launch of the joint Strategic Economic Plan across the three Local Enterprise Partnerships. We also take forward the Midlands Engine initiative, launched with government in December to focus on connectivity across the regions and inward investment. There will be further

devolution deals ahead and exciting developments on public service reform arising from the devolution deal.

As set out above, we will achieve our shared objectives through partnership working. The City Council and its budget are only part of the resources we can bring to bear on tackling the problems we face as a city.

5. Design principles for the future organisation

As part of the future council 2020 programme, we have established a number of design principles for the future council, namely:

- We will take a Whole Place, Whole City view - the future approach will be based on partnerships and influence.
- We will target our resources on our key priorities and results.
- We will focus on reducing or preventing future need and better ways of addressing pressures on services.
- We will promote the independence and empowerment of citizens, families and communities.
- We will operate at three levels – metropolitan, city, and local – adopting “Triple Devolution”.
- We will have a variety of delivery models for services with no presumption that the council should be the direct deliverer.
- We will have a flexible and adaptable workforce - whether directly employed or with partners – and use resources such as IT to support our vision.
- We will govern in a way that aligns with our political and organisational values.

These have been important in the shaping of the plans described in this document. And in reflecting these design principles, it means that as an organisation we may change in the ways shown below.

The Big Shifts

- From an all-purpose council to a strategic council, working with others to deliver fewer, predominantly targeted, services.
- From a big to medium-size employer - fewer staff (and fewer councillors).
- From fixing problems later to delivering earlier targeted prevention.
- From running services to influencing service provision - from being mainly a service provider to being a gateway to services and support.
- From single tier to multi-level city government – the Triple Devolution Model.

- From just responding to demand for our services to understanding and appropriately influencing demand.
- From council-led to partnership-led.
- From mainly top down service management to more citizen-focused and responsive services.
- From small numbers of big providers to a diverse network of providers.
- From an emphasis in investment in internal capacity to investment in community capacity.
- From extensive asset ownership to using our assets to enhance others' capacity to deliver.
- From a large administrative support to a small core, sharing intelligence and supporting strategic and community leadership.
- From dedicated services to shared services – both back office and frontline – without presumption that Birmingham City Council is the direct deliverer.
- From departmentalised support services to a single support services function (which may be shared or externalised).
- From 2000 IT to 2020 IT – new, agile solutions and new providers.
- From a council where councillors are expected to play a mainly reactive role to one where they can find solutions and offer community leadership.

6. Planning based on managing and reducing demand

Given the scale of the reduction in money the council has and will have to spend on services, the challenges facing the city as described in the Birmingham Context on pages 1-6 and the national policy context on pages 7-8, the council can no longer deliver services as currently or before.

To pursue the vision and to better meet the changing needs of the city, we are improving our understanding of what drives the current and future demand for services, with a view to reducing that demand and reducing spend.

For example we need to:

- Intervene earlier to prevent the need for more expensive services later.
- Address instances of service failure which generate avoidable demand for other services.
- Consider whether others are better placed than the council to deliver more effective and/or more cost-effective services.
- Look at ways of working together, either in terms of Council departments or across a range of agencies, to improve services outcomes and reduce costs.

- Encourage self-service where this is appropriate, particularly where this enables appropriate action to be taken more promptly.
- Pass control of decision making to individual citizens, when they are better placed to make the assessment of what is needed.
- Have better information about future service demand
- Actively plan to avoid unnecessary service pressures and support people to be more independent
- Provide better access and reduce multiple contacts – getting it right first time

7. Thematic approach to planning and budgeting

We structured our business planning and budgeting around six themes (to reflect the strategic approach above), and by designing new approaches we believe we can reduce cost and deliver better outcomes.

(i). Preventing family breakdown

We seek to support disadvantaged families through a range of interventions so that their children can thrive. We want to target support to families so that where they are struggling we can help them to improve their parenting skills so that children are safer and can thrive. Working in this way will help reduce conflict within families and the need for children to come into care. We are developing edge of care services that will particularly help teenagers and their families. We want to work alongside these families to help them to be as independent and resilient as possible. We recognise that there will always be some children who are unable to live within their family. For these children we want to provide high quality long-term alternative family care through, adoption, special guardianship or foster care based on each child's individual needs.

By working in this way we will deliver savings by only having those children in care who need to be, and for those children we will support them in more local, family settings. We also think we can work more efficiently and make some saving by reducing the number of agency staff and managing staff turnover better.

We are consulting on an entirely new approach to services for young children and parents. We want to create Early Years services that draw together health services, services that support parents, childcare and early education services to support the 80,000 pre-school children living in Birmingham.

(ii). Maximising the independence of adults

We want Birmingham to be a city where getting older is a positive experience - a city where older people are as independent as possible, connected with their local communities, with the right support at the right time so they can stay at or close to home. So we know our current health and social care system has to change. More integrated services and support should be designed around the city's people to help Birmingham

citizens and their families to be able to look after themselves - not have to rely on formal care.

There needs to be a modern health and care system where no one spends more time in hospital than necessary. This includes for example: better community support; preventing falls in the home; hospitals and social services developing better alternatives for leaving hospital; and people having easy access to these services.

The council intends to pool its money for adult social care services, along with other relevant spend and assets, with hospitals and GP surgeries. The council is funding the first year of investment needed to deliver change. The savings planned, whilst reflecting the reality of the cuts to public funding, need to continue to develop an approach which is citizen focused.

People live longer lives if they can remain independent and in their local communities. Our primary focus for younger adults will be to provide support, advice and information to those people who need services to enable them to access these services independently. Where this is not possible the City Council will endeavour to help. We will encourage and promote the use of direct payments rather than offer admittance to residential care as the first and only option. Direct payments can be used to meet needs from a range of local providers in their communities.

(iii). Sustainable neighbourhoods

Creating a more sustainable environment reduces costs and is better for the health and wellbeing of residents. Changing citizen and business behaviours to reduce waste and increase recycling rates will have direct cost savings. But we must make sure our services get it right first time before we can expect citizens to change their behaviour. We must combine enforcement, education and community ownership of cleaner streets.

Our Open for Learning Strategy will remove reliance upon 'unfit for purpose' buildings so that we can focus on the service delivery, learning and skills - focusing money on service delivery not buildings. Libraries, adult education, youth services, early years and school services will be reviewed to consider alternate ways of accessing services, focused on learning and skills.

Working with other partners – housing associations, voluntary organisations and community groups will ensure that local services are properly joined up and coordinated, with a 'whole place' approach to neighbourhoods, where collaboration and shared resources deliver the best outcomes for local people.

(iv). Economic growth and jobs

Economic development and support to job creation, skills training and sustainable business growth can impact greatly on the prosperity and wellbeing of the city and lead to a reduction in demand across a whole swathe of public services. This will have an even

more direct impact on our income through the local retention of growing business rates. The future will be framed by collaborative working at a regional and sub-regional level.

Achieving good educational outcomes starts at an early stage and therefore we need to make our children “school ready” in the early years and at key transition points in their educational career, and “work ready” by the time they leave school.

(v). The changing workforce

Our direct workforce will be smaller reflecting that outcomes and services will be delivered through new models where staff will not necessarily be directly employed by the council. The core workforce will be working more flexibly with better technology support and revised skills and capabilities to meet new needs.

(vi) Council-wide

We will continue to work more efficiently, redesigning our services so that they are as lean as possible. Wherever possible we will deploy technology to ensure processes are joined up and that we ‘get it right first time’. We have also identified proposals around changes to the Council Tax support scheme, the Council Tax discretionary hardship fund and the local welfare assistance provision scheme to deliver further savings.

8. Key Immediate organisational priorities¹⁶

In pursuing our vision for 2020 and the outcomes above the Leader has set out a number of key organisational short and medium-term priorities.

- Keeping the Children’s and Education Improvement Plans on track. This remains our number one priority. We will also ensure that these plans are part of a longer term vision for these services within the overall Future Council agenda.¹⁷
- Successfully concluding the work of the Independent Improvement Panel. To achieve our vision we must restore independence and pride to our municipal governance, for example through our devolution deal. To do that, we must be free of government intervention and in charge of our own destiny.
- Creating strong strategic partnerships. There are many excellent examples of partnerships between the City Council and others that are delivering services and projects, but at a corporate level we need to do much more to put in place effective new partnership arrangements in line with the vision and strategic principles outlined above.
- Setting a realistic budget and planning framework for the next four years. This is essential to give us the security to move forward with confidence and the credibility to deliver on improvement. This Plan sets out the vision, strategic approach and financial plans that will give us this security.

¹⁶ Report to Overview and Scrutiny January 19 2016

¹⁷ Improving Children’s Services Assurance Statement is attached as appendix 14

Vision, Priorities and Approach

- Establishing the combined authority and taking forward the devolution deal. Our partnership with neighbouring authorities and the devolution deal we signed with the Chancellor of the Exchequer in November 2015 are major steps forward for Birmingham and the West Midlands. We must continue to work closely together through the next vital stages as we establish the Combined Authority in the summer and begin to implement devolution – making sure that work leads to permanent benefits.

PART THREE - EQUALITY ANALYSIS SUMMARY

1.1 Introduction

Birmingham is the most youthful city in Europe with a wide range of cultural, faith and ethnic communities. Every neighbourhood in the city has seen the arrival of at least some newcomers from countries that previously were not represented in the city, and this has enriched the lives of the local people and made our neighbourhoods fascinating places to live in. Through this diversity, the city benefits from positive social cohesion which has been achieved through working with all our communities, as well as with our public and private sector partners to address inequalities. The City Council and its partners can only progress community cohesion by continually reducing systemic social and economic inequalities, which is essential for economic growth. That why the Child Poverty Commission, the Housing Investment Programme, and Birmingham Youth Promise has been established, as examples of initiatives to make our city more inclusive and cohesive.

As government funding is reduced year after year it becomes more and more difficult to find savings through efficiencies or 'back office' cuts and we are now at the point where difficult decisions about 'frontline services' can no longer be avoided. In order to address these challenges, the City Council set up the Future Council programme during 2015 to deliver an integrated and strategic approach to managing the necessary changes. Given the nature of our work, and the scale of the cuts, some negative socio-economic impact is also almost inevitable.

The question for us as a City Council is how we can minimise and mitigate that impact. This means we must: (a) put more emphasis on prevention, which is cheaper than cure; (b) reframe the way we do our work so that we join things up from a customer perspective, and reduce duplication; (c) work with others who can do things more effectively and cost effectively than we can ourselves.

The City Council takes account of the potential impacts of its policies and decisions on equalities, social cohesion and social inclusion, through a risk analysis process referred to as Equality Assessment (EA). This ensures that the potential implications of such proposals on those with the 'protected characteristics' covered under the Equality Act 2010 are considered. These protected characteristics include age, disability, sex (gender reassignment), pregnancy and maternity, marriage and civil partnerships, race, religion and belief, and sexual orientation.

1.2 Equality Act (2010)

The Equality Act (2010) requires relevant public bodies, when exercising their functions, to have due regard to the need to:

- Eliminate unlawful discrimination, harassment and victimisation and any other conduct prohibited by the Act
- Advance equality of opportunity between people who share a protected characteristic and people who do not share it
- Foster good relations between people who share a protected characteristic and people who do not share it

These are commonly known as the three aims of the Public Sector Equality Duty (PSED) imposed by the Act. The council must consciously consider these aims as part of the budget decision making process.

The PSED does not prevent the council from making difficult financial decisions. It does, however, require all decisions to be made in a fair, transparent and accountable way, with full consideration of the needs of different individuals and communities and the potential impact on groups defined by reference to 'protected characteristics'. To the extent that any disproportionate impact on such groups which results from particular proposals cannot be avoided by mitigating actions, these proposals cannot proceed without amendment unless the council decides that their aims are sufficiently important to justify the disproportionate impact, and that such aims cannot reasonably be achieved by means which are less damaging in their impact.

Similarly, to the extent that particular proposals are otherwise likely to interfere with the pursuit of equality and/or good relations between persons of different groups defined by reference to relevant characteristics, considerations will have to be given to whether these outcomes are justified by the aims pursued. The analysis which is required in order that these decisions can be made is found in the council's Equality Assessment documentation.

'Having due regard' involves (amongst other things) considering the need to remove or minimise disadvantages between those who share a particular characteristic and those who do not. It requires us to take steps to meet the needs of people from groups defined by reference to protected characteristics, where they are different to those from different groups. We need to encourage those in groups defined by reference to protected characteristics that are under-represented in public life to increase their rates of participation. The PSED also requires the council to tackle prejudice and promote understanding between and across all our communities. The council must consider the equality implications of proposals when making decisions, whilst also having regard to any countervailing factors, which it is reasonable to consider in the relevant circumstances.

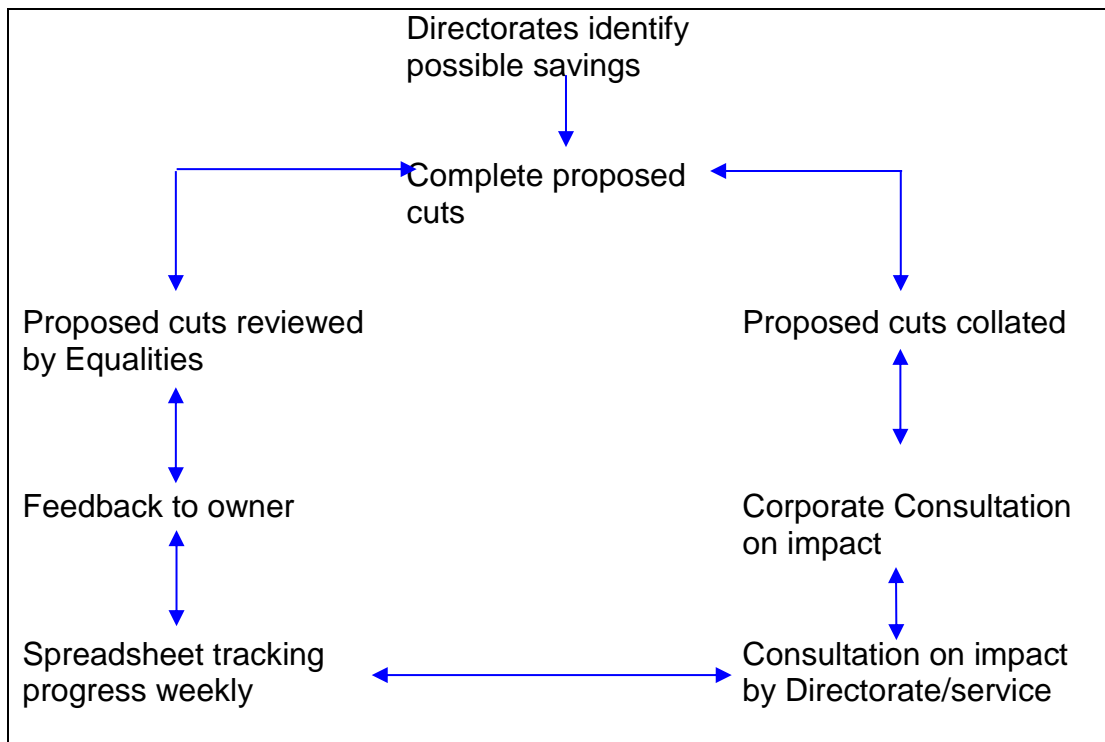
These factors may include, for example, budgetary pressures, economic and practical factors.

1.3 The council’s approach to the proposed allocation of savings

In recent years, the council has had to make significant budgetary cuts and this remains an ongoing requirement. Over the last four years our plans, priorities and budget proposals have been the subject of equality analysis and consultation. The council’s formal budget consultation document, alongside a series of factsheets contained information on the proposed allocation of savings and individual proposals for 2016/17.

1.4 The council’s equality analysis methodology

This methodology supports the council in its approach to the individual proposed cuts, and the extent to which each one has gone through the approved two stage Equality Assessment process in terms of maintaining quality, consistency and ensuring that due consideration has been given to meet our legal responsibilities. From an Equalities point of view, the sequence is as follows:



The City Council’s tool for ensuring fairness in decision making – the Equality Analysis Toolkit – has been used during this savings round.

1.4.1 The equality assessment process (Equality Framework for the Business Plan)

This section aims to provide an overview of what our analysis is currently telling us and to highlight emerging themes that may have a wider impact on groups defined by reference to protected characteristics. It also considers how we can use this data to inform the council's further work to promote fairness and reduce socio-economic inequalities.

Initial equality assessment screenings have been carried out, where appropriate, on 2016+ Budget proposals. These have helped the council to identify emerging impacts and have led to more detailed assessments where initial screenings have indicated potential disparate impacts on groups defined by reference to protected characteristics, or other equality concerns. The initial EA screenings look at how individual proposals might relate to one another and consider how a series of proposed changes to services could impact cumulatively on particular groups of people.

EAs are living documents that change and are updated as the equality implications of a decision and any alternative options or proposals are considered. EAs have therefore been developed alongside the budget proposals. They have been drafted by senior management in the appropriate service area of the council with support from the council's specialist equality advisors.

The quality assurance process has provided a central overview of all proposals and their potential impacts upon groups. EAs will continue to be reviewed as we consult with staff, service users and others on our detailed proposals. The feedback received through consultation will be incorporated into the documents, in particular, the assessment of potential impacts, to guide detailed decision making.

1.4.2 Consultation Framework for the Business Plan

Whilst the council regularly monitors the social impact of the cuts and social cohesion, an essential part of the council's EA process is the public consultation on the Business Plan and Budget. The corporate public consultation on the 2016+ budget proposals began on 9 December 2015 and closed on 8 January 2016. There are three types of consultation which the council undertakes as part of the planning process.

Corporate Consultation - The corporate consultation gives all local residents and staff the chance to have their say on the council's overall budget proposals. The results of this consultation inform the council's executive before finalising the council's business plan and budget at full council in March.

Directorate/Service-led - Directorate/Service-led consultations take place with service users who may be affected by any specific proposals and service changes. These are subject to a separate Cabinet decision following this consultation. These will inform separate policy decisions, subsequent to the setting of the 2016+ council budget.

Consultation with Trades Unions and Employees - The collective consultation is formal consultation and negotiation with the employees and trades unions about possible job losses and the proposed changes to terms and conditions of employment. This consultation starts at the same timer as the corporate budget consultation and continues for at least 45 days or longer if necessary to ensure that it is meaningful.

1.5 Conclusion

The council recognises it is essential that it undertakes an appropriate, comprehensive approach to the equality analysis and assessment of its proposed future developments to its policy and related spending plans.

This section has provided a description of the council's rigorous equalities process undertaken in line with the Equality Act 2010 and together with the initial equality assessments below provides an overview of the main equality considerations arising from the council Business Plan and Budget 2016+.

Detailed equalities assessment work continues to be undertaken by each Directorate and is part of an ongoing process. These assessments are available to Members through the Equalities Risk Analysis toolkit. In completing this work the council will also work with its partners to further explore the equality implications of the council's proposals, and the mechanisms for monitoring the equalities impacts of expenditure decisions.

The consultation and equalities assessment work to date has identified a range of mitigations that the council could put in place in order to progress the proposed cuts on which it is consulting. These are detailed below. However it is not possible at this stage to fully assess the impact on those with protected characteristics and further assessment will be carried out as part of the full impact assessments, where required.

With the approach taken by the council to consultation and equalities assessments, described above, and the mitigations and budget changes made and incorporated into this budget and detailed in appendix one, following such consultation and equality assessment, it is considered that the council Budget set out in this report is reasonable and appropriate.

While the ongoing consultative and equalities work still underway may necessitate some subsequent changes to the resource allocations within this Budget, in the context of the overall scale and shape of the corporate Budget as a whole, any such changes may reasonably be expected to be of a magnitude which could and would be addressed within the framework of this council Budget.

PART FOUR - FEEDBACK FROM CONSULTATION

The Process

Birmingham City Council's Budget Consultation 2016+ ran from 9th December 2015 to 8th January 2016, based upon a 'Council Business Plan and Budget 2016+: Consultation' booklet and detailed fact sheets for each of the 96 savings proposals. The proposals in this year's consultation document were organised under the following six themes:

- Preventing family breakdown.
- Maximising the independence of adults.
- Sustainable neighbourhoods.
- Economic growth and jobs.
- The changing workforce.
- Council-wide.¹⁸

The consultation involved:

- Three public meetings led by the council's Leader and Cabinet.
- An online 'Be Heard' survey.
- Submissions via emails, letters and social media.
- A Disability Budget Forum.
- A consultation meeting aimed at the business community.
- Four focus groups, two online and two face to face, with participants recruited from Birmingham's People's Panel.
- Two webcast question and answer sessions, each lasting two hours, with the Cabinet.
- Three smaller meetings have been held with young people on their vision for the city and the broad 'Future Council' approach; and
- Ideas for saving money or raising revenue with additional comments on the Budget 2016+ dialogue and ideas section of the council's website.

The budget consultation built on previous engagement including 11 district community workshops held in every Birmingham District (two in one District because of numbers wanting to attend) in November 2015 and on several 'Big Conversation' events with council employees.

¹⁸ These themes are explained in more detail in Part Two.

The corporate budget consultation asked for views on all of the proposed budget savings to services. The detail of the individual proposals and service changes are consulted on where appropriate with service users and employees and are subject to a separate cabinet decision following on from consultation.

Through the corporate consultation, we asked members of the public for their views on the following:

- The vision for the city.
- The role of the council and its partners in delivering the vision.
- Devolution.
- The level of Council Tax next year.
- Their views on the savings proposals.

Responses

Set out below is a summary of the feedback under these headings. The detailed report on the findings from the consultation can be found on www.birmingham.gov.uk/budgetviews

Vision

There was general support for the council's vision. Themes which people identified included:

- Pride in the city.
- Integrated green transport.
- A good place to grow old.
- Improved health and wellbeing.
- Social and affordable housing.

Council Role and Devolution

- High level of agreement through the survey that the council should provide strong but accountable leadership at city-wide and local level.
- The council has an essential role in monitoring contracts and safeguarding.
- Expectation that others – residents, organisations, businesses - will all need to play a bigger role in delivering the vision.
- Agreement that there should be more local control over spending and budgeting – local people having a say on local issues and services.
- A keenness to collaborate and work in partnership.

Council Tax

- Close to two thirds of all respondents to the online questionnaire agreed with the proposed 2% increase in Council Tax, more than twice the numbers that were opposed.
- The same number agreed with the proposed 2% increase in relation to the social care precept, more than twice the proportion that was opposed.
- A few suggestions were made that a referendum be called for a higher Council Tax rise.

Themes – Summary of Responses

- Preventing family breakdown – whilst supporting the preventative approach, the message was the “devil would be in the detail”.
- Maximising the independence of adults – there was support for promoting the independence of adults, but fears were expressed that this might sometimes be a cover for cutting budgets for care packages. Some people may not be able to live independently and their needs must be catered for. There was concern expressed at the proposed closure of day care centres and any cut backs in public health.
- Sustainable neighbourhoods – issues were raised around building houses on green spaces and parks; school crossing patrols; and community libraries. Developing a modern, integrated, accessible and green transport system for the city was generally supported as was reconfiguring waste collection services. Public discussion about the vision in the district workshops and through the People’s Panel wanted the council to strengthen its enforcement role.
- Economic growth and jobs – there was concern about further cuts to arts and cultural organisations; a great deal of interest in how the WMCA would work. Improving the transport network emerged as a theme. And proposals that involve raising income from the council’s assets or charging more for business services were strongly supported.
- The changing workforce – this theme received by far the biggest response to the consultation from council employees. There was strong opposition to the proposed changes in terms and conditions of council staff, but support for increased numbers of trainees and other improved workplace efficiencies.
- Council-wide – most proposals under this theme had a relatively small number of responses. However, a parallel council consultation on the proposal to end the £2.9m Local Welfare Assistance Provision had a much bigger response, disagreeing with this proposal. Through this specific consultation came a request for at the very least a delay in the cessation of the scheme, so that the partially mitigating collaborative arrangements could be given a chance to work.

In summary, the corporate consultation did not give rise to any big campaigns over a single issue or proposal. The council has however responded to concerns raised through the consultation on the following:

- **The proposed withdrawal of local welfare assistance provision.** We will continue to fund the local welfare assistance provision for 2016/17 at the current level of demand. We will then will seek alternative sources of funding for future years to supplement the additional funding which we now propose to provide from 2017/18 onwards.
- **The proposed changes to school crossing patrols.** We will be evaluating options for new approaches to improving safety in general around schools, including setting up a Trust, which will maintain the level of service whilst reducing costs to the council.

We have also noted the wealth of concern expressed by council employees under the theme of the changing workforce and will continue to work with trades unions and employees on the future package of employee proposals.

PART FIVE - FINANCIAL PLAN

Chapter 1: Budget Summary

Background

- 1.1 The City Council's Financial Plan continues to be set in the context of reducing resources available to fund the provision of services and investment in its assets. This is largely as a result of the continuing cutbacks in grant funding as part of the Government's policy of reducing public expenditure in order to address the deficit in the public finances.
- 1.2 Birmingham is more dependent on Government grants than many local authorities, both because of the higher level of need requiring it to fund a higher level of expenditure on services (as assessed under the Government's previous Formula Grant regime) and also because its relatively low tax base constrains its ability to raise funds locally through Council Tax. This has meant, until now, that the City Council has experienced disproportionate cuts in its revenue resources. To try to address this, Birmingham has been lobbying the Government over the last two years for a fairer grant settlement for Birmingham. Subsequently the Government has adopted a fairer funding methodology for the allocation of grant reductions from 2016/17 onwards. This has led to considerably lower cuts for Birmingham in future years than would have otherwise been the case, but has not addressed the unfairness of cuts that Birmingham received in 2014/15 and 2015/16.

Revenue

- 1.3 The council has further developed its medium- and long-term financial planning approach and this Business Plan contains a 2016/17 Budget, an Indicative 2017/18 Budget (as agreed with the DCLG as part of the council's Improvement Plan), financial forecasts for 2018/20 and a 10 year Long-Term Financial Plan and Efficiency Statement. These show balanced financial plans throughout this period, although the extent of savings delivery risk is clearly recognised, as are the potential impacts of pressures and grants and other changes, such as business rates localisation. The reserves strategy provides a level of potential mitigation against those.
- 1.4 Excluding those grants which are ringfenced to be spent on specific services and projects, the City Council will be subject to a cash reduction in corporate grant funding of £59.7m (13.4%) in 2016/17. After taking account of income from the local share of business rates and from Council Tax, total corporate funding will reduce by £46.5m (5.1%) in comparison with 2015/16 on a like for like basis (£39.7m in cash terms).
- 1.5 At the same time, there is the need to increase funding for some services by £23.7m. This includes providing further resources for child protection services (an extra £4.7m) and continuing to invest in adult social care (£10.5m), both to meet the

costs of the increasing number of older people requiring care and also to address the extra costs within the care sector arising from the implementation of the Living Wage.

- 1.6 In addition to this, inflationary costs are estimated to be £17.4m, a net movement in corporate reserves of £17.8m offset by a reduction in corporately managed budgets of £10.3m.
- 1.7 Therefore, it will be necessary for further savings of £88.2m to be made in order to balance the revenue budget in 2016/17
- 1.8 After taking account of medium term resource forecasts and additional future pressures, further savings of £163.0m are planned. This will enable the council to set out balanced financial plans for the years to 2019/20, including an indicative budget for 2017/18.
- 1.9 It is expected that total savings of £815m will have been made over the 9 year period from 2011/12 – 2019/20.

Council Tax

- 1.10 In order to maintain an appropriate level of income from Council Taxpayers, and to mitigate the need to make savings as much as possible, a base Council Tax increase of 1.99% is proposed for 2016/17. In recognition of the particular pressures on adult social care the Government, as announced in the Spending Review 2015, is enabling local authorities responsible for adult social care to raise up to an additional 2% of Council Tax income to recognise the particular pressures on adult social care. The council, like many, if not most, social care authorities considers that the best way of addressing the cost pressures on these services is to use this ability to generate specific additional resources. Taken together this would take the amount for a Band D property to £1,204.65 for City Council services, an increase of £46.22 per year, or 89p per week.

Housing Revenue Account (HRA)

- 1.11 Proposals have been developed for a budget in 2016/17, with a rent decrease of 1% in line with the new national rent policy.
- 1.12 In addition to revenue expenditure on day-to-day repairs and maintenance, the council will be investing in a Council Housing capital programme of £347m over the three years 2016/17 – 2018/19, including £166m investment in new homes and regeneration.

Capital

- 1.13 Capital investment is also constrained by reductions in Government grant funding. However, some grants continue to be made available, particularly those earmarked for specific projects/programmes. Taken together with a prudent level of new borrowing, a capital programme of £966m is proposed from 2016/17 onwards.
- 1.14 After taking account of the on-going annual provision for debt repayment, total outstanding debt is forecast to fall slightly over the next 3 year period. Of the projected gross loan debt (including Private Finance Initiative (PFI)) of £3.9bn at the end of this period, £1.1bn will relate to the HRA and £2.8bn to the General Fund.

Chapter 2: Revenue Resources

1. Financial Challenge

- 1.1 This chapter details the General Fund revenue resources expected for the period 2016/17 to 2019/20.
- 1.2 The City Council continues to face a significant challenge over the coming years. In the nine years, from 2011/12 to 2019/20, it is forecast that total corporate funding will have reduced by £366m per annum.
- 1.3 The City Council expects to receive total General Fund grant and external income resources of £2,763.7m in 2016/17. The resources can be analysed into the categories shown in Table 5.2.1.

	2015/16	2016/17	2017/18	2018/19	2019/20
	£m	£m	£m	£m	£m
Core Grants (RSG) ¹	286.898	226.587	177.753	143.992	109.743
Core Grants (Top Up)	126.015	127.067	129.566	133.388	137.652
Corporate Grants	31.986	31.575	38.420	54.808	75.371
Sub Total Corporate Grant Funding	444.899	385.229	345.739	332.188	322.766
Business Rates*	196.305	187.884	206.516	218.448	226.525
Council Tax*	272.137	293.743	300.052	312.647	325.772
Sub Total Corporate Funding	913.341	866.856	852.307	863.283	875.063
Directorate Grants ²	252.903	275.621	296.255	296.255	296.255
Schools Funding ³	796.585	781.610	781.610	781.610	781.610
Grants to reimburse expenditure (esp.Benefits) ⁴	551.025	550.537	550.537	550.537	550.537
External Income ⁵	275.373	289.059	298.437	306.457	312.774
Total General Fund Grant & External Income	2,789.227	2,763.683	2,779.146	2,798.142	2,816.239
Annual % Change in Corporate Funding		-5.1%	-1.7%	1.3%	1.4%
Annual % Change Corporate Spending Power		-4.7%	-2.5%	0.9%	1.6%

Table above excludes Use of Reserves which are discussed in Chapter 3

1. This is the adjusted 2015/16 RSG figure for specific grants rolled into RSG from 2016/17 so that a like for like comparison can be made.

2. 2015/16 is an adjusted directorate grant figure for those grants rolled into RSG from 2016/17 onwards. For future years directorate grants are based on information available at the time.

3. Schools funding has been assumed to remain unchanged in future years. No adjustments for schools transferring to academies or changes in funding formula have been made as there is too much uncertainty at present. However, schools will be required to contain spend within the resources available.

4. Grants to reimburse expenditure particularly Benefits - we have not sought to forecast future demand in this area.

5. External Income has been forecast based on information in the Savings Programme and the OBR 's (November 2015) CPI forecast for future years.

* Business Rates and Council Tax figures are shown net of deficit/surplus.

1.4 The Government's definition of Core Spending Power (CSP) is similar to Corporate Funding (albeit with slight differences). The annual change in these statistics are shown in Table 5.2.1 above.

2. Core Government Grant Funding

2.1 Core Grants are made up of Top Up Grant and Revenue Support Grant.

2.2 The level of future forecast income from 2016/17 onwards of Core Grant funding has improved since the LTFP was agreed in March 2015.

Table 5.2.2 below shows the movement in Core Grant funding since the budget was set last year.

Table 5.2.2 Core Government Grant Funding Forecast Changes				
	2016/17	2017/18	2018/19	2019/20
	£m	£m	£m	£m
Core Grant Business Plan 2015+ (Mar15) (includes RSG and Top Up Grant)	323.0	265.9	230.9	202.4
Government Updates:				
Spending Review (Nov 15)	29.1	25.0	25.4	36.9
Local Government Finance Settlement inc adoption of Fairer Funding	1.6	16.5	21.1	8.0
Core Grants 2016+	353.7	307.3	277.4	247.4
Cumulative change from Adjusted 2015/16 (£m)	(59.3)	(105.6)	(135.5)	(165.5)
Cumulative % Change from 2015/16	-14.4%	-25.6%	-32.8%	-40.1%
Annual % Change	-14.4%	-13.1%	-9.7%	-10.8%
Memorandum				
Estimated improvement in resources from introduction of fairer funding methodology	18.8	33.4	40.7	47.4

2.3 The improvement in the forecast position has occurred for two reasons:

- More information has been published to allow us to revise our forecasts during the year. The Government's Spending Review in November 2015 announced the profile of local government spending over the next five years, and four year figures were published at the time of the Local Government Finance Settlement. This has given us more accurate information to base our forecasts on. This has resulted in an overall improvement in core grant funding by 2019/20 compared with our previous projections.
- The second reason for the improved funding position is the Government's adoption of a fairer funding approach to its methodology for allocating grant reductions. This is following Birmingham lobbying the Government over the

last two years for a fairer grant settlement. This methodology provides a fairer basis than previously for the allocation of central funding as it takes into account the amount of income authorities currently receive from Council Tax as well as the settlement funding assessment. This means that reductions in funding have less disproportionate impact on those authorities that are heavily reliant on government funding. However, we continue to make representations to further improve the equity of the situation.

- 2.4 This has gone some way to correct the disparity in the allocation of grant reductions and recognise local authorities differing levels of Council Tax resilience from 2016/17 onwards. However, if the revised allocation methodology had been adopted from 2014/15, BCC estimates that we would have received additional funding of around £89m in 2016/17.

Revenue Support Grant

- 2.5 The Government has calculated that the City Council will receive £226.6m Revenue Support Grant (RSG) in 2016/17. This compares with £286.9m received in 2015/16, a reduction of £60.3m. The 2015/16 figure has been adjusted for the rolling in of the Care Act, Local Lead Flood Authority and Sustainable Drainage grants into the Settlement Funding Assessment (SFA), so that comparisons can be made on a like for like basis.
- 2.6 The City Council has based its forecast resource levels until 2019/20 on the announcement made in the Local Government Finance Settlement, as part of the four-year figures that have been made available to authorities. This offer has been made on the condition of a submission of an efficiency plan. Further clarity is awaited, however, on what this will entail.
- 2.7 Beyond 2019/20, in line with the Government's policy that a surplus national budget will be achieved by this point, a "steady state" of funding has been assumed. The forecast levels of RSG for 2016/17 to 2025/26 can be seen in the Long-Term Financial Plan and Efficiency Statement (Appendix 3).

Top Up Grant

- 2.8 As part of the Business Rates Retention Scheme (BRRS) the Government pays the City Council a Top Up Grant. This is to compensate for the fact that the 49% of business rates that the Government estimates the City Council will retain is less than the baseline level of funding that Government has estimated the City Council requires from the Business Rates Retention Scheme.
- 2.9 The City Council will receive £127.1m Top Up Grant in 2016/17. This is an increase of 0.8% on the 2015/16 allocation. The Top Up Grant increases annually in line with the business rates multiplier. This is based on Retail Price Index (RPI) as at September of the previous financial year. In previous years, where the multiplier has been capped at a 2% increase but the level of RPI has exceeded this, the

Government have provided a compensating grant for the lost income. This grant relating to previous years will continue (see paragraph 3.9).

- 2.10 In future years, the City Council assumes, based on information provided by the Office for Budget Responsibility (OBR), that the increase that will be applied to the Top Up grant will be 2% in 2017/18, 2.9% in 2018/19 and 3.2% in 2019/20. The forecast levels of Top Up Grant can be seen in the LTFP and Efficiency Statement for 2016/17 to 2025/26 (Appendix 3).

3. Corporate Grants

- 3.1 In addition to core funding, the City Council also receives a number of unringfenced grants that are not allocated for specific purposes and are used to support the overall budget. These grants are:
- New Homes Bonus
 - Small Business Rates Relief grant
 - Other Business Rates related grants

New Homes Bonus (General)

- 3.2 New Homes Bonus (NHB) is a general grant awarded by the Government for new houses built in Birmingham, or empty properties brought back into use. The grant is provided to help fund the additional services required for the new properties and families living within them. The grant is provided in two parts:
- General
 - Affordable Homes Element
- 3.3 The City Council chooses to apply this grant in two ways. The general grant is used to support the overall budget, and the affordable homes element is treated as a Directorate grant, including use to reinvest in building additional affordable housing in Birmingham.
- 3.4 In 2016/17 the City Council will receive £19.8m of general NHB. This is an increase of £3.0m over 2015/16. The Government is currently out to consultation on the NHB with the proposal to reduce the length of grant payments from six to four years or possibly even less. However, the Government have supplied indicative figures for 2017/18 at a similar level to that of 2016/17, but with the grant reducing considerably to £13.8m in 2018/19 and £13.2m in 2019/20. The City Council's forecast of general NHB can be seen in Appendix 2.
- 3.5 In order to fund the NHB, the Government topslices funding from the national allocation of RSG. If this topslice exceeds the national amount of NHB distributed, the Government reallocates the remaining funding. In 2016/17, the City Council will receive a further £0.8m of returned NHB funding. This has been treated as a one-off

resource as it is assumed that the Government topslice will be accurate in future years.

Small Business Rates Relief Grant (SBRR)

- 3.6 In his Spending Review/Autumn Statement 2015, the Chancellor announced that he has again extended SBRR relief for a further year. This reduces the level of business rates income retained by the City Council and the Government provides grant funding to compensate for this.
- 3.7 The City Council will use this grant of £6.2m in 2016/17 as a corporate resource in the same way that it would have, had the income continued to be received via business rates. As the relief has been granted for four consecutive years, the City Council is now assuming that this will be a permanent reduction in business rates and hence a permanent grant stream. However, should this not be the case then it is assumed that the loss of SBRR grant would be offset by an increase in business rates income of an equal amount, leaving the overall resource position unaltered. The City Council's forecast of SBRR grant can be seen in Appendix 2.
- 3.8 These numbers exclude small business rates relief grant received in relation to the Enterprise Zone as this funding is passed directly to the Enterprise Zone.

Other Business Rates Related Grants

- 3.9 Other Government policies that impact on the amount of business rates income that the City Council will receive are compensated for by a separate government grant. The remaining grant of £4.8m in 2016/17 (other than that relating to Small Business Rates Relief described above) is to compensate for the Government capping the increase in the small business rates multiplier at 2% in previous years. This will not apply to this year's increase in multiplier, as RPI was at 0.8% in September 2015, but it will still be received in relation to the capping of the multiplier in previous years.
- 3.10 These grants have reduced from 2015/16 as the relief on retail properties has now ceased and therefore so has the Government grant, but there will be a corresponding increase in business rates income.
- 3.11 As grants will be paid to compensate the City Council for the loss of business rates income, they are used to support core activities. The City Council's estimate of other business rates related grants can be seen in Appendix 2.
- 3.12 These numbers exclude other business rates related grant received in relation to the Enterprise Zone as this funding is passed directly to the Enterprise Zone.

Improved Better Care Fund

- 3.13 The Government is providing £1.5bn nationally to local authorities to spend on adult social care by 2019/20. This funding is to be allocated as a separate grant to local government, benefitting those authorities who will generate less income through the Social Care Precept, such as Birmingham. However, this funding is not available until 2017/18, with a future consultation to be published in due course on the proposed distribution methodology. The proposed allocation for Birmingham in 2017/18 is £6.7m rising to £52.4m by 2019/20.
- 3.14 It will be noted that the Council's financial plans include a further significant level of savings to be achieved from 2017/18 onwards through the re-design and integration of services across the health and social care economy. Therefore, whilst this additional BCF resource is being treated as a corporate resource, it is expected that it will be made available to fund additional care services, to facilitate investment in order to deliver the savings in the plan or to mitigate budgetary pressures should there be any under-achievement of the required level of savings.

4. Business Rates Income

- 4.1 The City Council is able to retain 49% of all business rates generated locally excluding growth within the Enterprise Zone. A further 50% is paid directly to the Government and the final 1% is paid to the West Midlands Fire and Rescue Authority.
- 4.2 However, the City Council does not have any control over the business rates multiplier that will be used to calculate individual business rates bills. The Government continues to be responsible for setting the rate and national policies on discounts. Government announcements regarding business rates that will impact on the level of resources received by the City Council are compensated for through additional Government grants allocated to the authority (see paragraphs 3.6 – 3.12).
- 4.3 The City Council estimates that total income received from business rates, excluding growth within the Enterprise Zone, will be £419.7m in 2016/17 (see Table 5.2.4). This is an increase of 3.8% on that budgeted for in 2015/16. The business rates income to be used for setting the 2016/17 budget was agreed by the Cabinet at its meeting on the 26th January 2016. This income is now fixed for the purposes of 2016/17 budget setting. The forecast levels of Business Rate income for 2016/17 to 2025/26 can be seen in the LTFP and Efficiency Statement in Appendix 3.
- 4.4 In future years, the City Council has assumed that business rates income will have an underlying increase of:

17/18	18/19	19/20	20/21	21/22	22/23	23/24	24/25	25/26
2.5%	3.4%	3.7%	3.7%	3.7%	3.0%	3.0%	3.0%	3.0%

- 4.5 This reflects an assumed increase of 0.5% real terms growth and an increase in the business rates multiplier, in line with the RPI forecast from the OBR for the previous financial year. It should be noted that the Government has taken into account an anticipated level of growth in Business Rates when determining RSG allocations. The LTFP and Efficiency Statement (Appendix 3) shows the future change in assumptions of the City Council's share of the business rates income within the city.

Enterprise Zone

- 4.6 In 2016/17, it is anticipated that the Enterprise Zone will retain £5.9m of business rates income and £0.4m for reliefs awarded. The overall deficit carried forward from 2015/16 is £1.5m. In addition, the Enterprise Zone will receive £0.3m of Section 31 grants. This overall resource of £5.1m will be used in accordance with the Enterprise Zone Investment Plan.
- 4.7 Business rates income above the previously determined baseline within the Enterprise Zone is 100% retained by the City Council to pass to GBSLEP. These business rates are not available to support the City Council's budget, but are used to support redevelopment within the Enterprise Zone.
- 4.8 Growth in business rates income within the Enterprise Zone will be fully retained for the period up to 2046. The intention is to provide a higher degree of certainty around future levels of income available towards investment and regeneration in this zone.

Business Rates Collection Fund

- 4.9 It is estimated that the City Council's share of the Business Rates Collection Fund deficit in 2015/16 will be £13.2m (excluding the planned impact of spreading backdated appeals based on the calculation undertaken in 2013/14). This deficit will be wholly taken into account in setting the 2016/17 budget. This deficit includes a deficit brought forward from 2014/15 of £3.9m that arose mainly due to the impact of providing for Business Rates appeals earlier than originally anticipated when setting the 2015/16 budget. The in-year deficit for 2015/16 of £9.3m largely relates to a substantial level of successful backdated appeals.
- 4.10 A significant risk to the level of future business rates income is the very recent application by NHS Trusts across the country for mandatory business rates relief on charitable grounds. If granted this would potentially have a major impact on the business rates income for the council. However, due to the lack of information and uncertainty that surrounds this it has not been factored into business rates income forecasts included in this business plan.
- 4.11 In 2013/14, the City Council spread the cost of its backdated appeals over five years. The impact of making provision for backdated appeals settlements will charge £9.8m (£4.8m City Council share) to the collection fund in 2016/17.

Business Rates Summary

- 4.12 The overall resources available from business rates income for 2016/17 is summarised in Table 5.2.4, with the City Council's net resources being £187.9m.

	Business Rates £m	Planned Spread of Backdated Appeals £m	15/16 (Surplus)/Deficit ** £m	Net Resources £m
BCC	(205.842)	4.752	13.206	(187.884)
Government*	(209.618)	4.849	13.475	(191.294)
WM Fire Authority	(4.201)	0.097	0.269	(3.834)
Sub Total	(419.661)	9.698	26.950	(383.012)
Enterprise Zone*	(6.294)	0.061	1.462	(4.772)
Gross Business Rates	(425.955)	9.759	28.412	(387.784)

*Government and Enterprise Zone figures are shown net of compensation in relation to Enterprise Zone reliefs.

** includes deficit carried forward from 2014/15

- 4.13 Projected business rates income to be retained by the City Council for 2017/18 onwards is set out in Appendix 3 and Table 5.2.1.

Future 100% Retention of Business Rates

- 4.14 The Chancellor announced in the Spending Review in November 2015 that, by the end of Parliament, local government will retain 100% of business rates income, to fund local services. The main local government grant, RSG, will be phased out and there will also be additional responsibilities, and therefore costs, associated with this transfer which local authorities will have to incur, in order for it to be fiscally neutral to the Government. There will be a consultation on the new proposals launched during 2016.
- 4.15 It is not yet known when the implementation of this new arrangement will commence or how it will be implemented. Due to this uncertainty, but the expected fiscal neutrality, for the time being our resource projections are based on the current funding methodology.

5. Council Tax

- 5.1 In order to maintain an appropriate level of income from Council Taxpayers, and to mitigate the need to make savings as much as possible, a base Council Tax increase of 1.99% is proposed for 2016/17. In recognition of the particular pressures on adult social care e.g. demographic changes and the implementation of the National Living Wage, the Government announced in the Spending Review 2015, that it is enabling local authorities responsible for adult social care to raise up to an additional 2% of Council Tax income to provide funding for those services. The council, like many, if not most, social care authorities considers that this is the best way of going some way towards addressing these cost pressures. However, the

adult social care pressures significantly exceed the income yielded from the Social Care Precept.

- 5.2 The Localism Act 2011 removed the Government's ability to cap Council Tax increases and instead requires local authorities to consult local residents via a referendum if an "excessive" level of Council Tax is proposed. The Government has announced that for local authorities like the City Council an "excessive" Council Tax would be one where the increase is 2.0% or more. An additional 2% flexibility has also been granted for the Social Care Precept. In effect therefore, the Council Tax increase would need to be 4.0% or more before a referendum would be required. The proposed increase of 3.99% will not, therefore, require a referendum.
- 5.3 The taxbase to be used for setting the 2016/17 Council Tax was agreed by the Cabinet at its meeting on 26 January 2016. The tax base consists of 239,042 "Band D equivalent" properties, after allowing for a collection rate of 97.1% (including the impact on collection of the Council Tax Support Scheme). This tax base is now fixed for setting the 2016/17 Council Tax.
- 5.4 The tax base has increased by 4,953 Band D equivalent properties compared with 2015/16. The tax base was calculated after taking account of the Council Tax Support Scheme.
- 5.5 The proposed City Council's element of Band D Council Tax will be £1,204.65 for 2016/17. This includes the additional 2% increase for the Social Care Precept.
- 5.6 This would mean that the Council Tax requirement for council services in 2016/17 will be £288.0m.
- 5.7 A 1.99% increase in the base Council Tax for future years has been assumed for planning purposes. In addition, a 2% increase for the Social Care Precept has been assumed until 2019/20. The forecast levels of Council Tax income for 2016/17 to 2025/26 can be seen in the LTFP and Efficiency Statement in Appendix 3.

Council Tax Support

- 5.8 At its meeting on 12 January 2016 the City Council confirmed its Council Tax Support Scheme for 2016/17. A discount of up to 80%, dependent on the income and circumstances of the claimant, will continue to be applied in general to those of working age with a low income. However, a discount of up to 100%, again dependent on income and circumstances, will continue to be applied to the following categories of people with low incomes:
- Pensioners (as prescribed by legislation).
 - Parents of dependent children aged 6 or under.
 - Those who qualify for a carer's premium.
 - Disabled people in receipt of a disability premium or a disabled child premium.

- War pensioners.
- Claimant or partner in receipt of Employment and Support Allowance with a qualifying disability benefit.

5.9 There will be a facility to backdate claims for up to a maximum of one month, and a hardship fund has been set aside for those experiencing financial difficulties.

5.10 Had the City Council allowed a greater level of discounts within the Council Tax Support Scheme then it would have received less Council Tax income. This would have resulted in the City Council needing to make greater service expenditure reductions in 2016/17. Alternatively the City Council could have implemented a Council Tax Support Scheme that awarded a lower level of discounts. This would have resulted in the City Council needing to make fewer service expenditure reductions in 2016/17. The City Council determined that, on balance, the approved Council Tax Support Scheme represented the most appropriate way forward.

Council Tax Collection Fund

5.11 It is estimated that the Council Tax Collection Fund will have a surplus at the end of 2015/16 of £6.6m. The City Council's share of this is £5.8m, which has been taken into account in setting the 2016/17 budget.

6. Parish Precepts

New Frankley in Birmingham Parish Council

6.1 The New Frankley in Birmingham Parish Council agreed its precept on 18th January 2016. The precept for the Parish in 2016/17 is £44,321 (2015/16: £43,287). The tax base for the New Frankley in Birmingham Parish is 1,312. The effect of the parish precept on the level of Council Tax for a Band D property is £33.78. This represents an increase of 1.44% in the Band D parish precept compared with 2015/16.

6.2 Following the introduction of the localisation of Council Tax support and the associated discounts, New Frankley in Birmingham's tax base reduced significantly. The City Council is continuing to pay New Frankley in Birmingham a grant of £40,899 to compensate for the reduction, in recognition of the Council receiving additional Government grant for this purpose.

Sutton Coldfield Parish Council

6.3 Following a Community Governance Review, the City Council on the 15th September 2015 approved the creation of Sutton Coldfield Parish Council. The Council Business Management Committee agreed the Reorganisation Order at its meeting on 4 January 2016. This included the budget requirement for the 2016/17 financial year of £1,823,850. The tax base for 2016/17 for the Sutton Coldfield Parish is 36,509. The effect of the parish precept on the level of Council Tax for a

Band D property is £49.96. 2016/17 will be the first year for Sutton Coldfield Parish Council.

- 6.4 The City Council has not received any Government grant funding in respect of Council Tax support discounts in relation to Sutton Coldfield Parish Council precept and therefore there is no compensation payment to Sutton Coldfield Parish Council to offset the impact of the discounts.

7. Formal Determination of Council Tax

- 7.1 Legislation specifies the way in which the Council Tax figures must be calculated. To the extent that other sources of income are insufficient, expenditure has to be funded through the Council Tax Requirement. The consequence of this calculation is that the City Council must set a “balanced budget”. Table 5.2.5 shows how the City Council gross expenditure translates into its Band D Council Tax and, as required by law, also shows this calculation when including Parish precepts and Enterprise Zone growth.

Table 5.2.5 Council Tax Requirement	City Council Services	Incl. Parish Precepts and Enterprise Zone Growth
Gross City Council Expenditure	3,093,771,775	3,098,831,114
Parish Precepts		1,868,171
Less: Estimate City Council Income (excluding business rates, core Government grants and Council Tax)	-2,258,491,047	-2,258,779,217
City Council Net Budget	835,280,728	841,920,068
Less:		
Business Rates	-205,841,596	-212,135,971
Business Rates (surplus)/deficit	17,957,841	19,481,047
Revenue Support Grant	-226,586,895	-226,586,895
Top Up Grant	-127,066,744	-127,066,744
Council Tax Collection Fund (surplus)/deficit	-5,781,172	-5,781,172
City Council Council Tax Requirement	287,962,162	289,830,333
Divided by taxbase	239,042	239,042
Band D Council Tax	1,204.65	1,212.47

- 7.2 The City Council’s Band D Council Tax for City Council services will be £1,204.65. This figure is an increase of 3.99% over 2015/16 including the 2% additional Council Tax in relation to the Social Care Precept. The notional Band D Council Tax across the City, after including the Parish precepts is £1,212.47.

8. Fire and Rescue Authority and Police and Crime Commissioner Precepts

8.1 The Police and Crime Commissioner approved his budget and precept amounts on 12 February 2016, and the Fire and Rescue Authority met on 15 February 2016, to agree the precept on the City Council.

8.2 The information received in respect of these major precepts is as follows:

Table 5.2.6 – Major Precepts 2016/17

	Total Precept £m	Band D £
Police and Crime Commissioner	26.665	111.55
Fire and Rescue Authority	13.393	56.03
Total	<u>40.058</u>	<u>167.58</u>

8.3 The charges for each Council Tax Band can be seen in Appendix 4.

9. Directorate Grants

9.1 In addition to corporate grants, the City Council also receives a number of grants that are used for specific purposes by Directorates. These are grants where the Government has placed additional responsibilities on local authorities, and has provided increased funding accordingly, or where the grant is ringfenced in some other way. Details of all Directorate grants expected to be received in 2016/17 and 2017/18 can be seen in Appendix 2 along with further detail of the largest Directorate Grants over £5m.

10. Other Income

10.1 The City Council aims to maximise the income that it can generate in order to minimise both levels of Council Tax and the impact of the cuts required on services. The 2016/17 budget has been based upon the generation of £289.1m of income. This is a £13.7m increase from the level of income in 2015/16.

10.2 The Corporate Charging Policy adopted by the City Council details why, what, how and when the City Council should charge for its services and also when these should be reviewed. In summary:

- Services should raise income wherever there is a power or duty to do so. Net income maximisation to the City Council should be the ultimate aim of any charging policy, subject to any legal constraints, policy priorities and market considerations.
- A number of the City Council's charges are set by statute. Where they are not, where possible, charges should cover the full cost of providing the service (including overheads, returns on capital investment and the cost of administering the charges), taking account of competitors' charges for like for like services

both in the public and private sector. Charges may be set below this level if policy objectives suggest that charges should be subsidised (the budget for any subsidy must be identified).

- Methods of payment should be flexible and convenient, including taking into account the needs of those on low incomes.
- Charges are updated at least annually, with reports being considered over 37 charging areas. A number of charges are set by statute; where they are not, due consideration is given to how the charges will affect access and usage of services, comparison to competitor charges and market conditions.

Chapter 3: Financial Strategy (Revenue)

1. Future Council Vision and Service Priorities

- 1.1 The City Council's financial plans have been developed in the context of the Future Council Vision, including strategic objectives and design principles as set out in Part 2.
- 1.2 There has been a continued focus on the Council's financial position over the medium-term, and not just upon the budget for 2016/17, with the objective of setting out balanced financial plans over a four year period, including an indicative budget for 2017/18.
- 1.3 The Council has further developed its medium- and long-term financial planning approach and this Business Plan contains a 2016/17 Budget, and Indicative 2017/18 Budget (as agreed with the DCLG as part of the council's Improvement Plan), financial forecasts for 2018/20 and a 10 year Long-Term Financial Plan and Efficiency Statement. These show balanced financial plans throughout this period, although the extent of savings delivery risk is clearly recognised, as are the potential impacts of pressures and grants and other changes, such as business rates localisation. The reserves strategy provides a level of potential mitigation against those.

2. Financial Challenge

- 2.1 The City Council's financial plans have been developed to take account of the following:
 - The continuing reductions in Government grant funding.
 - Expectation of income from Council Tax and Business Rates.
 - Funding to meet budget pressures and the cost of investment in priority services, including changing needs in the City's population.
 - Inflation.
 - Provision for increased employer's pension costs.
 - Equal Pay liabilities.
 - Costs of redundancies.
 - Capital financing costs based on the capital budget, informed by interest rate expectations.
 - The strategic use of corporate reserves on a planned and sustainable basis.
- 2.2 After taking account of the above factors, savings have been planned in order to balance the budget in the medium-term. Further cumulative savings of £251m are planned over the next four years.

2.3 The outlook for corporate revenue resources (Government grant, Council Tax and Business Rates) is set out in Chapter 2, and this information is not repeated here.

3. Investing In Priorities and Addressing Pressures

3.1 The budget for 2016/17 includes increased budget allocations of £23.7m, both to fund investment in priority services and to address budget pressures. This figure rises to £109.7m by 2019/20.

3.2 Despite the challenging financial position, the Council is continuing to provide further resources each year for child protection services – an extra £4.7m in 2016/17, growing to £7.0m from 2017/18 onwards, in addition to the extra £24.5m per year already put in place in previous years. These resources will meet the expected increase in needs and allow for the recruitment of more social workers.

3.3 The Council will continue to invest in adult social care, both to meet the costs of the increasing number of older people requiring care (£6.6m in 2016/17, rising to £26.6m by 2019/20) and also to address the extra costs within the care sector arising from the implementation of the Living Wage. By providing additional funding of £3.9m in 2016/17, in addition to general inflationary increases, the City Council expects to be able to have funding which will allow social care providers to be able to afford an hourly rate of pay of at least £7.50 per hour. Budgetary provision is planned to increase further throughout the four years of the financial plan, allowing the Birmingham Living Wage to be affordable by 2018/19.

3.4 The City Council will utilise the Social Care Precept to contribute towards these extra costs of adult social care. This will provide additional funding of £5.5m in 2016/17, rising by similar amounts in each subsequent year to total £22.9m by 2019/20. Should the council not adopt the Social Care Precept it would impair/prevent the council's funding of these measures.

3.5 In addition to the above investment in social care services, the City Council has also made policy decisions to fund other priorities. Full details are set out in Appendix 5 with the largest items being:

- The costs of undertaking the Council's responsibilities under the Care Act now that specific grant funding is being discontinued (£5.0m).
- Further staff costs, reflecting the revised approach to salary progression under the new "My Appraisal" process (£3.2m).
- £2.0m in order to set up a Community Initiative Fund, which will provide resources for locally-determined spending priorities.
- Additional waste disposal costs, reflecting expected increases in the number of households in Birmingham together with the impact of changes in taxes (£0.8m rising to £1.9m).

- 3.6 In addition, funding is also being provided to address unachievable income targets, and to meet a range of unavoidable budget pressures, including those that have been identified through the monitoring of the budget in 2015/16 and where business cases have already been approved.
- 3.7 At the same time, some corporate costs are expected to reduce, including meeting insurance liabilities, the ITA Levy (see paragraph 13.1), the ongoing costs associated with ICT investment in previous years and the phased support to cushion the impact of Education Services grant reductions. In addition, extra income is anticipated from the recovery of costs associated with pursuing Council Tax debts.

4. Inflation

- 4.1 In common with others, the City Council faces general inflationary increases in its costs, although it also expects services to review all charges regularly to at least maintain income levels in real terms. The OBR's Consumer Price Index (CPI) projections have been used to determine the inflation rate in the short-term, unless the terms of major contracts provide for a different rate. This budget is being held corporately in policy contingency. In addition, an allowance for national changes in national insurance rates has been made.
- 4.2 The Chancellor has announced the Government's expectation that there will continue to be wage restraint in the Public Sector. Accordingly, an increase of 1% per annum has been allowed within pay budgets for the next four years, with a long-term planning assumption of a 2.5% increase from 2020/21 onwards.

5. Pension Contributions

- 5.1 In common with other employers and pension funds, there is a deficit in the City Council's share of the WMPF in respect of benefits already accrued and expected to be accrued relating to employees' service up to 31 March 2014. This has arisen due to a number of factors, with lower investment returns than hitherto expected or experienced in the current economic climate being the major one. This deficit needs to be addressed through long-term additional lump sum contributions. The contribution rate for current service has been increasing over the three year period 2014 - 2017.
- 5.2 The Council has agreed a payment profile with the WMPF for the three years 2014 - 2017 based on progressive City Council contribution increases, the continuation of which was forecast to lead to full deficit recovery over a 22 year period. This also included a phased introduction of increases in the employer's "future service" contribution rate.
- 5.3 The next valuation at 31 March 2016 will entail a major reassessment by the WMPF and its actuary to determine and agree the required level of contributions commencing in 2017/18. In view of the continuing low investment yield environment,

there is the potential for a further increase in contributions from 2017/18 onwards, although a range of factors will need to be taken into account and no decisions have yet been made. This represents a significant financial risk for the Council.

- 5.4 The City Council is working with consultants in conjunction with the other West Midlands local authorities, and in liaison with the WMPF, in order to identify future options to be appraised in conjunction with WMPF to respond to the implications of the next valuation.
- 5.5 The City Council will continue to take advantage of a discount in the level of the payments to the WMPF as a result of agreeing to pay contributions up-front, at the start of the financial year.
- 5.6 The expected additional employer contributions arising from the introduction of pension auto-enrolment has been included from 2017/18 onwards.

6. Equal Pay

- 6.1 The City Council has received claims under the Equal Pay Act 1970 and has therefore made provision within its accounts. The 2014/15 Statement of Accounts recognised total estimated equal pay liabilities of £1.2bn for claims received as at 31 March 2015. Of the estimated total liability, £681.2m had been settled by 31 March 2015, comprising £37.7m for the HRA and £643.5m for the General Fund.
- 6.2 The revenue implications of Equal Pay settlements have been reflected in both the budget for 2016/17 and in the LTFP and Efficiency Statement in relation to later years. This includes capital financing costs arising from capital expenditure in previous financial years, loss of income or other costs arising from any asset sales, together with the repayment of funds borrowed from earmarked reserves on a temporary basis. There will also be contributions from the HRA and schools. Net General Fund revenue costs are expected to be around £104m in 2016/17, an increase of £20m on 2015/16. This is expected to rise to around £113m by 2019/20.

7. Financing Costs

- 7.1 The revenue effects of capital expenditure have been reviewed in the context of the Capital Programme set out in Chapter 6 of this report, and expectations of movements in interest rates. Further detail on this and Minimum Revenue Provision (MRP) can be seen in Chapter 7 and Appendix 14.

8. Redundancy Costs

- 8.1 The City Council continues to need to reduce the size of its workforce as a result of implementing the savings needed to balance the budget. As noted in Part 6, it is expected that there will be a reduction of around 1,200 jobs in 2016/17, on top of the reduction approaching 10,000 jobs over the last five years. This amounts to a reduction of over 40% in the Council's workforce over this period, and further reductions in the medium-term are likely.

- 8.2 Whilst there will always be some natural turnover in the number of staff, redundancy costs are unavoidable, together also with the costs of some additional "strain" on the pension fund as a result, if the necessary level of savings is to be delivered. The City Council is planning to take advantage of the relaxation in the application of capital receipts which has recently been announced by the Government. Having had regard to the Direction issued by the Secretary of State, and the associated statutory guidance, the Council's Efficiency Strategy for these purposes will entail meeting the costs of redundancy wholly from capital receipts in 2016/17, in order to enable the achievement of the necessary reduction in future revenue costs and/or facilitate the transformation of service delivery. The costs to be funded in this way are expected to amount to £17m in 2016/17 (and a further £14m in 2017/18 and £7m in 2018/19). These costs will be kept under review as part of the Council's on-going financial monitoring arrangements, including regular reporting to Cabinet. Any changes to the budgeted figures set out above will be approved by the Cabinet in accordance with the Council's normal financial governance arrangements. Clearly, it will be important to ensure that effective arrangements are in place for the generation of the necessary level of capital receipts – please see also Chapters 5 and 6.

9. Use of Reserves

- 9.1 The City Council has very limited reserves which are neither ringfenced (especially schools and the HRA) nor which have been earmarked for specific purposes, including the use of Government grants received in advance of the expenditure which they will be funding. The City Council's external auditor has commented that general reserves still only provide the Council with limited capacity to deal with overspends and delays in delivering savings. However, it must be borne in mind that reserves can only be used on a one-off basis, which means that their application does not offer a permanent solution to the requirement to deliver significant reductions in the future level of Council expenditure.

- 9.2 Nevertheless, the Council was able to create an Organisational Transition Reserve as a result of the review of its policy for making provision for debt repayments (MRP), spreading them more evenly over a fixed future period. Of the sum created in this way, £28.5m has been utilised in 2015/16, leaving a balance of £72.8m from 2016/17 onwards. This is available to mitigate future savings and ensure a stable and deliverable transformational transition to new ways of delivering services, and also as a risk contingency. It is proposed that £12.7m of the reserve will be utilised in balancing the indicative budget for 2017/18.
- 9.3 As a result, it is expected that there will be a substantial balance in this reserve (£60.1m) which will be available as a risk contingency, to provide a level of safeguard against the possibility that there might be delays in achieving some of the savings in the plan, especially in view of the major transformational change that are entailed in some of the proposals.
- 9.4 The Council has reviewed the level of all of its other corporate reserves, and this financial strategy utilises limited amount of resources in order to assist in budget setting, although the net budgeted use of the Council's corporate reserves will reduce compared to 2015/16.
- 9.5 The City Council will utilise a net £5.1m of corporate reserves in the 2016/17 budget in the following ways:
- A net contribution to the capital fund of £7.4m will be made in relation to funding of Equal Pay.
 - Other one off resources of (£10.0m) generated in previous years will be carried forward and used in 2016/17.
 - (£3.5m) use of the Treasury Management reserve to support the 2016/17 budget.
 - £1.2m contribution to reserves for future pension costs.
 - There is a net £1.7m of borrowing, relating largely to net borrowing of the Highways PFI reserve of £2.5m to support the 2016/17 budget offset by minor repayments of £0.8m.
- 9.6 As in previous years the Council's strategy is to continue to build its non-earmarked reserves by making planned contributions of £1.5m per annum. The strategy is, therefore, to increase general balances to £33.5m by 31 March 2020.
- 9.7 The profile of the Highways PFI grant is different to the payment profile of PFI costs, resulting in more grant being received in earlier years than is required to meet the costs of the Highways PFI payments. This additional grant has been earmarked as a reserve to meet the shortfall in grant in later years. The Highways PFI reserve has been used over the last few years to smooth Redundancy and Pension Fund payments. As in previous years the borrowing from Highways PFI Grant reserve is factored in to be repaid before the grant is required to meet PFI costs.

9.8 The movements, can, therefore, be summarised as follows:

	Contributions to / (from)		Movement £m
	2015/16 £m	2016/17 £m	
Movements to general fund balance	1.500	1.500	0.000
Contribution to Capital Reserves	8.465	7.432	(1.033)
Use of one off resources from previous years	(12.177)	(10.016)	2.161
Treasury Management	(1.586)	(3.486)	(1.900)
Contribution to Reserve for Future Pension Costs	0.000	1.211	1.211
Use of Organisational Transition Reserve	(28.500)	0.000	28.500
Sub-total Use of Corporate Reserves	(32.298)	(3.359)	28.939
Repayments and Borrowing	9.421	(1.692)	(11.113)
Total Use of Corporate Reserves	(22.877)	(5.051)	17.826

9.9 After taking account of planned contributions to and from reserves and balances, the position is expected as shown in Table 5.3.2 below:

Table 5.3.2		2015/16	2016/17	2017/18	2018/19	2019/20
Directorate / Description		£m	£m	£m	£m	£m
Corporate	Corporate General Fund Balance	27.5	29.0	30.5	32.0	33.5
Directorate	Directorate Carry Forward Balances	6.6	6.6	6.6	6.6	6.6
Corporate	Organisational Transition Reserve	72.8	72.8	60.1	60.1	60.1
	Total Un-earmarked Reserves	106.9	108.4	97.2	98.7	100.2
Directorate	Highways PFI Grant gross	85.1	82.9	82.0	80.7	78.6
Direct / Corp	Less Temporary borrowing	(33.2)	(35.7)	(27.2)	(28.3)	(24.6)
Direct / Corp	Highways PFI Grant net	51.9	47.2	54.8	52.4	54.0
Direct / Corp	Reserves for budgets delegated to schools ¹	66.5	67.0	67.5	68.0	68.0
Corporate	Treasury Management	5.4	1.9	1.9	1.9	2.0
Directorate	Insurance Fund	10.0	10.0	10.0	10.0	10.0
Corporate	Capital Fund ²	78.4	85.8	55.0	56.3	57.7
Corporate	One off Resources from previous year	10.0	0.0	0.0	0.0	0.0
Corporate	Other Corporate Reserves	1.0	2.7	3.6	7.3	10.9
Directorate	Directorate Reserves	79.6	66.6	52.7	51.0	48.8
	Total Earmarked Reserves	302.8	281.2	245.5	246.9	251.4
	Overall Total	409.7	389.6	342.7	345.7	351.6

1. The application of these reserves is directed by the schools themselves

2. The Capital Fund is an integral part of the Council's strategy for the future funding of equal pay, and has been built up through the Council's Capital Resources Strategy.

9.10 In addition, individual Directorates plan to make a net use £15.2m of Directorate reserves and the Highways Maintenance PFI reserve in 2016/17 in order to:

- Deliver savings proposals
- Meet one-off costs from reserves earmarked for these specific purposes and
- Set aside resources to meet future costs

9.11 Directorate reserves will continue to reduce over the period to 2019/20.

10. Savings and Service Changes

10.1 The Council has taken a strategic and long-term approach to the development of the savings proposals needed in order to balance the budget. This has been closely linked to the Future Council Vision and the design principles which have been developed. During the course of the last year, there has been a particular (but not exclusive) focus on ways of managing the demand for Council services, as set out in Part 2.

10.2 The City Council has also had to consider, in some instances, whether it can no longer afford to provide the level of service which has been customary.

10.3 The individual savings proposals were set out in a corporate budget consultation document which was published on 9 December 2015. There have also been public meetings, and engagement with some specific groups, in order to allow people to find out more, and to offer their views on the proposals. There has also been the opportunity for people to respond electronically, and in writing.

10.4 Individual proposals may have been, or still be, the subject of separate stakeholder engagement on a Directorate basis, and their implementation be subject to separate decision-making in accordance with the Council's governance arrangements.

10.5 A summary of the key issues which have been the focus of public comment regarding the proposals set out in the corporate budget consultation, together with the Council's response, is set out in Part 4. As a result, the proposal regarding the budget for Local Welfare Assistance Provision has been revised, and the approach in relation to School Crossing Patrols has been changed.

10.6 In addition to the savings consulted upon this year, others were consulted upon previously, and for which further consultation has not been required.

10.7 The amended aggregate value of the savings proposals is now as follows:

Table 5.3.3	2016/17	2017/18	2018/19	2019/20
	£m	£m	£m	£m
New proposals subject to consultation	(73.5)	(141.3)	(181.3)	(215.5)
Less proposal included in tax base	0.2	0.2	0.2	0.2
Amendments	1.3	1.3	1.3	1.3
Revised total	(72.0)	(139.8)	(179.8)	(214.0)
Savings previously consulted on	(16.2)	(23.5)	(30.9)	(37.2)
Total Savings Plan	(88.2)	(163.3)	(210.7)	(251.2)

10.8 The implementation of the organisational change necessary to secure delivery of this significant level of savings will require effective management. Early action is being taken, subject to on-going consultation and final decision-making, to plan the necessary management actions needed. Progress will be closely monitored, with particular attention being given to areas that have been assessed as representing the highest risks. In order to mitigate the risk associated with this savings delivery programme, a central contingency of £10.8m will be held and, as has been noted above, one-off resources will remain in the Organisational Transition Reserve to provide some further contingency against delivery difficulties.

11. Revenue Budget 2016/17 – 2019/20

11.1 The legal requirement placed upon local authorities is to set a balanced budget for the forthcoming financial year, i.e. 2016/17. However, the City Council has been required by the Independent Improvement Panel to also set out an Indicative Budget for 2017/18 as part of its financial plans.

11.2 A summary of the expected financial position over the forthcoming four financial years, including that indicative budget for 2017/18, is set out below.

Table 5.3.4 - Long Term Financial Plan and Efficiency Statement					
	2015/16	2016/17	2017/18	2018/19	2019/20
	£m	£m	£m	£m	£m
Net Budget 2015/16	874.541	874.541	874.541	874.541	874.541
Policy Priorities & Pressures		23.656	45.558	79.939	109.711
Corporately Managed Budgets		(10.342)	43.906	17.250	18.242
Changes in Corporate Grants		0.411	(6.434)	(22.822)	(43.385)
Inflation		17.399	28.809	39.496	50.621
Net Movement in Reserves		17.826	(9.157)	28.778	33.556
Savings Programme		(88.210)	(163.336)	(210.652)	(251.244)
Total Net Spend	874.541	835.281	813.887	806.530	792.042
Core Grants (RSG)*	(280.083)	(226.587)	(177.753)	(143.992)	(109.743)
Core Grants (Top Up)	(126.016)	(127.067)	(129.566)	(133.388)	(137.652)
Council Tax	(272.137)	(293.743)	(300.052)	(312.647)	(325.772)
Business Rates	(196.305)	(187.884)	(206.516)	(218.448)	(226.525)
Total Resources	(874.541)	(835.281)	(813.887)	(808.475)	(799.692)
	0.000	0.000	0.000	(1.945)	(7.650)
Cumulative Changes in Spend before Savings		48.950	102.682	142.641	168.745
Net Cumulative Reduction in Resources		39.260	60.654	66.066	74.849
Cumulative Savings Programme		88.210	163.336	210.652	251.244
Annual Increase in Savings Programme		88.210	75.126	47.316	40.592

* 2015/16 figure is actual grant received in that year without adjustment for specific grants rolled into RSG from 2016/17 onwards.

- 11.3 A longer-term perspective is also summarised in Appendix 3. This shows a credit balance building over the 10 year period but there will be as yet unknown pressures including pension costs for example, and there is also uncertainty relating to the Government's plans for the localisation of business rates.

12. Specific Items contained within the 2016/17 Budget

12.1 Policy Contingency

The 2016/17 budget includes a Policy Contingency totalling £54.5m. The table below shows the items held here:

Table 5.3.5	£m
Loss of Income from Car Park Closures	0.350
Carbon Reduction Commitment	1.020
Inflation Contingency	15.641
Highways Maintenance	0.750
Provision for non-achievement of savings	10.750
Youth Strategy	1.000
Birmingham Jobs Fund	2.000
Business Charter for Social Responsibility	6.539
Improvement Expenditure ¹	11.395
Combined Authority Start Up Costs	0.500
General Contingency	4.524
Total	54.469

Note 1 - Improvement expenditure includes extra funding in 2016/17 of £9.4m (of which £2.0m will be funded from reserves) on top of £1.0m in the base budget. A further £1.0m of costs will be funded by borrowing from reserves, to be repaid in later years. Additionally, the proposals for certain specific directorate savings have been shown net of £3.0m of implementation costs.

- 12.2 The proposed WMCA is due to be established during 2016/17. It is expected that there will be initial costs of preparing for and operating the combined authority, which the seven Metropolitan district councils will need to meet as its Constituent Members. It is proposed that each authority will include £500,000 in their budgets to provide for such potential revenue costs. (This budget is included in the policy contingency budget, as shown above.) The actual initial budget for the WMCA will be agreed in due course. This support will be for one year only, as it is expected that the combined authority will be able to raise its own revenue resources from 2017/18 onwards.
- 12.3 The unallocated General Contingency of £4.5m provides risk cover in the overall delivery and management of the budget in 2016/17.

13. Levies

- 13.1 The budget for 2016/17 includes £49.0m (a 5% reduction on the £51.6m levy in 2015/16) in respect of the Integrated Transport Authority Levy (based on a £2.6m reduction in the City Council's share of the levy including an adjustment for the City Council's relative population share) and £0.3m (£0.3m in 2015/16) for the Environment Agency Levy.

14. Risk Management

- 14.1 The council has a well-established approach to managing risk. It has recognised that risk is an integral part of innovation in order to deliver the planned outcomes and priorities of the council. By managing risk proactively we can take full advantage of opportunities and use the resources available to us more efficiently and effectively, improving the service to our customers.
- 14.2 The council's Corporate Risk Register which is a public document, is updated and reported to the Audit Committee three times a year.
- 14.3 With particular regard to the 2016/17 budget, 2017/18 indicative budget, and the LTFP for future years, even though the forecast value of future savings is less than that of savings already achieved, it is considered that the level of risk associated with the savings plan delivery has increased. This is the consequence of a combination of factors, including the extent of service and system transformation, complex joint working with partners, and proposed changes affecting our workforce which will require extensive consultation.

15. Statements by the Chief Financial Officer

Assessment of Budget Estimates

- 15.1 Forecasts of available resources have been updated and revised where necessary. A range of financial issues, costs and projects/programmes have been identified and an appropriate level of budget has been provided. Proposals have been developed to deliver the required savings with due regard to consultation and equality assessment requirements, and management arrangements have been put in place to mitigate any residual risks as much as practically possible. Financial proposals have been developed in order to address the policy priorities of the Council. The budget is monitored closely, and there are contingencies and reserves/balances which could be made available, if necessary, to address unexpected events.
- 15.2 Therefore, taking the above into account together with the comprehensive business and financial planning process, the level of reserves and balances and the approach to risk management, the Strategic Director - Finance and Legal is satisfied that the 2016/17 budget proposals are based on robust estimates.

- 15.3 While it is not yet known how the Government will specify the requirements of the optional four year Efficiency Plan from councils, as part of the multi-year settlement offer, this Business Plan and incorporated Long-Term Financial Strategy and Plan will form the platform for this Council's submission.

Level of Reserves and Balances

- 15.4 The financial challenge the Council is facing involves making savings that are of an extremely difficult and complex nature.
- 15.5 It has not been required to use the Organisational Transition Reserve to balance the 2016/17 budget, although it is presently forecast that £12.7m will be required in 2017/18. It remains prudent and necessary to retain this reserve, (£60.1m) in order to address any unexpected future events, as discussed above and to smooth the transition to a future operating model for Council services at significantly reduced costs. In addition, the Council's strategy is to continue to build its non-earmarked reserves by making planned contributions of £1.5m per annum. This will give rise to general balances of £33.5m by 2019/20.
- 15.6 In addition, there are rigorous arrangements in place for the management of the City Council's finances and un-earmarked and also earmarked funds that could be made available in the short-term, even if they might be needed in the long-term.
- 15.7 Therefore, the formal view of the Strategic Director - Finance and Legal is that the level of reserves and balances for 2016/17, summarised in this Business Plan, is adequate. This needs to be kept under regular review, both in the short and medium term.

Social Care Precept

- 15.8 The Section 151 officer is satisfied that the Council Tax income yield from the Social Care Precept has been fully utilised to meet adult social care costs. As set out in paragraph 3.3 and 3.4 the Council has also identified additional resources in this area.

Chapter 4: Housing Revenue Account (HRA)

Summary

- 1.1 The HRA Self Financing Framework was introduced from April 2012 (as part of the Localism Act 2011) and this required local authorities to maintain a long term HRA Business Plan.
- 1.2 The HRA Business Plan 2016+ sets out the immediate and long term financial plans and is underpinned by a number of key operational assumptions (relating to property, arrears, debt, inflation and rent levels).
- 1.3 The HRA Business Plan 2016+ shows a balanced LTFP and incorporates the continuation of a debt reduction programme that commenced in 2014/15 (to match the expected life spans of existing properties).

Background

- 2.1 The City Council is one of the largest providers of social housing in Europe, managing around 62,500 homes representing 15% of the total housing available within the City. There is a substantial level of unmet need for social and affordable housing in Birmingham, with a waiting list in excess of 20,000 households and the need for an estimated 26,000 additional social rented or affordable homes by 2031.
- 2.2 The HRA is a statutorily ring-fenced account that deals with income and expenditure arising as a result of the City Council's activities as a provider of social and affordable housing. The Local Government and Housing Act 1989 requires that income and expenditure relating to the City Council's provision of social and affordable housing must be accounted for within the HRA and that the proposed annual budget is balanced.

Strategic Overview and Context of Financial Pressures on the HRA

- 3.1 The HRA is under considerable service and financial pressure to reflect national and local policy changes and in particular the following issues are highlighted:
 - The national rent policy introduced from April 2015, intended to cover a 10 year period, was been substantially amended by the Chancellor following his announcement in the Summer Budget on 8 July 2015, for the 4 years from April 2016. The policy will now be based on rent reductions of 1% per annum for 4 years, followed by annual increases at Consumer Price Index (CPI)+1% with rent convergence only taking place for new tenancies (full details of the rent setting policy are set out in a separate Cabinet Report considered on 16 February 2016). This new policy will reduce the rent income by £41m or 14% by 2019/20 (or 25% if fixed capital financing expenditure and debt repayments are taken into account).

- Impact of the Welfare Reforms and the introduction of the Universal Credit – research conducted by the Association of Retained Local Authorities indicated that arrears increased in those areas where Universal Credit has been introduced by an average of 16%. As direct payment of housing benefit to recipients is introduced, this pressure and associated collection costs are likely to increase substantially. In excess of 70% of the Council's HRA tenants are currently in receipt of housing benefit, and therefore the impact of this transition in Birmingham is likely to be significant.
- The Draft Housing and Planning Bill will also introduce new potential service and financial pressures. In particular, the 'Pay to Stay' policy (a Motion and Resolution was passed by the City Council on the 1 December 2015 opposing this proposal) and disposal of high value vacant local authority properties. In both cases, the receipts will be repayable to central government.
- The significant remaining equal pay liabilities relating to current and former HRA employees estimated at £12m to be discharged during 2016/17 and 2017/18.

4. Key Outcomes and Strategic Housing Service Objectives

4.1 The HRA Business Plan 2016+ is intended to support the following key strategic and housing service objectives:

4.2 Building New Homes and Maintaining our Stock

- Provision of new affordable housing to replace obsolete properties and provide a significant contribution to the Housing Growth Strategy and the Leader's Policy Statement (1,880 new council homes over the next ten years with an associated investment of £325m).
- Maintaining properties in their current improved condition (to ensure that the properties are not impaired) with capital investment of £597m over the next ten years.
- Life-cycle replacement of property components (windows, heating, kitchens, bathrooms, roofs, electrical components).
- Discharge of statutory day to day repairs and maintenance obligations (including compliance with health and safety on annual gas inspections), with investment of £672m over the next ten years. Following the re-procurement of repairs contracts, with the new contracts scheduled to take effect from 1 April 2016, savings have been identified (and are included in this investment) of in excess of £50m over the ten year period.
- Adaptations to properties to continue to promote independent living (an investment of £36m over the next ten years).
- Identification of net savings or additional resources to fund required future investment between 2019/20 and 2025/26 of £138m, including securing

additional grant funding for the ongoing BMHT new build programme.

4.3 Local Housing and Estate Services

- Continuing to refocus local housing management services to take a more integrated approach to Place Based Management, including housing issues rather than the historic functional approach.
- Modernise the delivery of local housing management services (introduction of annual visits, review and more rigorous enforcement of tenancy conditions, in particular anti-social behaviour).
- An ongoing review of estate based services that are subject to service charges (including caretaking, cleaning and sheltered housing services), with any resulting service redesigns and revisions to service charges to be delivered during 2016/17 and 2017/18, to ensure that changes in service provision to tenants are phased in over a suitable time period, with appropriate consultation built into implementation plans. These service reviews are designed to ensure that the services are efficiently delivered and offer good value for money to the tenants in receipt of the services, whilst ensuring that they are not cross-subsidised from other tenants not receiving the services.
- Secure efficiencies in Business Support Services to ensure that scarce resources are not unnecessarily diverted away from front line service delivery and investment priorities.

4.4 Rent Policy

- To ensure that the rent policy is consistent with the new national rent policy (rents will reduce by 1% in 2016/17 with further 1% reductions for the next three years, followed by increases of CPI +1% for subsequent years).

5. HRA Business Plan 2016+ and Budget 2016/17

5.1 A summary of the HRA Self Financing Business Plan 2016+ is set out in Appendix 8.

5.2 In summary, the Business Plan will continue to ensure a sustainable and affordable long term financial plan for the housing service (sustained reduction in long-term debt and affordable rents) and this will be based on the following strategy:

- protecting the Birmingham Municipal Housing Trust programme (to recognise the need for social housing and the wider economic benefits including employment).
- to maintain investment in our existing stock and continuing our programmes for replacement of key property elements.

- to 'drive down' day to day repair and maintenance costs (as achieved through the recent award of the new repairs contract by Cabinet in November).
- to secure efficiency savings in management of the housing stock and other business services.
- to improve our performance on collection of arrears.
- to re-phase our debt repayment programme and to include some new prudential borrowing to support the building of new social housing and for market sale properties (all within our debt cap and without significantly comprising our debt reduction programme by 2025/26).

5.3 A balanced revenue budget over the next 10 years based on the objectives and table 5.4.1 below:

- Substantial reductions in future rental income as a result of the implementation of the revised national rent policy as set out above.
- A clear focus on improved collection of rents from tenants, linked to the review and enforcement of tenancy conditions and continuation of the annual visits programme.
- Increased prudential borrowing within the HRA debt cap to replace revenue contributions required to support planned capital expenditure, including the BMHT programme and investment in existing housing.
- Re-phasing and deferral of the planned debt repayment and reduction programme to ensure a balanced overall position year on year. This rephasing does however continue to deliver a reduction in total HRA debt, with the balance outstanding falling to below £500m by 2034/35 and the achieving of a debt:income ratio of below 2:1 by 2026/27, which is two years later than previously targeted.
- The debt repayment strategy still includes loan redemptions from 2016/17 (although the total forecast debt outstanding by 2025/26 will be £833m or £40m more than the HRA Business Plan 2015+. This is being used to fund new social housing and for market sale properties).
- Average debt outstanding per property of £18,000 in 2016/17, reducing to £14,000 over the next 10 years (effectively our average mortgage on each HRA property).
- Maintenance of adequate reserves and provisions for potential bad debts (estimated for 2016/17 at £29m including minimum balances of £4m and provisions for bad debts of £25m).

Table 5.4.1 Changes in HRA Revenue and Capital Budget between the Business Plan 2015+ and 2016+

	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m
Business Plan 2015+	0.0	0.0	0.0	0.0	0.0
Chancellor's New – 1% Rent Policy	7.0	18.2	29.7	41.4	42.7
Repairs Procurement Saving	0.7	(3.4)	(5.0)	(5.6)	(4.2)
Funds Released by New Capital Resources	(1.6)	(5.1)	(17.4)	(12.0)	(0.2)
Review of Services Charged to HRA	0.0	(2.3)	(2.3)	(2.3)	(2.3)
Use of Contingencies	(2.7)	(2.7)	(2.7)	(2.7)	(2.7)
Deletion of Vacancies	(1.7)	(1.7)	(1.7)	(1.7)	(1.7)
Improve Performance on Arrears Collection	(0.5)	(0.5)	(0.5)	(0.5)	(0.5)
Re-Phase Planned Repayment of Debt	0.0	(5.0)	(5.0)	(5.0)	(5.0)
New Borrowing	0.0	(5.0)	(5.0)	(5.0)	(5.0)
Additional Interest on New/Phased Debt	0.0	0.6	1.2	1.8	2.4
Sheltered Housing Review	0.0	0.0	(4.0)	(4.0)	(4.1)
Other Changes (Property Numbers/ Equal Pay)	(1.2)	6.9	(1.9)	(3.1)	(2.9)
Business Plan 2016+	0.0	0.0	(14.6)	1.3	16.5

5.4 The comparison of the HRA budget for 2015/16 and the proposed budget for 2016/17 is set out in table 5.4.2 below:

Table 5.4.2	2015/16 £m	2016/17 £m	Change £m	Change %
Repairs	67.984	65.571	(2.413)	(3.5%)
Local Housing Costs	58.531	60.405	1.874	3.2%
Estate Services Costs	20.690	18.752	(1.938)	(9.4%)
Equal Pay	19.111	8.300	(10.811)	(56.6%)
Arrears (including DHP)	4.867	4.169	(0.698)	(14.3%)
Debt Financing Costs	54.308	53.529	(0.779)	(1.4%)
Debt Repayment	10.890	1.166	(9.724)	(89.3%)
Contributions for Capital Investment	53.576	75.143	21.567	40.3%
Total Expenditure	289.957	287.035	(2.922)	(1.0%)
Rental Income (net of Voids)	(266.726)	(263.098)	3.628	(1.4%)
Other Income/Service Charges	(23.231)	(23.937)	(0.706)	3.0%
Total Income	(289.957)	(287.035)	2.922	(1.0%)

The cost changes on the Local Housing and Estate Services elements substantially cancel each other out and relate primarily to realignment of staffing resources previously delivering the Concierge Service from Estate Services to Local Housing teams in order to resource the delivery of the annual visits programme.

6. HRA Business Plan 2016+ – Short Term and Long Term Financial Evaluation

6.1 The revenue aspects of the HRA Business Plan 2016+ are summarised below:

Table 5.4.3 HRA Business Plan 2016+	2016/17 £m	2017/18 £m	2018/19 £m	10 Year £m
Repairs	65.571	62.967	62.805	671.511
Local Housing Costs	60.405	60.197	59.631	611.410
Estate Services Costs	18.752	19.147	15.476	171.122
Equal Pay	8.300	3.900	0.000	12.200
Arrears	4.169	3.666	3.657	39.797
Debt Financing Costs	53.529	53.629	53.706	498.967
Debt Repayment	1.166	17.381	16.466	325.035
Contributions for Capital Investment	75.143	63.642	69.510	609.154
Total Expenditure	287.035	284.529	281.251	2,939.196
Rental Income (net of Voids)	(263.098)	(260.091)	(256.520)	(2,682.486)
Other Income/Service Charges	(23.937)	(24.438)	(24.731)	(256.710)
Total Income	(287.035)	(284.529)	(281.251)	(2,939.196)

7. Capital Programme

7.1 The capital expenditure plans for the council housing stock are set out in Table 5.4.4 below (including the major programmes and the financing of the expenditure). The capital investment strategy is based on ensuring that the properties continue to be maintained in their improved condition in order to promote strong and stable neighbourhoods and the provision of new social and affordable rented housing to meet the continuing demand and need for new homes.

Table 5.4.4 Capital Expenditure	2016/17 £m	2017/18 £m	2018/19 £m	Total £m
Housing Improvement Programme	55.822	57.192	58.063	171.077
Adaptations	3.286	3.351	3.418	10.055
New Build and Regeneration	74.355	54.765	37.053	166.173
Total	133.463	115.308	98.534	347.305
Funded by:				
Revenue Contributions	(75.143)	(63.642)	(69.510)	(208.295)
New Borrowing	(26.983)	(12.434)	(5.139)	(44.556)
Other resources	(31.337)	(39.232)	(23.885)	(94.454)
Total	(133.463)	(115.308)	(98.534)	(347.305)

Chapter 5: Capital Resources

1. Summary

1.1 The Capital Programme is financed predominantly from prudential borrowing, Government grants and other contributions, and HRA resources. Capital receipts will generally be used to fund equal pay settlements and transformation projects under the Government's capital receipts flexibility scheme.

2. Capital resources

2.1 Resources of £965.9m have been identified to fund the City Council's multi-year Capital Programme. These are summarised in table 5.5.1 below, and can be divided into specific resources and corporate resources.

Table 5.5.1

<u>FINANCING THE CAPITAL PROGRAMME</u>				
	2016/17	2017/18	2018/19	Total
			Onwards	
	£m	£m	£m	£m
Specific Resources				
Government Grants & Contributions	165.3	84.8	22.3	272.4
HRA Revenue Resources & Reserves	81.2	63.6	69.5	214.3
Other Specific Revenue Resources	5.0	0.2	0.2	5.4
HRA Capital Receipts	11.2	11.6	11.9	34.7
Capital Receipts to fund Redundancy Costs	17.0	14.0	7.0	38.0
Total Specific Resources	279.7	174.2	110.9	564.8
Corporate Resources				
Prudential Borrowing	171.5	91.5	138.1	401.1
Capital Receipts	0.0	0.0	0.0	0.0
Total Corporate Resources	171.5	91.5	138.1	401.1
Total Resources	451.2	265.7	249.0	965.9

3. Specific resources

3.1 Specific capital resources total an estimated £564.8m over all years and represent funding which has been obtained for a particular purpose - e.g. specific government grants, developer contributions, HRA revenue resources and HRA Right to Buy capital receipts. These projects are added to the capital programme on a rolling basis as the resources are awarded to the City Council and as HRA revenue resources and capital receipts become available.

- 3.2 The largest component of specific resources is Government grants and other capital contributions, for which the City Council is budgeting to receive £272.4m over the multi-year capital programme. The Government continues to support a number of major investment programmes in local authority assets. For the City Council this includes grants for Education Basic Needs (school places). These programmes will form a significant part of the capital investment undertaken by the City Council in the next few years. The Government also supports capital investment in the Highways Maintenance and Management PFI through revenue grant but as the City Council does not directly incur capital expenditure, PFI is not part of the capital resources shown in table 5.5.1 above.
- 3.3 HRA revenue contributions of £214.3m and HRA capital receipts of £34.7m are planned to support capital investment in the HRA Business Plan, in accordance with the self-financing reform of housing introduced by the Government in 2012/13.
- 3.4 Capital receipts totalling £38.0m over 2016/17 to 2018/19 will also be used to help fund redundancy costs required to deliver the Council's savings proposals, in accordance with the capital receipts flexibility announced in the Chancellor's 2015 Spending Review.
- 3.5 Other specific revenue resources of £5.4m are programmed to support capital investment across a number of minor schemes.

4. Corporate resources

- 4.1 Corporate capital resources presently assumed for the programme total £401.1m over the three years. These represent resources which the City Council has more freedom to allocate to meet its own policy priorities and expenditure commitments.
- 4.2 The City Council's capital financing plans seek to use capital resources in the most efficient way to finance the City Council's needs. This is also expected to include using borrowing to provide general support to the Capital Programme, where this replaces capital receipts or identified revenue resources which will instead be made available to fund Equal Pay settlements. All of the £401.1m corporate resources assumed in this Programme therefore are from prudential borrowing. Final decisions as to how best to fund the capital programme are taken as part of the capital outturn process at the end of the year. The review of major capital budget considerations (Chapter 6 overleaf) sets out a prudent policy in relation to future borrowing.
- 4.3 Capital receipts are expected to be used to finance equal pay settlements together with funding redundancy costs under the Government's recently announced capital receipts flexibilities. Equal pay settlements are a revenue cost (and are therefore not included in the Capital Programme) which Government Regulations enable local authorities to fund from capital receipts. The City Council will continue to explore opportunities for generating further capital receipts from asset sales. The financial

implications of the funding of Equal Pay settlements have been included in the Budget, and in the LTFP and Efficiency Statement in relation to later years. This takes account of borrowing costs and loss of income or other costs arising from asset sales.

- 4.4 The City Council will seek to identify and dispose of surplus assets actively with a view to securing good value for money (see Part 7 – Property and Other Physical Assets Strategy). The service review and savings proposals throughout this Business Plan include major reviews of property needs in programmes such as Open for Learning, which may result in further property sales or co-location with other service providers. As asset sale opportunities are developed they are approved through the City Council’s normal governance procedures.

Chapter 6: Capital Strategy and Programme

1. Summary

- 1.1 This chapter outlines the general principles, strategy, policies and considerations which guide the Council's capital planning, in terms of both expenditure and how it is resourced. It then sets out the proposed Capital Programme 2016+.
- 1.2 The City Council continues to have an extensive multi-year Capital Programme which totals £965.9m, of which £451.2m is budgeted for in 2016/17. Given the continuing constraints on corporate capital resources, the emphasis again is on seeking external funding where possible for new initiatives.
- 1.3 The Council will be placing an increased emphasis on working with community, business and public sector partners across Birmingham and the region to deliver improved investment outcomes for its residents.
- 1.4 Previous chapters have set out the forecast capital resources available over the next three years and the major financial considerations for capital resources and investment. This chapter sets out the proposed Capital Programme in this context.

2. Strategic capital planning

2.1 General principles for capital planning

- 2.1.1 There are some general strategic principles underlying capital planning for all services. These are to:
 - Integrate capital planning into the City Council's overall strategic planning, both in general and as part of the Council Business Plan and Budget 2016+ and the LTFP and Efficiency Statement;
 - Maximise external funding and to supplement this with the City Council's own resources where appropriate, especially where external funding supports the City Council's priorities;
 - Base the City Council's vision on the priorities of the people of Birmingham, recognising that the Council will increasingly be a strategic influencer rather than a direct provider of services from its own property portfolio;
 - Procure the use of capital assets where this is affordable and delivers best value for money to the City Council, including a robust process for the appraisal and approval of capital projects and programmes (the 'Gateway' process);
 - Welcome the use of partnership working (for example with businesses and with the community) whilst retaining clear lines of accountability and responsibility;
 - Relate capital resources and expenditure planning to asset planning;

- Ensure that resources are identified to meet the costs of equal pay settlements and use of the Government's capital receipts flexibility scheme.

2.2. Capital strategy

2.2.1 The Property and Other Physical Assets Strategy in Part 7 of this Business Plan sets the overall strategic approach to the City Council's asset planning.

2.2.2 The asset and capital strategies for individual services (Appendix 9) seek to identify the main plans at service level for strategically aligned and affordable asset use and capital investment. These relate as appropriate to the service plans and savings proposals contained throughout this Business Plan and Budget. The City Council's key priorities for capital expenditure therefore include:

- responding in particular to the overall need for service change and delivery in future years in the context of reducing revenue resources;
- using the capital resources at the City Council's discretion to address its key priorities;
- working with our community, business and public sector partners in Birmingham and across the region, and in particular with our partners in the GBSLEP and the prospective WMCA to develop the major strategic investment proposals envisaged by the WMCA Agreement; and
- seeking to maintain core assets at a level consistent with ongoing operational needs.

2.3. Prudential Borrowing and Debt

2.3.1 CIPFA's Prudential Code sets a framework to ensure that capital expenditure plans are affordable; that any City Council borrowing and other long term liabilities are within prudent and sustainable levels; and that treasury management decisions are taken in accordance with professional good practice. The City Council has adopted the Prudential Code, and will use borrowing in accordance with the 'Prudential' system as a tool for delivering policy and managing its finances. Local authorities may borrow to finance capital expenditure, and the affordability of debt is the key constraint. Borrowing is also influenced by Government policy (for example the £336m additional Housing debt resulting from the reform of housing finance in 2012). The City Council sets and monitors prudential indicators (including local indicators) to manage its debt exposures.

2.3.2 Chapter 6 considers the Prudential Borrowing limit, and Appendix 12 sets out the full Prudential Indicators.

2.4. Debt Repayment Policy: the Annual MRP Statement

2.4.1 Local Authorities are required by law to make prudent provision in relation to capital debt repayment (known as “Minimum Revenue Provision” or MRP). Government Guidance requires the full Council to approve a statement of its policy on MRP. The City Council’s proposed policy is attached at Appendix 13a. This reflects the revised policy approved by the City Council on 16 September 2014, with updates in relation to HRA MRP in accordance with the revised HRA Business Plan. A change is also incorporated in paragraph 8 and 8.1 of the MRP policy, which is to align the asset life used to calculate the MRP period more closely with the asset life used for depreciation accounting purposes. This is estimated to save £1.8m in 2016/17 and £1.4m from 2017/18 onwards, and enables a simpler MRP treatment which has the advantage of consistency with other asset life assumptions in the Council’s accounts.

2.4.2 The City Council’s MRP Policy is key to managing debt liabilities and generating the potential for headroom for new borrowing if affordable and required. The loan debt revenue repayment provision in this Business Plan amounts to £120.7m in 2016/17 rising to £146.0m in 2018/19. Half of the City Council’s loan debt outstanding at 31 March 2018 will be repaid in fourteen years by 2032, based on the current capital programme and MRP repayment provision, excluding any further prudential borrowing which may subsequently be approved. The HRA revenue repayment provision has been revised in accordance with the HRA Business Plan set out in Chapter 4 above.

2.5 The Approved Capital Budget and Business Case Appraisal

2.5.1 Projects included in the Capital Programme will not proceed to spend until they have been approved through the City Council’s ‘Gateway’ business case appraisal process. This managed approval process appraises options to deliver desired outputs, sets out the rationale to support the recommended solution and ensures that all capital and revenue implications are identified and funded. Account is also taken of the outcome of consultations, equality and risk assessments, and contribution to the City Council’s strategic objectives.

2.6 Asset Sales and Capital Receipts

2.6.1 The City Council’s general policy is that assets will be disposed of for cash at the best market value. Exceptions to this policy may be approved by Cabinet.

2.6.2 Apart from making use of the Government’s capital receipts flexibility as set out in the Revenue Financial Strategy Chapter above, the general presumption is that any new receipts will be used to meet Equal Pay costs. However, it is recognised that services’ existing approved capital plans may rely on the use of previously approved capital receipts in some instances, where the use of earmarked/incentive receipts is already included in the approved Capital Budget. In these instances, the earmarking or incentive remains in place (subject to approval of the Full Business Case in the

usual way). The Deputy Leader (through the Capital Receipts Board) oversees arrangements to allow services to obtain the revenue benefit of appropriate property sales, in order to incentivise the rationalisation of property holdings. The revenue benefit is currently estimated at 7.5% of the capital receipt, per annum. The revenue benefit might for example offset any loss of income arising to the service from selling an income-generating property. Statutory requirements or existing legal agreements relating to the use of capital receipts will be unaffected.

- 2.6.3 Capital receipts totalling £38m over 2016/17 to 2018/19 will also be used to help fund redundancy costs required to deliver the Council's savings proposals, in accordance with the capital receipts flexibility announced in the Chancellor's 2015 Spending Review.
- 2.6.4 Proposals by a service to appropriate land for a different purpose to its existing use will also be reviewed by the Capital Receipts Board before proceeding for formal decision, because the land could otherwise have been sold for a capital receipt. As a general principle, land no longer required for its existing use should be declared surplus so that options about its future use or sale can be considered.
- 2.6.5 The City Council is also encouraging community engagement in the delivery of some local public services using Council property assets. In support of this the City Council may be prepared to sell City Council assets at less than best value to third sector organisations which have the capabilities to use the assets to provide agreed services, in accordance with arrangements for Community Asset Transfers of property (CATs). It is recognised however that sales at less than best price may reduce the capital receipts available to fund other City Council needs and policies. Accordingly, proposed land sale discounts including CATs are reviewed by the Capital Receipts Board before proceeding for formal decision. CAT proposals will be assessed through a 'triage' process at an early stage in order to identify those proposals which have a reasonable prospect of success. Other properties, and CAT proposals which have been unsuccessful, will proceed for sale on the open market.

3. Development of the Capital Programme

- 3.1 Capital expenditure funded from specific grants and contributions amounts to £272.4m in this Budget. Capital expenditure which is financed from specific grants and contributions has been included in the Capital Programme based on available information at the time of preparation. Additional projects are likely to be added to the budget during the year as and when resources become available. Given that the potential for further corporate funding will be limited, the focus will be on obtaining external funding.
- 3.2 The proposed Capital Programme includes £401.1m financed from borrowing over the Capital Programme period, of which £325.7m is self-financed from additional revenue income or savings. This includes major commitments from earlier decisions including funding for the ten year Enterprise Zone Investment Plan (£172.5m from

2016/17 onwards), the Sport and Physical Activity Strategy (£26.2m), and the Wholesale Markets relocation project (£29.7m).

- 3.3 The Capital Programme is revised by Cabinet on a quarterly basis taking account of new projects and new resources available. The additions to the Capital Programme, since last reported to Cabinet at Quarter 2 2015/16, are set out at the end of Appendix 10. New projects include £38.0m for use of the Government's capital receipts flexibilities, £24.0m for the National College for HS2, £7.6m for the Metro Centenary Square, £122.8m for year 3 of the HRA capital programme (funded from HRA specific resources) and £6.0m for year 3 of the Housing Private Sector capital programme.

4. Total Capital Programme

- 4.1 The proposed Capital Programme has been prepared having regard to the City Council's plans and priorities set out in the Business Plan and Budget 2016+, the Property Strategy in Part 7 and in this Financial Plan in Part 5. The programme by Directorate is therefore as follows:

Table 5.6.1 – Capital Programme by Directorate

Capital Expenditure	2016/17	2017/18	2018/19	Total
	£m	£m	Onwards £m	£m
People				
Adults & Communities	7.2	2.5	0.3	10.0
Children, Young People & Families	82.8	41.9	0.0	124.7
Place				
Parks, Sport, Districts & Other	73.4	9.1	0.7	83.2
Housing HRA	133.5	115.3	98.5	347.3
Housing Private Sector	13.1	8.9	5.0	27.0
Resilience	1.1	0.0	0.0	1.1
Corporate Resources				
Birmingham Property Services	1.1	0.0	0.0	1.1
Corporate Resources - Other	38.7	48.5	7.1	94.3
Economy				
Regeneration (incl Enterprise Zone)	65.7	17.4	131.0	214.1
Transportation	29.2	20.5	5.3	55.0
Highways	5.4	1.6	1.1	8.1
Total Programme	451.2	265.7	249.0	965.9

- 4.2 Appendix 10 provides a summary of the projects in the above Programme, and Appendix 9 summarises the asset and capital strategies and projects for major services.
- 4.3 The City Council increasingly works with partners to deliver capital investment in Birmingham in ways which are not necessarily reflected in the City Council's own budget. The City Council also acts as Accountable Body to manage resources and projects on behalf of others, in particular for the and GBSLEP and for Government Departments, and this funding is also in addition to the Council's own capital programme. Where this has been supported by Council borrowing, this has been allowed for in the Prudential Limit as required by the Prudential Code.
- 4.4 In the coming year the Council expects to work closely with its partners in the proposed WMCA to start delivering the Devolution Deal agreed with the Government. This is estimated to bring additional capital investment in excess of £8 billion over ten years across the West Midlands and associated LEP areas. This will require new ways of delivering capital investment involving a variety of delivery mechanisms appropriate to each investment programme.

5. Prudential Code and Indicators

- 5.1 In determining the capital budget, the CIPFA Prudential Code expects local authorities to take account of various matters and to consider and approve a number of 'prudential indicators'. These relate to the Capital Programme generally as well as borrowing. The Prudential Indicators at Appendix 12 take account of the above capital budget.
- 5.2 The City Council's proposed Prudential Limit retains some limited scope for new prudential borrowing over and above what is included in the proposed capital programme, for example where subsequent business cases demonstrate that revenue costs can be met from additional income or savings, and to ensure the City Council has some resources for essential capital works and key priorities.
- 5.3 The Prudential Limit for Debt represents the Authorised statutory limit for the City Council, which must not be exceeded. Authorities should therefore allow for risks, uncertainties, and potential changes during the year which will need to be accommodated within this overall limit. In particular, the proposed limit for 2016/17 allows for:
- Borrowing to finance capital expenditure;
 - Other forecast cashflow movements during the year and potential day-to-day fluctuations in debt levels;
 - Revenue provisions to repay debt; and
 - Changes in other long term debt liabilities, primarily capital expenditure under the Highways Maintenance PFI.

The limit does not include any potential prudential borrowing implications for the City Council as a result of Curzon Street Enterprise Zone extension. This will depend on future City Council decisions.

- 5.4 Taking these factors into account, the Prudential Limit for Debt has been set at £4,300m for each of the three years 2016/17 to 2018/19. The limit is calculated as follows:

Table 5.6.2 - Forecast debt and Authorised Prudential Limit, based on the current capital programme

	2016/17 £m	2017/18 £m	2018/19¹ £m
Forecast opening gross debt (incl. PFI etc)	3,684	3,983	4,020
Capital expenditure financed from borrowing (Appx 6B):			
- Self funded	141	49	15
- Requiring budget support	31	43	1
Other cash flows (including Equal Pay settlements)	270	110	60
Less Loan debt revenue repayment provision	(121)	(143)	(146)
Change in PFI and similar liabilities	(21)	(22)	(22)
Forecast closing gross debt (incl. PFI etc)	3,984	4,020	3,928
Allowance for planned cashflows, day to day fluctuations and other potential borrowing	316	280	372
Authorised Prudential Limit for Debt	4,300	4,300	4,300

¹ figures for 2018/19 show that year only and exclude later years

Analysis of forecast closing gross debt (incl. PFI etc):			
General Fund debt	2,855	2,896	2,815
HRA debt	1,129	1,124	1,113

- 5.5 Appendix 11 analyses planned prudential borrowing between projects which are self-financed through additional income or savings, borrowing to support the financing of equal pay, and projects whose borrowing requires additional budget support. The Prudential Indicators do not make this distinction between debt which is self-financed and debt which requires net revenue support from Council

resources. The Council's revenue budget includes provision to meet the net cost of all the above borrowing.

- 5.6 Use of prudential borrowing in the next few years will be constrained by the City Council's reducing revenue resources and the need to maintain the sustainability and affordability of its debt position, and close control will be exercised over all prudential borrowing for new projects. Services generally meet the costs of prudential borrowing they propose from within their current and forecast net revenue budget.
- 5.7 HRA borrowing will also continue to be constrained during 2016/17 by the statutory HRA debt cap. Although the Government has agreed a limited relaxation to the Council's HRA debt cap, this represents only a small increase.

Chapter 7: Treasury Management Strategy

1. Summary

- 1.1 This chapter sets out the proposed Treasury Management Strategy for 2016/17 given the interest rate outlook and the City Council's treasury needs for the year, and in accordance with the Treasury Management Policy at Appendix 14.
- 1.2 A balanced strategy is proposed which maintains a significant short term and variable rate loan debt in order to benefit from current low rates, whilst taking some fixed rate borrowing to maintain an appropriate balance between the risks of fixed rate and short term / variable rate borrowing. The balance between short and long term funding will be kept under review by the Strategic Director - Finance and Legal, and will be maintained within the prudential limit for variable rate exposures.
- 1.3 Separate loans portfolios are maintained for the General Fund and the HRA. Separate treasury strategies are therefore set out below where relevant.¹⁹

2. Treasury Management Policy and Objectives

- 2.1 The Treasury Management Policy (Appendix 14) sets the City Council's objectives and provides a management and control framework for its Treasury Management activities, in accordance with CIPFA's Code of Practice for Treasury Management in the Public Services.
- 2.2 For the City Council, the achievement of high returns from treasury activities is of secondary importance compared with the need to limit the exposure of public funds to the risk of loss.
- 2.3 These objectives must be implemented flexibly in the light of changing market circumstances.

3. City Council Borrowing Requirement

- 3.1 The table below shows the amount of new borrowing required to be obtained in each of the next three years, taking account of the proposals in this Business Plan and the amount of existing loans which are repaid and need replacement:

¹⁹ This Strategy relates to loan debt only. Other debt liabilities relating to PFI and finance leases are not considered in this Strategy, and are managed separately. Throughout this Business Plan, debt and investments are expressed at nominal value, which may be different from the amortised cost value used in the statutory accounts.

Table 5.7.1 - Forecast Borrowing Requirement

	2016/17 £m	2017/18 £m	2018/19 £m
Forecast gross loan debt	3,490.5	3,549.9	3,480.4
Forecast treasury investments	(40.0)	(40.0)	(40.0)
Forecast net loan debt	<u>3,450.5</u>	<u>3,509.9</u>	<u>3,440.4</u>
of which:			
existing long term loans outstanding	2,670.6	2,621.5	2,576.5
Short term investments working balance	(40.0)	(40.0)	(40.0)
Required new/ replacement loan balance	<u>819.9</u>	<u>928.4</u>	<u>903.9</u>
	<u>3,450.5</u>	<u>3,509.9</u>	<u>3,440.4</u>

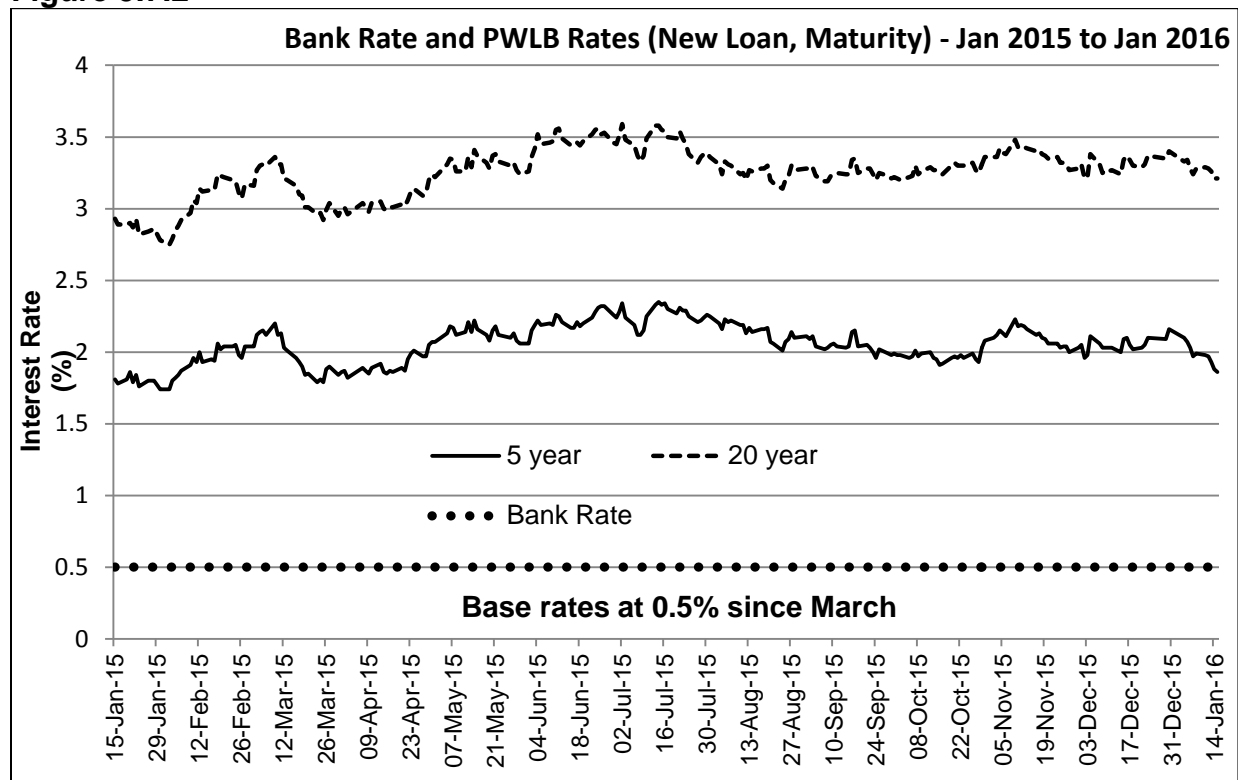
This strategy sets out how the City Council plans to obtain the required new borrowing shown above.

- 3.2 The City Council has borrowed £206.3m of Lender's Option Borrower's Option (LOBO) loans in which the lender has the right to call for repayment at certain dates during the loan term. Around £186.3m of these options have the potential to be exercised during the coming three financial years (£46.3m in 2016/17, £40.0m in 2017/18 and £100.0m in 2018/19). This would increase the City Council's required loan refinancing needs, but is considered unlikely to happen in the current market environment.

4. Interest Rate Outlook

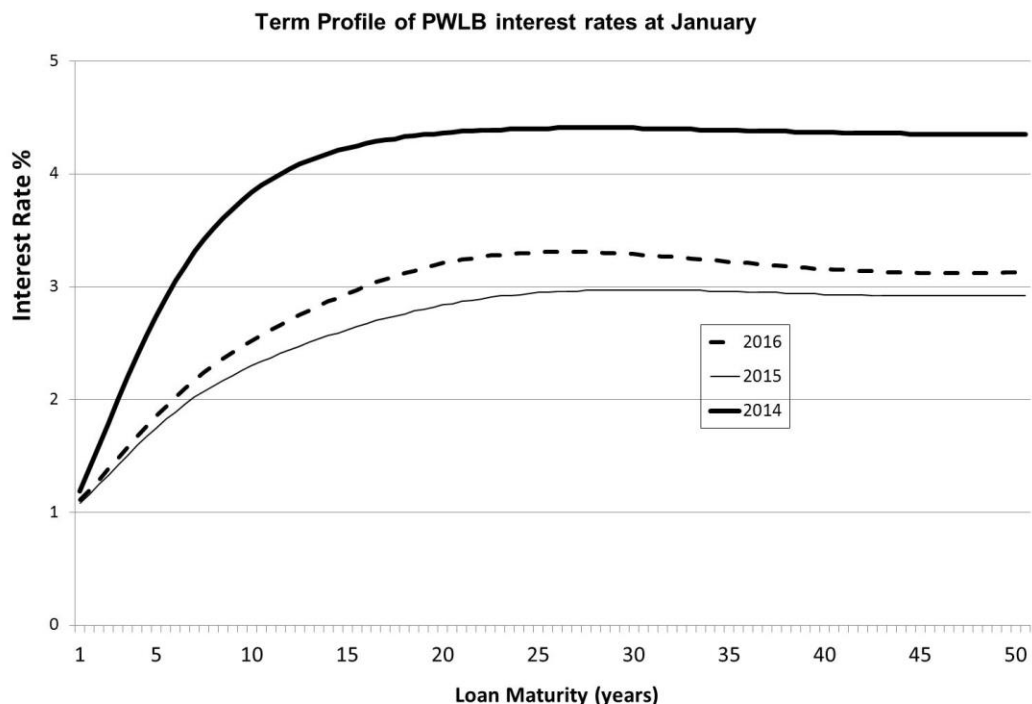
- 4.1 After a period of stronger GDP growth, the balance of risks to economic recovery is currently on the downside. Downbeat economic news from Europe and China and the effect of the UK Government's austerity programme suggest that the pace of recovery in the UK in the next few years will be slow. This would exert a downward influence on UK inflation, as would further weakening of commodity prices (especially oil). In this context it will be difficult for the Monetary Policy Committee to start increasing base rates. The Governor of the Bank of England has also stated that base rate rises will be slow and gradual. This budget assumes an increase of 0.6% in short term market rates by the end of March 2017.
- 4.2 Long term interest rates look likely to remain low during 2016/17 given the economic conditions noted in the previous paragraph, although an upwards trend may be expected at some point when global growth prospects improve or inflation expectations rise. It is likely to be in the City Council's long term interests to take some long term fixed rate borrowing in the coming year or so in order to limit the proportion of short term and variable rate borrowing.
- 4.3 The figure below shows how base rates and long term rates from the Public Works Loans Board (PWLB) have moved since January 2015 – although past performance is, of course, not necessarily a guide to the future.

Figure 5.7.2



4.4 Figure 5.7.3 below shows PWLB loan rates in early January 2014, 2015 and 2016. The cost of fixed rate borrowing is below rates in 2014, but has increased a little since January 2015, and continues to increase steeply from 1 year rates to ten year rates:

Figure 5.7.3



4.5 Upside risks to UK interest rates in 2016/17 include the following:

- Marked indications of significant US, UK or Eurozone economic recovery
- Re-emergence of inflation concerns

Downward pressures on UK interest rates include:

- Further weakness in UK and international economies
- Lower than expected inflation, or deflation
- Eurozone sovereign debt crisis or banking crisis re-emerge
- International political instability

5. Sources of borrowing

5.1 The City Council is able to borrow from the PWLB at its ‘certainty rate’ at approximately 0.8% above gilt yields.

5.2 The City Council will consider using other sources of long term borrowing if the terms are suitable. This may include private placements, bilateral loans from banks, local authorities or others, loans from the European Investment Bank, or loans from

the Municipal Bonds Agency which is proposing to borrow from the capital markets and on-lend to local authorities.

- 5.3 Short term borrowing is available largely from other local authorities. It may be possible to supplement this with borrowing from other sources such as banks.

6. 2016/17 Strategy: HRA and General Fund

- 6.1 The HRA inherited a largely long term fixed rate debt portfolio at the start of the current HRA finance system in 2012, and its debt is capped in accordance with statutory HRA debt limits. For the next three years from 2016/17, its debt is not changing significantly as a result of the current HRA Business Plan. No new long term borrowing for the HRA is therefore currently planned.

- 6.2 For the General Fund, a balanced strategy is proposed which maintains a significant short term and variable rate loan debt in order to benefit from current low short term rates, whilst taking some long term fixed rate borrowing to limit the Council's exposure to increases in short term and variable interest rates. The budget assumes new long term fixed rate borrowing of around £180m in 2016/17. This takes advantage of the low long term fixed rates currently available, and reduces the impact of future interest cost increases. It also ensures that variable rate exposures remain within the 30% prudential limit (set out in Appendix 12d). However, this will be more expensive for the next year or two than variable rate funding, so it would mean higher costs in the short term in return for potentially lower costs in the long term. This has been factored into the treasury management budget.

- 6.3 Based on this strategy, the following table summarises, for the Council as a whole, the new long term and short term borrowing proposed to fund the required new or replacement borrowing each year:

Table 5.7.4 – Proposed Borrowing Strategy

	2016/17	2017/18	2018/19
cumulative new borrowing:	£m	£m	£m
new long term loans	180.4	280.4	280.4
new short term loans	639.5	648.0	623.5
Required new/ replacement loan balance	819.9	928.4	903.9

- 6.4 The General Fund and HRA exposures to short-term and variable interest rates in accordance with the strategy above is as follows:

Table 5.7.5 - Forecast Variable Rate Exposure based on the proposed borrowing strategy

<i>(taking account of debt maturities and proposed long term borrowing)</i>	2016/17 £'m	2017/18 £'m	2018/19 £'m
Housing Revenue Account			
Year end net exposure to variable rates	127.9	139.0	140.2
Closing HRA net loan debt	1,129.3	1,124.4	1,113.0
Variable exposure % of debt	11.3%	12.4%	12.6%
General Fund			
Year end net exposure to variable rates	520.6	513.9	478.3
Closing General Fund net loan debt	2,321.2	2,385.5	2,327.4
Variable exposure % of debt	22.4%	21.5%	20.6%
Year end variable interest rate	1.3%	1.9%	2.1%

- 6.5 The variable rate exposure means that a 1% rise in variable rates at the end of 2016/17 would cost an estimated £5.2m per annum for the General Fund, and £1.3m per annum for the HRA. However, the budget provides for an increase in variable rates (as indicated above), which is considered to be prudent in this context.
- 6.6 The Policy Statement sets limits for exposure to variable rates of -30% (maximum net investments) to +30% (maximum net borrowing). These figures show that variable rate exposure is forecast to remain well within these limits for the next three years, even if no further long-term fixed rate borrowing is taken.
- 6.7 This strategy therefore acknowledges the risk that maintaining a significant short term and variable rate loan debt may result in increasing borrowing costs in the longer term, but balances this against the savings arising from cheaper variable interest rates. The Strategic Director - Finance and Legal will keep the strategy under close review during the year, in the light of the City Council's financial position and the outlook for interest rates.
- 6.8 The Treasury Management Prudential limits and indicators consistent with the above strategy are set out in Appendix 12, including a summary loan debt maturity profile.
- 6.9 The Treasury Management Strategy must be flexible to adapt to changing risks and circumstances. The strategy will be kept under review by the Strategic Director - Finance and Legal in accordance with treasury management delegations.

7. Treasury Management revenue budget

7.1 Based on this strategy the proposed budget figures are as follows:

Table 5.7.6 - Treasury Management Budget

	2016/17 £'m	2017/18 £'m	2018/19 £'m
Net interest costs	148.2	156.5	153.2
Revenue charge for loan debt repayment	120.7	143.4	146.0
Other charges	2.3	2.0	2.2
Total	271.2	301.9	301.4
met by the HRA	54.7	71.0	70.2
met by other service budgets	83.8	90.0	90.2
met by corporate treasury budget	132.7	140.9	141.0
Total	271.2	301.9	301.4

7.2 The increase in budgeted costs reflects the projected increase in short term interest rates, long term interest rates, and the cost of the additional borrowing in this Business Plan. Actual interest costs will be affected not only by future interest rates, but also by the City Council's cash flows, the level of its revenue reserves and provisions, and any debt restructuring.

8. Investments

8.1 Since the banking crisis in 2008, the City Council's approach has been to reduce direct lending to banks and to increase use of the AAA rated Sterling money market funds which are approved in the Investment Policy. These pooled funds are able to reduce credit risks in a way the City Council cannot do independently, by accessing top quality financial institutions and spreading the risk more widely.

8.2 Within the overall Investment Policy, the City Council has generally used a more restricted list of banks since the financial market turmoil of 2008. This has enabled the City Council to adjust investment strategy to take account of the rapid developments in market conditions, including greater use of Sterling-denominated Money Market Funds rather than direct investments in single institutions. As the banking crisis has abated, more use has been made of direct lending to financial

institutions. As market conditions continue to change during 2016/17, investment strategy will be kept under review and adjusted accordingly.

- 8.3 Significant changes in banking regulation are continuing to take place in order to address some of the issues arising from the banking crisis. The Council will consider secured forms of lending such as covered bonds and repo agreements, but these instruments are not generally available for short term and smaller size deposits. In this context, the Council's Investment Policy set out in the Treasury Management Policy at Appendix 14 continues to require a minimum credit rating which remains within 'investment grade' ratings.

9. Other Treasury Management exposures and activities

- 9.1 The City Council has supported proposals to develop supply chain finance for the Council's suppliers. This enables the Council's suppliers to raise short term finance based on invoices due from the Council, and the benefit of this can be passed down the 'supply chain' to subcontractors. Through this mechanism, the Council has the opportunity to provide finance to suppliers when invoices are approved for payment. Repayment of the investments is assured by the Council's own payment on the invoice due date, so there is no credit risk to the Council. The Council will also be prepared to provide supply chain finance through these arrangements in relation to invoices payable by other public bodies meeting the credit criteria in the Treasury Management Policy. Subject to final evaluation, this activity is planned to begin in 2016/17, and the additional income arising has been built into the savings in this Business Plan.

10. Advisers

- 10.1 Capita Asset Services provides treasury management advice to the City Council, including the provision of credit rating information. Advisers are a useful support in view of the size of the transactions involved and the pressures on staff time.

11. Prudential Indicators for Treasury Management

- 11.1 The City Council is required under the Local Government Act 2003 and the CIPFA Prudential Code for Capital Finance in Local Authorities to set various Prudential Indicators for treasury management. These are presented in Appendix 12d.

PART SIX - OUR PEOPLE

“Our People will be dynamic, agile and capable to adapt to our ever changing environment, meeting our citizens needs with a can do, will do mind-set reflecting our values at all times”.

Our people are at the heart of how we work with and for our citizens. We have a workforce of just over 15,000 (headcount) excluding schools who reflect the typical local government profile; being predominantly female and mature with nearly 60% over 40. We work within a diverse city and we are not yet fully reflective of all the communities that we serve; addressing this will be embedded in our workforce plans.

Our employees have faced significant challenges over recent years. We have already reduced our headcount by a third since 2010, whilst requiring our people to be more flexible, adaptive and agile to address changing customer needs, reduced budgets and new ways of providing services. They have risen to meet these demands keeping citizens at the heart of all they do, in a very challenging landscape.

Our people include 120 Councillors who work with our citizens, undertaking ward visits and surgeries listening to issues and suggestions for improvement and enabling and supporting access to our services.

The Leader and our Chief Executive are clear that our culture must always be one of openness, honesty and engagement on every occasion with citizens. This will ensure that we aspire to create a citizen focused culture working collaboratively to make a positive difference every day to people lives.

Our Councillors and Officers already work together on a number of partnerships. Partnership working relationships will continue to be critical going forward as we move away from directly delivering services. There are up to 200 partnerships in operation.

Our people tell us what they think of our vision and direction through various channels including; engagement events, employee surveys, team meetings and dialogue with our trades unions. We are working hard to make sure our people have a voice and action is taken in response. Last year we radically changed our performance appraisal scheme to respond to feedback from our people, we have also built our core values and behaviours in this way.

Our values-led organisation



Our values are at the heart of all that we do. Our values are being embedded in all of our People policies, procedures and performance and development frameworks. They will be our reference point for checking whether we have the right people in place doing the right things in the right way.

Our Workforce Challenges

As a council we will have a different role in the city – one that still involves delivering quality services, but one that is also increasingly commissioning services from others to enable citizens to meet their needs, with a focus on services and not buildings. This means that we need to fundamentally alter how our organisation operates and is structured. The vision for the Future Council in 2020 is:

A modern council – a one contact approach which aims to get it right first time, puts people first, endeavours to achieve excellence and acts openly and honestly. It provides value for money and duplication is eradicated. It is a strategic influencer, rather than always being a direct provider of services.

As an organisation it means we will change:

- To a strategic council, working collaboratively with partners to achieve outcomes and potentially delivering fewer direct services.
- From a big to medium sized employer – fewer Councillors and Officers influencing others to ensure we are a Living Wage City that creates employment and development opportunities for our citizens.
- Working at different multiple levels to achieve the best results for citizen – adopting an individual, local, city-wide or regional approach depending on which is most appropriate.
- To a more agile way of working to reduce the need for extensive assets, i.e. buildings, maximising role flexibility whilst benefiting from cutting edge IT.
- Our administrative support to a small core, sharing intelligence and supporting strategic and community leadership.
- To promoting and encouraging the independence of citizens.

Our People Plan

We are operating in a rapidly changing environment and facing the challenges of becoming smaller and reducing our people numbers. Nevertheless, we have high expectations and great ambition for our city and our people.

We are developing a set of core plans that include the following to support our people to achieve:

Capacity

Over the coming years as a Council we will have a different role in the city – one that still involves delivering quality services, but one that is also increasingly commissioning services from others to enable citizens to meet their needs, with a focus on services and not buildings.

This means that we need to fundamentally alter how our organisation operates and is structured. This will mean reductions in headcount of around, 1,200 for 2016-17, and changes to job roles and ways of working.

We will review our recruitment and retention policies to ensure we have the right people with the right skills and behaviours doing the right things in our teams.

Our teams will receive support in regularly reviewing their workforce planning requirements in accordance with demand and how the service is provided.

Culture

Our underlying culture principles are ones of openness, honesty and engagement in which a good Councillor and a good Officer is one who understands the aspirations and ideas of our citizens and provides support to enabling them to receive the services they require.

We will support our culture change by enabling our people to work agilely, enabled by a good IT infrastructure. Our Senior Management Team will visibly role model this way of working to ensure our people are clear on what they need to do. This approach will ensure that we aspire to create a citizen focused culture working collaboratively to make a positive difference every day to people's lives.

Capability

We are developing capability plans to equip all of our colleagues with the knowledge and skills required to work agilely, across boundaries internally and with partners and the community.

All our people will have a clear development plan that will support and grow their skills, knowledge and experience. This will be underpinned by using regular performance discussions with line managers to shape careers and feed into the talent management and succession planning framework.

Our Workforce Savings Programme

It is a delicate balance to ensure that we have an organisation ready for the future in an environment where significant savings are required. We recognise that these challenges will have a fundamental impact on our people just when we need to be ready for a complete step change in delivery.

We will work with our people and their representatives to identify different options and approaches to address this challenging agenda.

Our people will be affected by our savings programme in the following ways as we need to:

Improve the effectiveness of our people planning to reduce costs and improve efficiency - to be implemented in 2016/17

Proposed changes include the following:

- a recruitment freeze on all posts unless the role is classed as critical.
- an increase in the number of apprenticeships as a way of broadening the diversity of the workforce and creating a supply of skilled workers for the city.
- reduce expenditure on agency workers over the next 12 months.

Our People

- develop a comprehensive internship programme to develop local talent.
- review and, where appropriate, remove layers of management to ensure decision making happens closest to the citizens.
- unpaid leave sabbaticals for staff.

Savings target of £10.5 - £16m.

Change to terms and conditions of employment – to be implemented in 2017/18

We need to develop a package of measures which will enable us to reduce the wage bill by circa £18m a year. The ideas so far are:

- increase the standard working week from 36.5 hours a week to 37 - in line with the majority of other local authorities.
- review JNC pay and reward.
- amend the provision of the sickness pay scheme.
- freeze the payment of performance related increments for three years .
- remove subsistence allowance for those away on business.
- revise the hours for night pay from 8pm - 6 am to 10pm - 6 am.
- apply a single standardised standby payment scheme.

Savings target of £15-£18m.

Provide a new employee benefits package

We will create a new core offer for our people that will enable agile working, a career portfolio and is supported by the Birmingham Reward & Benefits. The purpose of these proposed changes is to ensure that we continue to attract and retain great talent by providing employees with:

- Greater autonomy and agility in working practices, locations and hours of work - wherever practicable.
- Opportunities to develop careers and experience within the council and with our partners.
- A reward package that offers choice and options.
- Core contractual offer for those moving to other providers.
- These proposals could deliver a number of benefits – financial and non-financial:
- enable employees to buy and sell annual leave.
- reduced property costs through an increased use of ‘hot desking’.

Our People

- create a new framework to facilitate greater opportunities for agile & flexible working that works for the business & our employees.
- reduction in recruitment costs because of more effective succession planning and talent management.

Achieve a reduction in headcount and change ways of working

We have launched consultation on a range of proposals to change or reduce services and ways of working that could lead to a reduction of around 1,200 jobs in 2016-17.

On-Going Consultation

We will engage and consult with our people about how we can achieve the savings, efficiencies and workforce reductions in a number of ways and consider all options with the aim of reaching agreement:



Our approach to Potential Reductions

We will explore ways to mitigate redundancies and provide support for all our people ensuring everyone is treated with dignity and respect whether they remain in the organisation or for those that leave and become our advocates.

We provide a programme of support for our people where they are identified as at risk of potential redundancy in our annual Section188. This support includes career transition skills and opportunities to secure employment with other local employees.

Our approach to funding our redundancies is set out in the Financial Plan (Part 5)

PART SEVEN - PROPERTY AND OTHER PHYSICAL ASSETS STRATEGY

1 Introduction

- 1.1 Property plays a significant part in the successful delivery of the City Council's Business Plan. The right type of property, in the right place is essential to deliver the council's services, along with the necessary staff and technology. It is an expensive resource, being the biggest cost after staffing. As such it must be managed corporately alongside the other key resources, people, IT facilities and infrastructure and finance within an integrated strategic planning framework.
- 1.2 The following sections outline the City Council's overall strategy for property and other assets.
- 1.3 Appendix 9 summarises the asset and capital strategies of major service areas.

2 General Strategic Aims

- 2.1 The Council is continuing the process of progressive change to align future property assets with developing changes in the organisation. In recent years a significant proportion of the council's property assets have been progressively changed to support the council's Business Plan. This has enabled the delivery of substantial change in the way the Council operates, its staff work and the delivery of services. Along with the delivery of changes, the sale of surplus property has contributed capital receipts, lowered ongoing property costs and reduced the environmental impact, in the context of legislative requirements for local authorities as property landlords.
- 2.2 Looking forward, the Council will continue to take a strategic approach to planning future property requirements. The City Council's strategic objectives in relation to its property and other long term physical assets include:
 - To ensure that assets are fit for purpose in terms of suitability, sufficiency, condition, cost, environmental impact and affordability.
 - To keep the City Council's portfolio of capital assets under review and managed according to best practice through the Asset Management Planning process, including the rationalisation of property holdings where appropriate.
 - To take an integrated approach to all aspects of property planning and management, taking account of whole lifecycle implications.
 - To deliver value for money from any investment in the retained estate.
 - To utilise the optimum property in accordance with the City Council's strategic objectives and service delivery plans.

2.3 The need to respond to changing service delivery needs and the Council's changing financial position will require further substantial change in the future asset portfolio. The development of new models of service delivery brings challenge to previous arrangements. Much of this strategy formulation and analysis of financial and other practicalities is significantly informed through the corporate property function. General themes include:

- Potential for co-location/integration of Council and partners' front line services into multi-service buildings, providing one point of access for customers. This will allow limited financial resources to be directed to a smaller number of better maintained and improved buildings.
- Increased joint working with other public sector partners and third sector organisations to share buildings and provide a wide range of services to people from one building.
- Consideration of third sector organisations ability to take on the delivery of City Council services (and potentially their delivery point), is subject to an assessment process where options are evaluated, taking into account business management capacity, capital receipt opportunities, revenue cost reductions, output/ outcome delivery value and priority, etc.
- Flexible accommodation, the potential to fully utilise space – ensuring space in buildings is fully utilised at all times and capable of alternative utilisation at minimal cost.
- Increased sale or other strategic release of assets to achieve Council objectives and provide funding for its expenditure commitments.
- New service models which are less capital, revenue and asset intensive.

2.4 The overall strategic aims for the non-operational assets (commercial investment property portfolio) are:

- To review the estate and maintain income generation whilst rationalising and disposing of non performing and surplus property assets.
- To invest as far as possible to maintain or enhance income levels.

3 Current Asset Portfolio and Context

3.1 The properties and other physical assets held by the City Council include:

Property Type
Adult Education Centres
Allotments (leisure gardens and small holdings)
Car Parks including Multi-storey
Cemeteries
Cemetery & Crematorium
Central Administration Buildings (CABs)
Children & Family Residential homes
Church Yards
Community Centres / Halls
Community Day Nurseries
Council dwellings
Depots
Education Establishments (schools)
Day Centres – children, elderly and learning disability
Environmental Residential Centres
Golf Courses
Leisure Centres including sports halls and pools
Libraries
Markets
Museums & Arts (held in trust)
Offices
Parks (including public open space, play areas and recreation grounds)
Roads (in km) (managed via PFI)
'Sure Start' Properties
Youth Centres
Youth Offending Team Properties
Commercial Portfolio (Let to third parties)
Land and buildings held for charitable purposes

3.2 The council's property portfolio is fairly representative of most councils' portfolios, comprising a mix of service delivery properties and properties let to third parties. The majority of ownership is within the city boundaries but there is notable ownership beyond the boundaries into neighbouring authorities including Solihull, Bromsgrove and Warwickshire. The full extent of BCC ownership represents c.40% of the city by land area.

3.3 Resources are constrained, and services have to make hard choices on expenditure. Future service delivery models will have implications for the assets needed to support those services, and this is reflected in the current draft review of the City Council's asset management plans, e.g. linkages with, ICT Strategy,

changes in conditions of service for staff and major service initiatives, such as “open for learning”.

- 3.4 Facilities management costs, backlog condition and energy efficiency in conjunction with other service related factors are all expected to guide investment and disinvestment decisions. Capital resources for asset maintenance are limited, but the council has introduced policies around whole life costing to protect the investment in new build by ensuring resources are provided for cyclical maintenance of new assets. Efficiencies are being delivered from the ongoing management improvements in facilities management, in terms of both costs and service delivery, which will help services to manage constrained revenue budgets in terms of the property that they chose to use in the future.

4 Supporting Council strategic outcomes

- 4.1 Property and other physical assets form part of the City Council’s corporate resources. As such the Council will review and manage them on a corporate basis in accordance with its overall Business Plan strategic outcomes and principles.

5 Supporting Service Plans

- 5.1 Asset management plans are now being more closely aligned with Service Plans. These not only take account of service based delivery changes, but look for innovation in the way services are delivered, coupled with synergy across council service areas and partners taking into account the financial pressures which the council faces. This links with the Future Council Programme and brings to corporate programmes such things as “open for learning” and other initiatives, with future property change requirements.
- 5.2 In general asset management challenges are increasing and significant effort is being applied across the council, looking at innovative ways of delivering services, across all directorates and with public sector partners. The future years’ financial pressures are, inevitably, leading to harsher challenges relating to the affordability of the existing property estate.

6 Service Rationalisation and Asset Management Planning

- 6.1 Most services have undergone substantial service reviews during recent years and their service asset management plans have been updated as a result. These are now beginning to suggest the need for more extensive property rationalisation, purely because there are no budgets to pay for this in the future. This includes operational office accommodation and takes account of drives to create smaller teams, greater agile working, etc.
- 6.2 These plans are directly attributable back to the service delivery plans driven by the service’s future operating models (FOMs). The outcomes of those plans are highlighted in the service capital strategies, but in the main continue to demonstrate

the investment required by their property portfolio to meet the needs of the service, e.g. in simply tackling issues of condition, modernisation to meet corporate and national initiatives.

- 6.3 However, with the projections of further reductions in central government funding these plans are subject to further ongoing review and redesign. The ability of services to disinvest is hampered by the current state of the market, both in terms of values and demand. However, the disposal strategy reinforces the linkages between service planning and asset rationalisation, with an imperative to also reduce the revenue running costs of the property base (of which closure / disposal is one vital tool).
- 6.4 The Council's financial policies in Part 5 Chapter 6 of this Business Plan support service asset review by allocating an annual 7.5% of the asset sales proceeds to appropriate service revenue budgets, equivalent to the borrowing costs savings relating to the capital receipt.
- 6.5 The use of shared service buildings is a developing and innovative approach that is becoming an increasingly important area of work for the future. Pilot examples now in place include Sparkbrook Community and Health Centre (joint project with NHS delivered through LIFT Co providing a range of City Council and Health services as well as third sector services), and The Shard (providing new Council services as well as space for third sector agencies and public sector partners). A number of service areas are looking further such proposals on a variety of scales. The flexibility of the space to enable alternative use and capability of the space to achieve shared occupation across services and including third party occupation is seen as the standard to achieve.

7 Strategic Use of Assets

- 7.1 The Council will use its assets strategically to support service realignment as appropriate. For example, a range of property has been transferred to different services to support Birmingham Municipal Housing Trust. The council will use its assets appropriately in support of major regeneration projects, for example HS2, Paradise Circus and Icknield Port Loop.

8 Supporting Community Involvement

- 8.1 The council has in place a Community Asset Transfer protocol and process, which satisfies the requirements in the Localism Act and deals with all proposals from external community organisations seeking a community transfer of council or other owned property. Associated with the Localism Act there is now a "community right to bid" for property, which whilst it does not compel the Council to sell or sell at lower than market value, it does mean that once registered, properties will be subject to the legislative minimum disposal timetable. The legislation now clarifies how the council can proceed regarding the opportunity to dispose of assets of community value and support Third Sector Organisations through the granting of

leases that take into account the value of the worth that the organisation brings to the city.

- 8.2 The Council's policies for Community Asset Transfers are approved by Cabinet and in the financial policies in Part 5 Chapter 6 of this Business Plan.

9 Green Issues

- 9.1 The council is developing its carbon strategies and energy management strategies. In the development of its Corporate Administrative Buildings estate (CAB) the council targeted an "excellent" BREEAM standard for new buildings (achieved at 10, Woodcock Street Offices), and "very good" for the major refurbished estate (achieved at both Lifford House and 1 Lancaster Circus). Further standards for the corporate estate are anticipated to be developed with the emerging energy conservation and carbon reduction plans.
- 9.2 Energy conservation is having and will continue to have an impact on services and property going forward. The council has drafted its Carbon Management Plan and is signed up to its carbon reduction commitment.
- 9.3 Energy bills have risen substantially over the past few years driven by external world factors, and further volatility is expected. The risk in the long term is for further rises in energy costs.
- 9.4 This places a greater emphasis on needing to put in place appropriate measures to contain such budgetary pressures. Such measures can include Combined Heat and Power (CHP) plants, photo-voltaic panels, voltage optimisation, automatic half hour meter readings, biomass boilers, automated lighting, occupier behavioural change, disinvestment from inefficient property and energy performance measurement and comparison. The City Council's procurement practice seeks to develop an integrated approach to energy management, energy supply, energy consumption, contract compliance and property data. Where such measures will not be cost effective the service will be encouraged to disinvest and dispose of properties.

10 Health and Safety

- 10.1 The council has responsibility for the health and safety requirements in its estate, including fire risk, asbestos management, legionella, and statutory testing and maintenance compliance. The council has required that every property will have a nominated duty-holder to fulfil the function of managing that health and safety responsibility. This requirement has necessitated the alignment of property data with the duty-holders and to coordinate this information with Corporate Health and Safety to ensure that appropriate duty-holder training is provided to meet the council's health and safety requirements.

10.2 The corporate database system identifies the duty-holders, and their training is undertaken via an electronic training package through People Solutions. The same database is being populated with data to ensure audit compliance across the various issues of asbestos, legionella, fire risk assessments, safety management etc. Further work has been undertaken to ensure that each City Council property has a programme of statutory testing/maintenance that is appropriate for the building's purpose / components.

11 Equalities Issues

11.1 Equality issues around property mainly focus on access to services. The responsibility rests with the service to ensure that it has considered such equality issues and sought to put in place reasonable adjustments to ensure that they do not discriminate in the delivery of their services. A corporate fund (The Corporate Access Budget) exists to support services in funding their costs under the Equalities Act 2010. In the event of a property being withdrawn from service delivery, it is the service's responsibility to ensure the future service provision has addressed equalities issues.

12 Asset Management Plan

12.1 The City Council maintains an Asset Management Plan (AMP) which is currently under review for the 2015-18 period and which describes in more detail the current position for the management of property assets, examines influences for change across the council whether driven by government or the council, and makes recommendations for action. Beneath this sits a number of Service Asset Management Plans that feed into the Corporate Asset Management Plan but reflect the assets, their futures and investment requirements in more detail at a local level.

13 Facilities Management

13.1 The Corporate Landlord model has been adopted for the transformed Corporate Administrative Buildings (CAB) portfolio. This provides a centrally focused team to manage the CAB estate.

13.2 Following the establishment of Acivico (a City Council wholly-owned company) associated changes are progressing the standardisation of facilities management services for the corporate estate. The corporate estate (i.e. excluding, housing, education and highways) now manages its facilities management through a centralised computer system (CAFM) using proprietary off the shelf software, coordinated with Acivico, to enable both tactical and strategic facilities management oversight, including costs, service and performance. This move is expected to deliver improvements in the quality of information within the property information systems together with rigorous standards and performance KPIs being set to ensure corporate compliance with health and safety issues.

PART EIGHT - INFORMATION, COMMUNICATION TECHNOLOGY AND DIGITAL SERVICES

Overview

Information, Communication and Digital technologies (ICT&D) are key enablers and innovators to provide the Council with an effective, efficient and reliable set of services that supports the achievements of the business plan.

Change in ICT&D technologies are rapid and growth in the uptake of the latest, emerging technologies such as mobile devices, social media, and high-speed broadband together with the use of Open Data present huge opportunities for the Council, our communities, citizens and suppliers.

To keep up with advances in technology and to meet the increasing expectation of citizens it is important that the Council has a clear approach to the improvement and delivery of ICT&D.

The Council will take a planned approach to managing its existing 'As-Is' ICT&D landscape and is capturing its future 'To-Be' requirements, based on our future service needs. This will be governed by the creation and alignment of the Future Council Operating Model and ICT&D Strategy; this will ensure any spending on ICT&D is driven by the Council's approved business objectives.

ICT&D Strategy Development

The development of the ICT&D Strategy and the supporting analysis will provide stakeholders across the council with greater transparency over the provision and delivery of ICT&D. In seeking to define how best to develop a new approach to ICT&D it has been identified that the focus should not just be on technology, but on business and citizen requirements.

As part of the development process a Strategy team will be drawn from the Council and its business partners. We will introduce a governance arrangements and a framework to ensure the alignment of the Future Council Operating Model, the ICT&D Strategy and directorate strategic priorities. The ICT&D Strategy will be approved in c. September 2016, and then annually at cabinet on a rolling three year basis.

In addition to Citizen's needs our ICT&D approach is being developed to align, support and enable the realisation of Central Government and Council specific drivers.

Central Government Drivers

The main political and economic drivers are:

- The desire to reduce costs and improve efficiency by taking full advantage of the opportunities offered by advances in technology.

- The Government's 'transparency agenda' - a recognition that politicians and public bodies need to rethink how they communicate with and engage citizens, communities and businesses.
- A desire to continue to modernise the UK economy, making it more competitive, making greater use of new technologies and developing improved digital skills in a higher proportion of the population.
- Recognition that 'government bodies' in general need to improve the implementation of 'technology' related projects.

Council Specific Drivers

- The Council's commitments to its communities and citizens.
- ICT&D being a key enabler in delivering the Council's strategic objectives (Future Council Operating Model).
- The requirements of an approved ICT&D Investment and Improvement Plan (relating to the investment budget).
- Council Digital Agenda, to include the integration of 'Digital Birmingham' initiatives.
- External Investment - leveraging the desire of local and national companies to invest in the City.

The key objectives of the ICT&D strategy include:

- To make informed decisions on the procurement of new systems and services taking into account how ICT&D will benefit citizens, reduce the administrative burden for front line staff and provide more effective management and staff self-service.
- To have an agile and pragmatic governance process that ensures consistency, coherence and Value For Money, whilst ensuring accessibility and longevity.
- To have increased transparency of spend and performance information.
- To develop and plan resources and skills for the retendering of the ICT&D contract (dependant on the selection of the Alternative Service Delivery Vehicles (ASDV's)).
- To provide a rolling three year investment plan for ICT&D infrastructure and corporate and directorate applications which are included within the Council's Long-term Financial Plan.
- To maintain a set of applications which provide flexible, reusable, integrated application services.
- To provide system integration and information exchange with new ASDV's.
- To have a consistent, comprehensive and secure approach to creating, storing and using knowledge and information.

- To have an innovative approach to ICT&D services, including exploitation of mobile technologies as a delivery channel and as an enabler for internal agility and flexibility.

A 'Digital Agenda'

There is still much to do to ensure that the take up of Digital Services is widespread and the potential benefits are delivered. The greater uses of digital technology and information are enormously beneficial to the Council, communities and citizens and have the potential to:

- Reduce costs and deliver better 'Value For Money'.
- Increase efficiencies.
- Deliver better outcomes.
- Stimulate and enable innovation and new ways of working.
- Re-shape the relationship between the Council, communities and citizens.
- Utilise 'Social Media' to improve communications and partnership working.
- Access and exploit a wealth of available 'Open Data'.

In order to leverage these benefits the ICT&D Strategy will describe our 'Digital Agenda' which will detail how the Council will maximise the opportunities of Digital Services, reflecting the needs of Citizens, allowing for choice and balancing efficiency with service quality.

ICT&D Governance

All ICT&D spending will be subject to increased scrutiny to ensure they are aligned to the overall Business Plan and the ICT&D Strategy. This will improve economies of scale and show clear financial and/or service benefits. The established ICT&D Programme Board will govern the ICT&D Strategy, associated initiatives, innovations and savings.

All directorates will be supported to develop individual ICT&D Strategies focusing on ensuring that service needs are met and future Business Plan objectives are delivered through directorate ICT&D Strategy Groups, which will provide greater planning and oversight. The directorate strategies will inform and be informed by the ICT&D Strategy.

Directorate ICT&D Operational groups will drive increased ICT&D performance and compliance to processes. Greater ownership and visibility of the ICT&D landscape and applications will be supported and developed. The Council's dispersed ICT&D initiatives and resources will begin to work collaboratively to deliver against our approved ICT&D strategy.

Information and Intelligence

Information is an asset, like people, buildings, money or infrastructure, which has an intrinsic value that must be exploited. We will start to design our future ICT&D architecture to be the enabler of our information assets. The ICT&D Strategy will define how the future 'Intelligent' use of information will meet the needs of the Future Council, both operationally and strategically.

As part of the Future Council Programme we will deliver an information management strategy (aligned to corresponding strategies and created utilising the governance framework) that recognises a one council- single version of the truth for identity and address. The Information Management Strategy we will describe how 'Open Data' will be used to support our digital and creative businesses and how in the future we will work with community based social media to open up decision making and policy debate.

Data Transparency

The initiatives of 'Open Data', Intelligence and data transparency and in line with Central Government policy, more public data is being made available online, which includes publishing information about service costs, contracts and plans.

We will continue to enable citizens to understand the reasons for decisions we take, by making the evidence that supports them more readily available. As well as improving trust in public services, over time this should also reduce the administrative burden of dealing with specific information requests and allow us to become more transparent.

Citizen transactions are increasingly designed to be undertaken online. Wherever possible we strive to be fully automated, and with simple, intuitive interfaces from the perspective of the citizen to include placing an order or making a purchase, making a payment, registering a complaint, and reporting a problem.

ICT&D Investment and Improvement Plan

The design of our future ICT&D architecture will be an integral part of the Future Council Programme and will be critical in enabling an agile Council that is truly flexible by delivering efficient, real-time services for Citizens. Investing in and exploiting the latest technology will transform how our Council works, by giving our staff, consistent access to Information and Systems anywhere. As part of a wider agile working strategy the use of 'Bring Your Own Device' (BYOD) will be further investigated, balancing emerging technologies and Total Costs of Ownership (TCO) with security and compliance requirements.

The future 'To-Be' ICT&D delivery will be funded and delivered as part of an ICT&D Investment and Improvement Plan, and governed by the Council's Investment budget. This is set out in Appendix 9+: Major Service Asset & Capital Strategies.

Partnerships and Suppliers

The Council's partnership with Capita ends in 2021. The remaining years of the contract will take into account the council's need to find savings and the outcomes of the Scrutiny Review, looking at partnership working and the council's ICT&D investment Strategy.

As the Council transforms into a more agile and leaner organisation, the services we deliver to our citizens need to be enabled and delivered by the latest technologies. Any alternative service model would need to deliver a 'fit for purpose' ICT&D provision, enabled by the Council's Intelligent Client Function (ICF), driven by the ICT&D Strategy and aligned to Future Council Operating Model. The Future Operating Model of the ICF will be redesigned and we will start to increase our capabilities iteratively to meet our current and future contract and supplier requirements.

In evaluating different Alternative Service models the Council will consider;

- Industry exemplars.
- Lessons learnt from the current Strategic Partnership.
- The need to have flexible contracts that are capable of changing to deliver the council's objectives (without penalty) and include regular Value For Money market testing.
- How best we can engage with local ICT&D suppliers to benefit from their knowledge and expertise.
- The need to retain and augment internal expertise; to manage, govern and monitor the contract whether internally or externally provided.

PART NINE - COMMISSIONING, PROCUREMENT AND CONTRACT MANAGEMENT

Our starting point is the individual, families and communities and how we achieve a shared vision for Birmingham, those who live, work and visit here. In line with the council's approach to planning for the future by understanding and managing demand, the aim is to maximise independence and foster resilience, responsibility and participation, thus reducing demand for services where possible, with the council not necessarily being the direct provider of services.

Commissioning means delivering the right outcomes for citizens. It challenges us to consider more widely how outcomes can be achieved with less resource, by delivering services in a different way.

To maintain delivery of effective front line services and recognising the financial challenges, we're increasing the focus on defining the commissioning outcomes and on reviewing appropriate service delivery options.

The key objectives to support this approach are:

- Ensuring all future change initiatives are delivered with Corporate Commissioning Board & Commissioning & Contract Management Centres of Excellence
- Supporting new ways of delivering services through a commissioning approach that ensures support functions enable new delivery models to emerge, and that options appraisals consider the impact on the residual Council.
- Recognising the need to commission services that enable citizens to maximise their independence and thus reduce the demand on Council-provided services

Governance, Systems, Processes & Compliance

Governance exists to ensure value is delivered in a manner that is compliant to Standing Orders and legislative requirements and is open, transparent and as efficient as possible. The drive for greater efficiency and effectiveness in the procurement processes will continue through:

- Delivering Council wide training on Commissioning, Procurement, Contract Management, Compliance, Social Value and commercialism including launching the updated procedure for evaluating tenders and procurement Governance Arrangements.
- Ensuring policies & procedures don't disadvantage 3rd sector & SMEs
- Promoting the enablement agenda through contracted arrangements that support the use of Direct Payments and Personal Budgets (e.g. new homecare frameworks and home-to-school transport);
- Developing procurement talent to drive further innovation, benefits and organisational resilience.

Effective Contract Management

Enables parties to a contract to meet their obligations and achieve the objectives set out in the contract, maximising operational and financial performance and minimising risk. The Council aims to derive benefit and continuous improvement through contract management by:

- Improving relationships and partner working with the Council's supply chain through common understanding and shared objectives and development and implementation of Supplier Relationship Management for key contractual relationships
- Embedding contract management best practice in Directorates
- Improving the monitoring of contractors' performance and effectiveness through delivery of contract management assurance reviews

Delivering Social Value

The Birmingham Business Charter for Social Responsibility (BBC4SR) was approved by Cabinet on 22 April 2013. Cabinet also approved the Living Wage Policy and Social Value Policy which set out how the City Council would meet the requirements of the Public Services (Social Value) Act 2012.

These 3 policies are now being reviewed in order that they enable social value outcomes to be achieved locally.

The key objectives are:

- Finalising the review of the Social Value Policy, Living Wage Policy and Birmingham Business Charter for Social Responsibility to reflect experience and learning gained from others and the implementation to date
- Increasing the number of employees servicing Council contracts that have been uplifted to the Birmingham Living Wage and the proportion of council spend covered by the BBC4SR

Co-ordination of the above will be through the Corporate Commissioning Board to agree the approach, monitor implementation & receive performance feedback.

Directorates will be supported through the Commissioning and Contract Management Centres of Excellence to ensure continued awareness and understanding of the developing policies, systems and procedures.

PART TEN - CORPORATE PERFORMANCE MANAGEMENT FRAMEWORK

Birmingham's Performance Management Framework drives the achievement of our key outcomes for Birmingham people. It outlines:

- What the Council intends to achieve (alone, and, with partners and other stakeholders),
- How we'll measure progress in achieving these, and,
- The performance management arrangements to make sure we deliver what we said we would do.

During the coming year we will be reviewing the performance management framework to align it with our new operating model for the Future Council (and particularly our Internal Support Services) and the WMCA, and, to make it a more streamlined and simplified planning framework.

The current strategic performance framework consists of several elements:

1. **City Measures:** measuring the achievement of the key strategic medium and longer-term measures of the outcomes we will deliver/help deliver in partnership with our strategic partners. These measures will be monitored by the appropriate strategic partnership boards, as results become available.
2. **Council Business Plan Measures:** measuring achievement of the key service outcomes the council has set itself to deliver over the next year – measuring this year's progress in the delivery of our Future Council vision. Results are reported quarterly to Cabinet meetings on an exception basis (i.e. where performance is missing the set target), but, are monitored monthly internally by the Deputy Leader and senior management.
3. **The Future Council Evaluation Framework:** setting out timelines and how we'll measure this year's progress in the delivery our Demand Theme objectives. Updates are reported to the Birmingham Independent Improvement Panel quarterly and annually to Cabinet.
4. **The Birmingham Promise –** measuring achievement of agreed minimum service standards for our citizens where they have also done things in the right way to enable us to deliver our promises. How successful we are in upholding these promises will be reported annually to Corporate Resources Overview and Scrutiny Committee.
5. **Organisational Performance –** measuring how well the council itself is functioning internally (e.g. against workforce, customer service, financial and service operations measures and metrics). The result for these measures is reported monthly to the Deputy Leader and senior managers, in a balanced "scorecard" type report covering

performance in the areas of customer service, service delivery, finance and, workforce management.

6. Financial Management Arrangements - the City Council has well-established arrangements for the management and monitoring of its budgets. This includes a monthly review of the projected revenue budget position, including the identification of mitigating actions where necessary. This is linked to the monitoring of delivery of each element in the savings programme and, following consideration at the Star Chamber convened by the Deputy Leader, leads to a monitoring report to the Cabinet six times per year.

This process will be further improved in the coming year through the introduction of enhanced functionality in the Council's financial management system (Voyager) which will facilitate improved management reporting and a greater level of manager self-service.

The capital programme and treasury management actions are also monitored on a regular basis, with quarterly reporting to the Cabinet.

7. There will be a clear focus on the management actions needed for the delivery of the savings programme, and monitoring of progress will commence before the start of the coming financial year. This will be supported on a multi-disciplinary basis to ensure that all relevant perspectives can be brought to bear, and the necessary actions identified to maximise the capacity for delivery.

Progress will be reported on a regular basis to the Corporate Leadership Team, which will strengthen its monitoring of the corporate position.

Our processes and standards for deciding performance measures aim to ensure that they:

- Are robust and quality assured;
- Have received Cabinet Member approval;
- Have challenging, but realistic, targets as per corporate guidance;
- Are available on the Strategic Performance Management System, and,
- Are available for regular monitoring (e.g. monthly or as frequently as is practicably possible).

APPENDIX 1: EQUALITIES IMPACT ANALYSIS OF SAVINGS PROPOSALS

Ref	Proposal	Description	Further detail
Theme - Preventing Family Breakdown			
PFB1	Resilient families	By improving our early help and social work service we propose to support more children to live safely and thrive at home. We propose doing this by providing support to our staff to work creatively with disadvantaged families to bring about positive change. Where children do have to come into care, we will provide more local foster placements and we will speed up the process of children in care finding permanent families.	We will work with families openly and collaboratively, but where children need to be protected from significant harm, we will always intervene to make sure that they are protected.
PFB2	Improved processes and productivity	By supporting staff better through supervision, staff development, manageable caseloads and a learning culture we propose to reduce reliance on agency staff and manage a staff vacancy factor (turnover rate) of 4% for specific groups of staff.	As the proposal develops the Council will need to let service users know if there is any more detail or information to provide to them or if it needs to consult with them further.
P22	Step up of previous Early Years savings	On 30th November 2015 a consultation including plans for a new model for delivering a more joined up Early Years offer to support parents and young children was launched. The new services are planned to be in place by 1st September 2017. The savings shown here are the increases in savings which have been built into previous consultations. These savings will be achieved through a review of services pending the wider review.	Once we have got your views on the principles of how the changes set out in the Early Years Health and Wellbeing Consultation should work we may then develop more detailed proposals for services. We will hold a second period of consultation once we have these proposals to check we have heard you correctly and have the detail right. In addition to

Ref	Proposal	Description	Further detail
			the formal consultations there will be opportunities for people to become more involved in working with us to develop the proposals.
Maximising the Independence of Adults			
MIA2	Design and Implement a new approach to Special Educational Needs and Disabilities and move away from a high dependency model	The Council is proposing a long-term, wide ranging development of the services to children with special educational needs. This would involve working with the children, families, and partner organisations to design and implement the optimum approach to these services shaped by the use of shared data and intelligence, learning and best practice. This may include commissioning of new services, changes to the way services are delivered, and potentially de-commissioning of services. The intention would be to give children with special educational needs services which help them to prepare for adulthood so that they will have the best possible level of independence into later life	Working closely with partners including social care and housing, NHS colleagues, relevant community groups, charities, schools, Department for Work and Pensions, skills organisations and businesses. Engagement and consultation with families and children with special education needs
MIA3	Promote independent travel and reduce reliance on council funded transport, underpinned by clear policy	We propose to work with families and young people to develop travel solutions that enable the child or young person to access education in the same way that members of their peer group who do not have special educational need or disability would access their education. This includes travelling independently for young people and family based travel solutions for younger children. We want to actively encourage children and young people's	Working to understand the motivations and attitudes of families, showing them where a difference is being made and supporting them through change. Collaborating closely with all our key partners, such as schools, to present a consistent, structured message and keep

Ref	Proposal	Description	Further detail
		independence which can result in them developing a skill for life and will help to develop their confidence and social skills as well as increase their future options for continuing education/training and employment.	them up to date about our developments.
MIA5	Internal Care Services – Younger Adults Day Care	Birmingham City Council intends to reorganise its internally provided services so that people may choose to buy these or different community based services which meet their assessed needs. Birmingham City Council is committed to developing services for people that help them to live as independently as possible, exercising choice and control over the planning and delivery of the support they need. In the short term we intend to make better use of spare capacity in these services. We intend to undertake a detailed piece of work to identify which centres we propose to close. We intend to consult further once these proposals have been developed.	Offering people a reassessment of their needs and working with them to plan their future support. Securing specialist support planning services to help people to develop their own support plans. Extensive consultation with staff, service users and other stakeholders.
MIA6	Homelessness : licensing and enforcement in the private rented sector	We propose to make more information and advice available online for tenants and landlords. Access to direct phone support will therefore be restricted to high priority cases in an attempt to reduce the demand for telephone and face to face support. This will help us to refer tenants seeking help to appropriate agencies or to use online material to request landlords to carry out repairs, and enable us to focus on high priority cases.	The Council will still provide email and phone service but this will be for high priority cases and not for initial advice and information. The Council will ensure that information is available in key service centres such as libraries and Customer Service Centres to help tenants and landlords understand their

Ref	Proposal	Description	Further detail
			rights and responsibilities. The Council will work with local partners such as Homestamp, to ensure there is a range of advice points available to tenants and landlords, such as the recently launched Check Before You Rent mobile application (app) from Homestamp. The Council will refresh its webpages for the Private Rented Sector and provide more material for tenants to use to take initial action on their own behalf.
MIA7	Health & Prevention	This proposal is about reducing the need and therefore the demand for long term care services. The Council will encourage the development of a number of health and prevention schemes which aim to support people to live independently for as long as possible and help reduce the long term reliance upon support from Council services.	As the proposal develops the Council will need to let service users know if there is any more detail or information to provide to them or if it needs to consult with them further.
MIA8	Older Adults Offer	In line with the Care Act and new ways of thinking we need to consider our policy 'A Fair Deal in Times of Austerity' and its implications over the forthcoming years – for example we need to be explicit about what this means for citizens and their responsibilities.	As the proposal develops the Council will need to let service users know if there is any more detail or information to provide to them or if it needs to consult with them further.

Ref	Proposal	Description	Further detail
MIA10	Redesign and integrate services at scale across the health and social care economy	Last year, the Government launched the Better Care Fund and the City Council and the 3 Clinical Commissioning Groups agreed a plan to improve health and social care for older people in the City. The Better Care Fund proposals last year included savings through the efficiency of joint working in 2015/16 and 2016/17. The first part of this proposal takes into account that further savings are likely to be made in 2017/18 and future years if these arrangements continue. The City Council needs to meet its statutory responsibilities in relation to adult social care as embodied in the Care Act 2014, but with a much reduced budget. The second stage of this proposal is essentially about trying to achieve this by jointly pooling/combining the entire Council spend on older adults, not just on adult social care, with all relevant NHS spend.	As the proposal develops the Council will need to let service users know if there is any more detail or information to provide to them or if it needs to consult with them further.
MIA12	Improving the Customer Journey	Support social work staff in Assessment and Support Planning to be as efficient as possible in making sure every citizen has their adult social care needs met in the best way.	As the proposal develops the Council will need to let service users know if there is any more detail or information to provide to them or if it needs to consult with them further.
MIA14	Introduce charges for Telecare and reducing spend on joint equipment contracts	Equipment may only be provided based on assessed need. This proposal may also mean the removal of the free telecare service to the majority of citizens.	More detailed consultation and engagement will take place before any changes are carried out, to get feedback from citizens including current users of the service.

Ref	Proposal	Description	Further detail
			<p>Work will be undertaken with the market of suppliers to increase the range of options available. This will ensure that any potential gaps in service that may be created are addressed before any permanent changes are made. Care will be taken to address affordability issues and ensure that support remains in place to enable us to meet our statutory duties and help the most vulnerable</p>
MIA16	Internal Care Review – Occupational Therapy	The Council is proposing to bring together both the Adult's and Children's Occupational Therapy teams into one service.	As the proposal develops the Council will need to let service users know if there is any more detail or information to provide to them or if it needs to consult with them further.
MIA17	Internal Care Review - Home Care Enablement	Exploring opportunities to work closer with our NHS partners in the development of future enablement services and to explore opportunities to deliver 'enablement' in different ways through different providers.	Ensuring future providers have the skills and abilities to deliver better outcomes for people. Ensuring that the way in which enablement services are provided deliver better outcomes for people. Continuously monitor providers to provide assurance of quality.
MIA18	Internal Care Review - Care	The Council feels that it cannot provide residential care for older	Offering people a reassessment of their

Ref	Proposal	Description	Further detail
	Centres	adults in the Care Centres in a way which represents value for money when compared to providers of similar services within the care market. In order to ensure that it achieves better use of the public purse it must now explore alternative options for their future operation.	needs and working with them to plan their future support. Commissioning alternative services from other care and support providers to meet people's identified needs and outcomes.
MIA20	Internal Care Review - Older Adult Day Care	Birmingham City Council intends to reorganise its internally provided services so that people may choose to buy these or different community based services which meet their assessed needs. Birmingham City Council is committed to developing services for people that help them to live as independently as possible, exercising choice and control over the planning and delivery of the support they need. In the short term we intend to make better use of spare capacity in these services. We intend to undertake a detailed piece of work to identify which centres we propose to close. We intend to consult further once these proposals have been developed.	Offering people a reassessment of their needs and working with them to plan their future support. Securing specialist support planning services to help people to develop their own support plans.
MIA21	Internal Care Review – Learning Disability Short Breaks	Birmingham City Council intends to reorganise its internally provided services so that adults may choose to buy these or different community based services which meet their assessed needs. Birmingham City Council is committed to developing services for people that help them to live as independently as possible, exercising choice and control over the planning and delivery of	Offering people a reassessment of their needs and working with them to plan their future support. Securing specialist support planning services to help people to develop their own support plans.

Ref	Proposal	Description	Further detail
		the support they need. In the short term we intend to make better use of spare capacity in these services. We intend to undertake a detailed piece of work to identify which centres we propose to close. We intend to consult further once these proposals have been developed.	
MIA30	Homelessness	We are proposing to make further changes to the service to improve the Council's services for homeless households in Birmingham. This will include two changes: a review of existing staffing structures, including a small reduction in the number of posts; an increase in the income secured through the letting of Temporary accommodation; and closer joint working with other Council services, particularly Landlord Services.	Continuing to ensure we only provide temporary accommodation that is affordable for a homeless household by maximising housing benefit income.
P10	Reduction in Adults Running Costs	For a number of years the Council has been seeking to ensure that the administration and management of all services is as efficient as possible. This means continually reviewing spend on supplies and services, transport and premises costs and indirect employee costs.	As the proposal develops the Council will need to let service users know if there is any more detail or information to provide to them or if it needs to consult with them further.
P17	Step-up of savings re: Third Sector Commissioning and Supporting People	We propose to re-commission services provided through the third sector, reduce funding for housing support services to people with physical or sensory disabilities by 50%, and commission a redesigned Supporting People 'Disability housing support service'.	Previous experience of the contract mobilisation period demonstrates that this can be a complex process and may be unsettling for service users; learning from previous experience will be called on to minimise disruption and to ensure contracts are

Ref	Proposal	Description	Further detail
			mobilised on time.
MIA31	Public Health	<p>The Government has announced significant reductions in the underlying level of the Public Health grant. We estimate that the impact of these changes will be a reduction of £7.7m in 2016/17 rising to £10.1m in 2017/18 with the prospect of further reductions as a result of changes to the formula which is used to allocate grant to local authorities. This will severely limit the number of areas of health prevention activity which can be funded by the Council. Detailed proposals will depend on further Government announcements which are expected over the next month. However, we anticipate that it will be necessary to reduce expenditure particularly in Lifestyle services such as weight management, smoking cessation, and promotion of healthy living, including the Wellbeing Service. We may also have to cease funding a range of services provided largely by the voluntary sector to support the 'Early Help Offer' to families.</p>	Working closely with partners including NHS and social care colleagues, relevant community groups and charities, provider organisations and businesses.
Sustainable Neighbourhoods - Clean and Green			
SN1	Sharing of highways maintenance database with statutory undertakers	<p>We are introducing a permit system for organisations wanting to carry out street works, to improve the quality of information we have about current and planned work. This will improve the information available to us which will help us to plan works and manage potential traffic disruption. We will charge organisations in order to recover the cost of managing the permits, and this includes the cost of any</p>	As the proposal develops the Council will need to let service users know if there is any more detail or information to provide to them or if it needs to consult with them further.

Ref	Proposal	Description	Further detail
		staff which are required as a result of implementing and running the scheme.	
SN2	The City Council will design and develop a modern transport network for the city in order to help develop attractive shopping areas, promote greener forms of transport and improve the environment.	We propose to reduce the reliance on car trips and improve air quality. These will be underpinned by a 'nudge' communications campaign to change travel behaviour and switch trips to other modes of transport.	The impact will be reduced by the "nudge" programme which will promote and communicate transport options to enable individuals and businesses to have choice. Road users and businesses would be consulted on the proposals, including the scope of the proposed zones, the vehicles to be covered by a charge and where appropriate the hours they would be in effect.
SN6	Reduce Reuse Recycle - Reconfiguration of waste collection services including review management arrangements for waste collection service once current waste disposal contract expires in 2019.	We will review our options ready for contract end in 2019, including considering potential market testing as part of the new contract after 2019 for the Street Cleaning and Waste/Refuse Collection services. We will also make some savings related to the mortgage on the incinerator. We will also reduce the amount of waste being disposed of.	We will ensure that the residents are properly informed of and consulted with on any proposed changes before implementation of the proposals.

Ref	Proposal	Description	Further detail
SN7	Reduce Reuse Recycle – Reduce failures/failed waste collections	We are proposing two changes to ensure that we collect the bins that are put out and that our waste and recycling collections are planned in the most efficient way: 1. The introduction of new technology will allow us to better track and monitor how our bins are collected and to ensure that the routes around the city that our crews take are being planned and monitored efficiently. This will enable us to maximise the productivity of crews and vehicles with appropriate round sizing taking into account terrain, property type, presentation points and assisted collections. 2. The use of technology and data systems to verify that collections have been correctly completed and that any claims of missed collections are justified.	As the proposal develops the Council will need to let service users know if there is any more detail or information to provide to them or if it needs to consult with them further.
SN11	Reduce Reuse Recycle – Garden waste - opportunity to improve productivity and increase revenue	We propose to improve the efficiency of the service by improving green waste collection rounds and increasing the number of households that purchase the service. There are no proposals to increase the price of the service in 2016/17, however a price increase of £5 to £40 is proposed for 2017/18.	We will work with residents to minimise disruption and changes to the collection cycle. This will include a communications and marketing campaign, particularly around day changes.
SN15	Reduce Reuse Recycle - Align Clinical Waste collections with NHS policy	We propose that either the NHS takes responsibility for collection of hazardous clinical waste, or that it pays us to collect it. Both proposals will be discussed with the NHS.	We will consult with service users and the NHS about the proposal before any changes are implemented.
SN16	Reduce Reuse Recycle – Discourage traders from illegal use of the council's household	To reduce the amount of illegal trade waste at household recycling centres and the costs of this, we propose to provide separate commercial waste facilities for businesses to pay to bring in trade waste. These will	As the proposal develops the Council will need to let service users know if there is any more detail or information to provide to them or

Ref	Proposal	Description	Further detail
	recycling centres (HRCs)	be provided at existing HRC sites. Enforcement of these arrangements will be carried out by the Council's contractor.	if it needs to consult with them further.
SN17	Reduce Reuse Recycle – Reduce imported waste costs	We are proposing to charge non-Birmingham residents for using the Council's household recycling facilities and introduce better identification processes, such as Automatic Number Plate Recognition, to identify non-Birmingham residents and prevent them from using the City Council's household recycling centres without paying. These will reduce costs by reducing the amount of waste that Birmingham City Council has to process and dispose of	As the proposal develops the Council will need to let residents know if there is any more detail or information to provide to them or if it needs to consult with them further.
SN18	Reduce Reuse Recycle - Passing initial cost of bins, waste collection and recycling onto the developers of new estates/ house builders	We are proposing to change Local Planning Policy to require that where a new estate /road is being built, the Developer has to provide individual or possibly street-based communal facilities for the storage of waste and recycling.	As the proposal develops the Council will need to let residents/developers know if there is any more detail or information to provide to them or if it needs to consult with them further.
SN20	Redesign street cleansing and a combination of enforcement education and community marketing to encourage residents and businesses to keep streets/ footpaths tidy	Currently, the city's streets are cleaned the day after refuse and recycling collections. We are proposing to revise the street cleaning plans according to when it is required.	Proposed Mitigation: The changes will be monitored and reviewed on a regular basis with a view to adjusting where necessary As the proposal develops the Council will need to let residents and businesses know if there is any more

Ref	Proposal	Description	Further detail
			detail or information to provide to them or if it needs to consult with them further.
SN35	Expansion of City Centre on-street parking, concessions and restrictions	Digbeth is one of the largest areas of the city centre without controlled parking measures. The proposal is to develop and implement a controlled parking zone in this area.	As the proposal develops the Council will need to let service users know if there is any more detail or information to provide to them or if it needs to consult with them further.
SN36	Biodiversity Supplementary Planning Document	We plan to free up some capacity within the Ecologist team to provide ecological services to Council departments that currently commission external consultants to deliver their requirements.	Not applicable.
SN37	Transport joint data team	In retendering the contract in 2018/19 we expect to generate efficiencies which will result in a saving.	Not applicable.
SN51	Vehicle Fleet and Depots Improvement	A rationalisation of the operational facilities and optimising the use of our vehicle fleet (minimising the downtime of vehicles and optimising the routes to reduce fuel and repair costs).	As the proposal develops the Council will need to let residents or businesses know if there is any more detail or information to provide to them or if it needs to consult with them further.
E1	Private development delivery of Highway Change	We work with private developers on new roads and improvements to existing roads required as a result of new developments. We are proposing to improve the final sign off process.	As the proposal develops the Council will need to let impacted groups know if there is any more detail or information to provide to them or if it needs

Ref	Proposal	Description	Further detail
			to consult with them further.
E2	Reduce the Council's energy bill	We propose the creation of a Corporate Utilities Management function to analyse information about our energy use.	Not Applicable
E19	Establish an Energy Services Company	The council would look to an existing utilities provider to establish a local Community Energy Company providing cheaper, greener energy to people in Birmingham. The greatest cost-cutting would be delivered to those on prepayment meters. The partner company would operate the company itself and the Council would assist with customer acquisition. The cost of this to the Council would be covered by a negotiable rebate from the chosen partner energy company.	If this proposal were to go ahead we would need to monitor the take up of this service to determine if any protected groups were being excluded from access to it in any way - and to take remedial action.
Sustainable Neighbourhoods - Community Services			
SN24	Provide above ground mausoleums and vaults in cemeteries that are closed for new burials	We propose 4 changes to the service: 1. The installation of above ground Mausoleums; 2. Installation of Vaults; 3. Digitisation of records; 4. Booking system made available online	As the proposal develops the Council will need to let impacted groups know if there is any more detail or information to provide to them or if it needs to consult with them further.
SN26	Discontinue Non Framework Contract at Health and Wellbeing Centres	The council intends to withdraw from or no longer fund the following sites in April 2016: • Colmers Community Leisure Centre; • Bartley Green Community Leisure Centre; • Great Barr Community Leisure Centre; • Hamstead Pavilion. In addition, we propose that: • When the new Sparkhill Pool opens in	Colmers, Bartley Green and Great Barr Community Leisure Centres are all on school sites, and therefore to reduce the impact, we will be discussing with the schools if they could continue to open

Ref	Proposal	Description	Further detail
		<p>17/18, Moseley Pool and Court Road Fitness Centre will close: • When the new Northfield Pool opens in 18/19, Tiverton Road Pool will close, and • When Icknield Port Loop Pool opens in 19/ 20, Aston Newtown Pool will close.</p>	<p>these sites to the community outside school times. Alternatively, we could look at reducing expenditure at these sites so the service can run without funding from the council, e.g. moving to a club-based approach and looking at reducing opening times during traditional times of low usage. These alternatives will reduce the impact of changes.</p>
SN28	Reduction in costs (Parks)	<p>We are proposing to restructure the management of the Parks Service and the associated trading activities, and continue to manage and maintain the Council's green estate.</p>	<p>We will discuss the proposal with relevant partners and stakeholders, including Friends of groups/Birmingham Open Spaces Forum.</p> <p>As the proposal develops the Council will need to let impacted groups know if there is any more detail or information to provide to them or if it needs to consult with them further.</p>
SN31	Offer the Trekking Centre to the market as a franchise opportunity	<p>We are proposing to offer the Trekking Centre to the market as a franchise opportunity.</p>	<p>We will work with the successful provider and with Riding for the Disabled Association to ensure that no protected groups are adversely</p>

Ref	Proposal	Description	Further detail
			<p>affected. We will write into the contract prices for the services must be agreed with the council.</p> <p>In negotiating the new contract the interests of any protected groups will be taken into consideration.</p>
SN32	Income Generation from Cofton Nursery	The Cofton Nursery re-development is scheduled to start early in 2016/17 and the site will be closed for operations during a significant part of the year. During this time savings will be achieved through reduced costs and redirecting resources into other activities. When the re-developed nursery becomes operational savings will be achieved through additional income and a more efficient operation.	Not applicable
MIA13	To integrate independent living services with enablement services to enable the co-ordination and provision of major adaptations with other care and support assessments	To move the Independent Living Service (currently in Place Directorate) into Enablement Services (People Directorate). This will improve the coordination of assessment and provision of major adaptations (to residents' homes) and provide alternative care and support services.	Not applicable
SN38	Cease all investigations into dog cruelty matters	The proposal is that the Council will no longer investigate or accept complaints relating to the ill treatment of dogs from the 1st April 2016. It is not our legal duty to provide this service. In most	Not applicable

Ref	Proposal	Description	Further detail
		other areas of the country, this is done by dog charities, in particular the RSPCA. We will refer people who have a complaint to animal welfare charities.	
SN40	Evaluate options for extending the range of the Council's rented property offer	The proposal is to extend the current role of the internal housing company, to build or acquire further new homes. It will look at the different options for how the Council increases its range of rented properties.	As the proposal develops the Council will need to let impacted groups know if there is any more detail or information to provide to them or if it needs to consult with them further.
MIA22	Transfer out of hours calls from the Contact Centre to housing repairs contractors/third party service providers	We propose that all calls between 8 am and 8 pm Monday to Friday would be handled within the Birmingham City Council Contact Centre but between 8 pm and 8 am and all weekends and bank holidays, calls would be transferred to contractors.	Citizens would be directed to the website for further information and the online forms in order to make a service request for non-emergency issues. Citizens will be given notice of the proposed changes via contact centre advisors, the website, automated messaging, emails and social media so customers used to calling between 8am and 9am and 5pm and 8pm can change their calling habits.
MIA23	Change opening hours of Contact Centre to 9-5 and press for increased use of web	We propose to stop taking non-emergency phone calls outside of 9am-5pm and direct customers to online self-service forms and website information	Citizens would be directed to the website for further information and the online forms in order to make a service request for non-emergency issue.

Ref	Proposal	Description	Further detail
			Citizens will be given notice of the proposed changes via contact centre advisors, the website, automated messaging, emails and social media so that customers used to calling between 8am and 9am and 5pm and 8pm can change their calling habits.
SN42	Increase income generation from golf contract	Increased income will be generated from the golf contract.	Not applicable
SN43	Community Leisure Centres	We propose to renegotiate the contract to generate savings.	As the proposal develops the Council will need to let impacted groups know if there is any more detail or information to provide to them or if it needs to consult with them further.
SN44	Reduction in costs (Sport)	We have identified additional savings following outsourcing.	As the proposal develops the Council will need to let impacted groups know if there is any more detail or information to provide to them or if it needs to consult with them further.
SN45	Disposal of unwanted/ under-utilised parks land (8 acres per year)	It is proposed that the Parks Service disposes of unwanted or underused land. It is proposed that 8 acres per annum, for the next four years, will be	As the proposal develops the Council will need to let impacted groups know if there is any

Ref	Proposal	Description	Further detail
		transferred to our Housing service for them to build more new homes.	more detail or information to provide to them or if it needs to consult with them further.
SN50	Community Safety	It is proposed to secure funding from the community safety fund to partially fund the public realm CCTV and the Safer Places Team that works locally with partners to deliver the community safety programme.	We will work closely with our partners on the Local Crime Panel to agree the key priorities for 2016/17 and to protect as far as possible the key programmes that support and improve local community safety.
PL31	Emergency Planning and CCTV	We are proposing to reduce the number of staff that monitor CCTV.	We propose to invest in new equipment which will allow the staff providing the control room function to also monitor CCTV so that it will be easier for a reduced number of staff to deliver the service.
CC30	Affordable Homes element of New Homes Bonus grant	A reduction in the support that is provided for the development of new affordable and social housing schemes (the empty property team will be protected and will be unaffected).	As the proposal develops the Council will need to let impacted groups know if there is any more detail or information to provide to them or if it needs to consult with them further.

Ref	Proposal	Description	Further detail
Sustainable Neighbourhoods - Learning and Asset Use			
SN4	Extend parking charges at parks	We propose extending the current car parking scheme at Sutton Park; charging all year round instead of only during the summer months. We also plan to introduce charges at other sites including Cannon Hill Park, Lickey Hills Country Park, Rectory Park, Victoria Common, Perry Park and Edgbaston Reservoir. This will generate income for the council. The parking schemes will be managed by an external contractor.	A survey will be undertaken in the surrounding roads to assess the impact of drivers parking there rather than in the park to avoid the charge. Designated parking bays will be allocated to disabled users and highways services protocol (2 hours free parking) will be followed in relation to charges for Blue Badge Holders.
SN9	Introduce a GIS mapping system to enable more efficient reporting of street scene issues	We propose to introduce a GIS mapping system to combine our data with geographic information and make it quicker and easier to report and identify faults and issues.	Not applicable
SN12	Young Active Travel	We will maintain the current level of the school crossing patrol service, but will evaluate a range of options, including setting up a Trust, to reduce the costs to the Council. We will seek opportunities for identifying external sources of funding. Councillors, schools, parents and communities will work together to develop their active School Travel Plans, including the development of other safety measures and travel plans.	The council will explore opportunities for maintaining services at a reduced cost to the council including through the development of a trust and or identifying external sources of funding. We will continue to integrate safety around schools in Transport Policies and the developing Road Safety Strategy, continue to develop strategies that encourage

Ref	Proposal	Description	Further detail
			sustainable, alternative means of travel such as walking and cycling, encourage more schools to work with parents to set up walking buses, continue to install alternative road safety measures where capital funding allows and criteria for investment can be met, encourage schools to offer road safety education, with support from specialist road safety organisations such as BRAKE and RoSPA.
SN13	Reduce number of play areas.	We are proposing to amend the play policy by increasing the distance to provide a play area to within 800 metres of every dwelling.	As the proposal develops the Council will need to let impacted groups know if there is any more detail or information to provide to them or if it needs to consult with them further.
SN14	Disposal of local Council Car Parks or cover their costs through charges	We propose 3 changes: (1) An increase in the current tariff of charges for existing local Pay & Display car parks (2) The introduction of Pay & Display charges at currently free car parks (3) A small number of local car park disposals may be considered where the parking demand is low	We will try to ensure that the council's local car parks remain competitively priced compared to city centre, on-street and private commercial operators charges. Disabled motorist displaying a blue badge will still be entitled to park without charge on the council's local car parks.

Ref	Proposal	Description	Further detail
SN19	Transfer Queslett landfill site to alternative ownership	We are proposing to transfer Queslett landfill site to alternative ownership. This would reduce the responsibility of the Council to staff and maintain the site.	As the proposal develops the Council will need to let impacted groups know if there is any more detail or information to provide to them or if it needs to consult with them further.
SN21	Removal of Universal Superloos	We are proposing to stop providing 'Universal Superloos' from 2016/17.	We would need to consult with groups who are more disadvantaged from this proposal, such as those with a disability and parents with young children. Any closures will be carried out in accordance with the appropriate BCC contractual procurement and legal processes.
CC27	Open for Learning, which includes a major programme to redesign and rationalise local assets to deliver a service focused not asset focused approach	We propose to bring together our services and those services delivered by our partners to reduce the amount we spend on buildings. This will mean we will probably dispose of some of our council-owned buildings so we can minimise the impact on front-line delivery. We will also explore how far we can reduce the amount of space it takes to deliver the services by working in partnership and by using technology differently. This approach means that libraries, adult education and early years services in the future will need fewer separate buildings.	We will target resources to provide early help and to reach those at risk in order to ensure we support the most vulnerable. We will work with local communities through existing partnerships to ensure the local communities play an integral part in the Open for Learning offer. We will also work with the private sector to consider how best to support our Open for Learning approach, in

Ref	Proposal	Description	Further detail
			particular through their corporate social responsibilities
Economic Growth and Jobs			
EGJ1	Improve investment returns from properties owned for investments	We propose to sell our properties that are not generating enough income and buy new investments that will generate more income.	As the proposal develops the Council will need to let impacted groups know if there is any more detail or information to provide to them or if it needs to consult with them further.
EGJ2	Charging more costs to capital projects	As we deliver more capital projects some of our costs can be charged to their delivery.	Not Applicable
EGJ6	Creating a more balanced financial strategy for arts and culture shaped and funded by a wider range of partners and stakeholders	We propose to reduce the funding from the council to arts and culture from 2017/18.	If entrance fees are introduced then the pricing policies will include concessionary schemes for people on low incomes, people with disabilities etc.
EGJ7	Create a commercial model for business support	We do not have a legal duty to offer advice to businesses, but it has traditionally formed part of our role and has been offered free of charge. We propose the creation of a small unit to offer paid-for advice and support to businesses and other local authorities, across the range of services delivered by Trading Standards, Licensing and Environmental Health. Support could include training courses or one to one advice.	Not Applicable
EGJ8	Create a West Midlands-wide trading standards	Our proposal is to approach the six other district councils in the West Midlands with a view to creating a West Midlands-wide	By working as a combined service trading standards can target consumer

Ref	Proposal	Description	Further detail
	service	trading standards service, with effect from 1st April 2018. A saving has been identified in terms of management overheads.	fraud and unfair trading practices
EGJ9	Broadening the income base for Marketing Birmingham	It is proposed to reduce the cost to the City Council of the contract with Marketing Birmingham through broadening the income base to include contributions from other organisations.	Not Applicable
SN39	To improve income from planning applications and pre application support as the economy improves and lobby the government for more freedoms regarding the setting of planning fees	The service expects to receive more planning applications as the economy improves, this will increase income. The Council is in discussions with Government to allow local authorities to set planning fees to fully cover its costs. If this is agreed, at least a 20% increase in fees may be needed. We think that agreeing a change in the law and implementing it would take 2 years.	As the proposal develops the Council will need to let impacted groups know if there is any more detail or information to provide to them or if it needs to consult with them further.
EGJ10	Self-financing of the Employment and Skills Service (ESS)	We propose to reduce activities and consolidate the budget of the ESS and Economic Research & Policy teams and increase income from external funding sources.	Working closely with our strategic and operational partners such as the GBSLEP to plug gaps in locally commissioned or delivered services. Giving priority to accessing funding and human resources that support BCC / GBSLEP priorities. Implementing identified opportunities for joining up and co-locating services Making the transition to the new service over a period of time.

Ref	Proposal	Description	Further detail
E3	More closely aligned functions with partners in the public and private sectors from across the city region	We propose to align a number of service areas so that the region benefits from a more coordinated delivery of economic services, whilst the individual local authorities are about to reduce the cost of service by a reduction in overheads.	As the proposal develops the Council will need to let impacted groups know if there is any more detail or information to provide to them or if it needs to consult with them further.
E21	Birmingham Property Services	Last year we proposed to reduce: <ul style="list-style-type: none"> • the number of staff in the Birmingham Property Services team; • the number of vacant properties in our commercial property portfolio; and • office security costs. In addition, we proposed to increase rental income from our investment property portfolio. We are planning to bring forward some of these savings from 2017/18 into 2016/17. 	BPS will attempt to mitigate the impact by improved work allocation and close management of internal and external resources.
The Changing Workforce			
WOC1	Workforce proposals requiring changes to terms and conditions	We will review the terms & conditions of our employees to reduce the costs of employment whilst ensuring that there remains a core offer that is fair, legally compliant and aligned to our Living Wage City commitment. We propose to consult with staff and Trades Unions around a package of changes that could include: a new deal on holidays, more flexible working, increasing the number of hours in the working week, reducing sick pay and other changes that may impact pay.	We will support our employees to develop and expand their skills & experience, offering wherever practical a more flexible & agile way of working. We will continue to be a Living Wage employer and will encourage other employers in the City to join us
WOC2	Improving efficiencies	We want to make sure that all services have clear plans regarding how they spend money on workforce costs. This is so the Council can better manage	We will support our employees to develop and expand their skills & experience, offering wherever

Ref	Proposal	Description	Further detail
		<p>spending on the use of resources such as: agency workers, consultants and casual workers. We also want to create more opportunities for local people through the expansion of our apprenticeship and intern schemes. Whilst we need to reduce our costs of employment we also need to ensure that we remain competitive and comparable with modern working practices and that we can continue to recruit and retain the best employees, so that we can provide excellent services to our citizens. We will do this by enabling more employees to be able to work agilely, and support them to develop their skills, experience and careers.</p>	<p>practical a more flexible & agile way of working. We will continue to be a Living Wage employer and will encourage other employers in the City to join us</p>
Council Wide			
CC1	Restructure the Corporate Communications team	The LGA will provide independent advice on how Birmingham City Council can structure its Corporate Communications function with a specific focus on creating a modern, efficient and integrated communications service.	Supporting the organisation's key corporate priorities.
CC2	Stop production of the BCC residents' newspaper 'Forward' in printed format and go online	Forward will no longer be produced in printed format but will be published online. This will mean that budget savings will be delivered from reduced design, print and distribution costs. The Corporate Communications team will focus on improving digital communications channels with residents and key stakeholders.	We will improve the council's digital communications with residents and key stakeholders.
CC3	Reduce marketing budget	It is proposed to reduce the corporate marketing budget.	Not Applicable
CC4	Stop colour printing	Stop colour printing	Not Applicable

Ref	Proposal	Description	Further detail
CC8	Outsource all procurement below £100k	To create an external process to manage buying low value goods and services.	As the proposal develops the Council will need to let impacted groups know if there is any more detail or information to provide to them or if it needs to consult with them further.
CC13	Targeted net improvement in the housing benefit subsidy	The proposal is to reclaim Housing Benefit Grant overpayments.	As the proposal develops the Council will need to let impacted groups know if there is any more detail or information to provide to them or if it needs to consult with them further.
CC14	Redesign Council Tax Support Scheme to simplify the process and streamline administration	The Council is proposing to develop a simplified scheme that will continue to provide financial assistance for groups on low income and protect the vulnerable. The simplified scheme should make it easier for claimants to complete the application process and develop a clearer understanding of what they may be entitled to receive. At the same time the opportunity will arise to achieve savings by minimising back office administration resulting in less resource requirement and reduced IT support costs.	Detailed financial analysis/modelling will be conducted into the effects of the different proposal to claimant profile groups to gauge the impact and minimise the numbers that may be affected.
CC15	Reduce Council Tax Discretionary Hardship Fund	We propose to reduce the current Council Tax Discretionary Hardship Fund, based on expected demand from past experience.	As the proposal develops the Council will need to let impacted groups know if there is any

Ref	Proposal	Description	Further detail
		This saving has been taken into account when setting the tax base.	more detail or information to provide to them or if it needs to consult with them further.
CC16	Reduce Local Welfare Assistance Provision Scheme	The Government has ended Local Welfare Assistance funding but the Council has earmarked reserves to continue this for 2016/17. The Council now proposes a much smaller reduction down to the level of current demand, allied to administrative efficiencies. From 2017/18 onwards the council has identified additional funding of £1.3m and will also work with partners to seek extra funding to supplement this,	The 2016/17 budget is being maintained at the current level of demand and additional funding will be sought for later years. In addition, we will try to reduce the impact by signposting to other potential sources of assistance.
CC17	Reduction in expenditure and subsidy loss for exempt accommodation cases by assisting these providers to become registered social landlords	The change to this service will be to encourage some of the private sector landlords to become regulated providers. This change will then allow the City Council to claim more subsidy from central government which will achieve the savings.	Not Applicable
CC19	Revenue Services Transformation Programme to reduce Revenues Contract price further with Service Birmingham.	The Council is working with Service Birmingham to identify ways to reduce the contract price from 2016/17 until the end of the contract in 2021.	Not Applicable
CC21	Universal Credit Changes	With the introduction of Universal Credit, we are expecting to receive less calls relating to	There is an overall Universal Credit project which will

Ref	Proposal	Description	Further detail
	permitting staff reduction in the Contact Centre	Housing Benefit, because people on Universal Credit will not be receiving this benefit from the Council, they will be receiving it from the Department for Work and Pensions.	identify and manage the impacts.
CC22	Pay suppliers faster in exchange for discounts	The Council currently pay suppliers' bills after 30 days. The Council now proposes to pay suppliers earlier in exchange for receiving a discount.	Not Applicable
CC23	To reduce the amount the Council spends on Information and Communication Technology (ICT) over the next few years	After a detailed review of its ICT strategy and service requirements, the Council is proposing to reduce the amount it spends on ICT over the next 4 years. The Council would normally borrow money to pay for these ICT improvements, but by borrowing less the Council will have less debt and will pay less interest on what it had planned to borrow.	Not Applicable
CC24	Reducing the affordability gap to the Council resulting from existing BSF schools contracts	The Building Schools for the Future (BSF) Programme provided Capital Grant Funding. We were required to ensure that each Design and Build project was supported by a Facility Management (FM) arrangement where a 3rd party organisation runs the building on the School/Academies behalf. The cost of the FM contracts are met by the Council and each School/Academy contributes its former premises related budget to support the arrangement. However, these budgets do not meet the full cost of the contract. As a consequence there is a cost to the Council. It is proposed to re-scope services within each of the contracts.	Not Applicable

Ref	Proposal	Description	Further detail
CC25	Maximising opportunities for accounting for capital costs	Capital accounting regulation allows certain costs to be charged to Capital projects. The costs identified in this proposal are currently charged to the revenue budget and they will now be charged to the capital budget ensuring consistent treatment with other similar projects elsewhere within the Council.	Not Applicable
CC26	Council administrative buildings reduction	The future demand for office space for the Council is expected to drop as the Council redesigns its services.	Not Applicable
E25	Support Services	We are proposing to: <ul style="list-style-type: none"> - Make substantial staffing reductions; - Increase efficiency; - Maximise opportunities to charge for services; - Place more responsibility with line managers 	Consultation with staff and other stakeholders. Clearly defining managers' roles and the role of support services. Taking steps to bring about the change in culture and develop the new management skills that will be needed; including improvements to technology, processes and online advice to support managers.

APPENDIX 2: BIRMINGHAM CITY COUNCIL REVENUE GRANTS

Grant	Adjusted 2015/16 Budget £m	2016/17 Budget £m	Variation £m	2017/18 Budget £m
Revenue Support Grant ¹	286.898	226.587	(60.311)	177.753
Top Up Grant	126.015	127.067	1.052	129.566
Subtotal Core Grants	412.913	353.654	(59.259)	307.319
Small Business Rate Relief ²	5.606	6.221	0.615	6.221
Other Section 31 Grant Relating to Business Rates ²	8.531	4.785	(3.746)	4.785
New Homes Bonus Topslice: Returned Funding	1.048	0.750	(0.298)	0.000
New Homes Bonus	16.801	19.819	3.018	20.686
Improved Better Care Fund	0.000	0.000	0.000	6.728
Subtotal Corporate Grants	31.986	31.575	(0.411)	38.420
Directorate Grants				
Public Health Grant	92.062	95.571	3.509	93.215
Better Care Fund	32.163	54.502	22.339	75.963
The Private Finance Initiative (PFI) - Highways	50.311	50.311	0.000	50.311
The Private Finance Initiative (PFI) - Education	18.232	18.232	0.000	18.232
Education Services Grant	13.500	12.092	(1.408)	12.092
Birmingham Adult Education Services from Skills and Education Funding Agencies	11.144	10.758	(0.386)	10.758
Housing Benefit and Council Tax Subsidy Admin Grant	8.199	7.678	(0.521)	7.678
Independent Living Fund	0.935	4.499	3.564	4.349
Troubled Families grants	5.180	4.234	(0.946)	6.946
Illegal Money Lending Team	3.605	3.605	0.000	3.605
MAST/PE Teacher Release Funding	2.265	2.207	(0.058)	2.207
Youth Justice Board Grant	2.217	1.982	(0.235)	1.982
Community Safety Fund	2.498	1.873	(0.625)	1.873
New Homes Bonus Affordable Homes element	0.975	1.243	0.268	1.243
SEND Implementation	0.795	0.898	0.103	0.898
Local Reform and Community Voices	0.754	0.754	0.000	0.754
Asylum Seekers	0.225	0.662	0.437	0.622
Remand Framework Allocation	0.622	0.627	0.005	0.627
European Capital of Running	0.000	0.529	0.529	0.404
New Burdens DWP Welfare Reform Grant	0.350	0.342	(0.008)	0.342
Staying Put Grant	0.150	0.300	0.150	0.300
Police and Crime Commissioner Grant	0.273	0.273	0.000	0.273
Scam Busters	0.260	0.261	0.001	0.261
Opticities	0.000	0.200	0.200	0.000

Grant	Adjusted 2015/16 Budget £m	2016/17 Budget £m	Variation £m	2017/18 Budget £m
Direct Salaries Grant	0.186	0.186	0.000	0.186
Core Cities	0.000	0.179	0.179	0.000
Home Office Prevent Programme	0.193	0.151	(0.042)	0.151
Climate Change KIC	0.132	0.150	0.018	0.000
City 4 Age	0.000	0.130	0.130	0.032
Local Sustainable Transport Fund Contingency	0.000	0.128	0.128	0.025
Extended Rights to Free Travel	0.105	0.105	0.000	0.105
Home Office Prevent Grant - Community Outreach	0.000	0.096	0.096	0.096
Natural England Grant for Higher Level Stewardship in Sutton Park	0.095	0.095	0.000	0.095
Magistrates Grant	0.085	0.078	(0.007)	0.074
Police and Crime Panel	0.066	0.066	0.000	0.000
Home Office Prevent Grant HEFE Coordinator	0.036	0.065	0.029	0.065
Home Office Prevent Grant - Pathwayz	0.000	0.064	0.064	0.064
Optimum	0.000	0.063	0.063	0.040
Open Transport Network	0.034	0.060	0.026	0.000
Home Office Prevent Grant Programme Analyst	0.038	0.055	0.017	0.055
Home Office Prevent Grant - Upstanding Neighbourhoods	0.035	0.048	0.013	0.048
Home Office Prevent Grant - Young Leaders	0.000	0.048	0.048	0.048
Youth Justice Board Grant - Unpaid Work Order	0.035	0.046	0.011	0.046
Home Office Prevent Grant - Supporting Families	0.000	0.042	0.042	0.042
Home Office Prevent Grant - Tapestry	0.000	0.032	0.032	0.032
Natural England Grant for Higher Level Stewardship Grasslands	0.025	0.025	0.000	0.025
Home Office Prevent Grant - Raising Voices	0.000	0.020	0.020	0.020
Opticities European FP7	0.122	0.020	(0.102)	0.000
Climate Change ELIPTIC	0.000	0.011	0.011	0.009
Natural England Grant for Higher Level Stewardship Lickey Hills	0.009	0.009	0.000	0.009
Arts Council England - Wardrobe Funding	0.000	0.008	0.008	0.000
Home Office Prevent Grant - Internet Safety	0.000	0.008	0.008	0.008
Climate Change CEPPI	0.000	0.000	0.000	0.045
Bikeability Grant	0.229	0.000	(0.229)	0.000
Birmingham Connectivity Voucher & Business Support ERDF Grant	0.036	0.000	(0.036)	0.000
Business Development Programme GBSLEP	0.559	0.000	(0.559)	0.000
Business Innovation	0.314	0.000	(0.314)	0.000

Grant	Adjusted 2015/16 Budget £m	2016/17 Budget £m	Variation £m	2017/18 Budget £m
Climate Change SPEA	0.181	0.000	(0.181)	0.000
Council Tax Support New Burdens Funding	0.307	0.000	(0.307)	0.000
Counter Fraud Fund	0.076	0.000	(0.076)	0.000
Enterprising Catalyst 2 Project ERDF	0.964	0.000	(0.964)	0.000
Green Bridge	1.503	0.000	(1.503)	0.000
Home Office Prevent Grant - Prevent Evaluation	0.008	0.000	(0.008)	0.000
Investing in Enterprise Space A34/A47 and A41 Corridors	0.022	0.000	(0.022)	0.000
Investing in Enterprise Space Digbeth and Jewellery Quarter	0.024	0.000	(0.024)	0.000
Single Homeless Fund	0.156	0.000	(0.156)	0.000
Site Delivery Fund	0.035	0.000	(0.035)	0.000
Social Care in Prisons Grant	0.205	0.000	(0.205)	0.000
Technical Assistance ERDF Future Funding	0.188	0.000	(0.188)	0.000
Tyseley Property Assistance Package	0.012	0.000	(0.012)	0.000
Womens Enterprise Centre Grant	0.127	0.000	(0.127)	0.000
Youth Music Programme	0.046	0.000	(0.046)	0.000
Subtotal Directorate Grants	252.903	275.621	22.718	296.255
Expenditure Reimbursement Grants				
Mandatory Rent Allowances: subsidy	345.529	345.749	0.220	345.749
Rent Rebates Granted to HRA Tenants: subsidy	201.658	201.000	(0.658)	201.000
Discretionary Housing Payments (DHPs)	3.052	3.052	0.000	3.052
Higher Education Funding Council (HEFC)	0.786	0.736	(0.050)	0.736
Subtotal Expenditure Reimbursement Grants	551.025	550.537	(0.488)	550.537
Direct Schools Funding Grants				
Dedicated Schools Grant (DSG)	709.141	696.408	(12.733)	696.408
Pupil Premium Grant	60.010	57.887	(2.123)	57.887
Sixth Form Funding from Education Funding Agency	17.550	17.227	(0.323)	17.227
Universal Infant Free School Meals	9.884	10.088	0.204	10.088
Subtotal Direct Schools Funding Grants	796.585	781.610	(14.975)	781.610
Total Grants	2,045.412	1,992.997	(52.415)	1,974.141

1. 2015/16 budget has been adjusted for those specific grants rolled into RSG from 2016/17 in order to be able to make a like for like comparison between the years
2. Excludes grants payable to the Enterprise Zone

Further Information on Grants over £5m

Public Health Grant - £95.6m

Since 1 April 2013 the City Council has been responsible for providing a range of public health services including sexual health, smoking cessation, drugs and alcohol abuse and promoting healthy lifestyles. Funding is received by the Council as a ring fenced grant and is overseen by the Health and Wellbeing Board. Most of the funding is spent on services commissioned from NHS Trusts, Primary Care contractors, the Third Sector and the City Council.

The grant is ring-fenced and can only be used on public health related activities set out in a range of legislation and included in the grant conditions. The activities also need to be in line with the Health and Wellbeing strategy and, most importantly, Public Health Outcomes will have to improve to reduce the risk of a loss of funding in the future.

The Department of Health confirmed the Public Health Grant allocations for 2016/17 on 11 February 2016. The amounts provided to Birmingham for the provision of Public Health services will be £95.6m in 2016/17, an overall increase of £3.5m to the amount expected to be received when the budget was set for 2015/16. This increase is due to a combination of factors as described below:

- On 4 June 2015 public expenditure reductions announced by the Chancellor included £200 million to be saved from the Public Health Grant. The reduction in the City Council's Public Health Grant was £5.7m.
- As part of delivering its vision of improving the health outcomes of children and young people the Government transferred the responsibility for commissioning 0-5 year old children's public health services from NHS England to Local Government on 1 October 2015. The full year effect of this change has resulted in the City Council receiving additional Public Health Grant of £11.2m for 2016/17.
- As part of the Government's Spending Review in November 2015, further reductions were announced. This has resulted in a loss of £2.0m for the City Council.

The announcement in February 2016 advised that Birmingham should expect an indicative allocation of £93.2m for 2017/18.

Better Care Fund - £54.5m

The Better Care Fund (BCF) was announced in June 2013 to drive the locally-led transformation of services to ensure that people receive better and more integrated care and support. The fund has been made available to assist in the improved integration of health and social care services, including through pooled budget arrangements between local authorities and Clinical Commissioning Groups (CCGs).

For Birmingham, the Council's Cabinet in March 2014 endorsed the principle of a BCF joint pooled budget for Older Adult Social Care and health integrated provision between BCC and local NHS CCG's.

Funding will continue into 2016/17, and it is estimated that £54.5m will be available to the City Council in that year. This includes the impact of the first year of plans for savings to be achieved through the re-design and integration of services across the health and social care economy, as set out elsewhere in this document.

In the Spending Review 2015 the Government announced that it will be making additional funding available to local authorities; this will be available from 2017/18, rising to £1.5bn nationally by 2019/20. For Birmingham, £6.7m is expected to be available in 2017/18, rising to £52.4m in 2019/20. It will be noted that the Council's financial plans include a further significant level of savings to be achieved from 2017/18 onwards through the re-design and integration of services across the health and social care economy. Therefore, whilst this additional BCF resource is being treated as a corporate resource, it is expected that it will be made available to fund additional care services, to facilitate investment in order to deliver the savings in the plan or to mitigate budgetary pressures should there be any under-achievement of the required level of savings.

Birmingham Adult Education Services from the Skills and Education Funding Agencies – £10.8m

The City Council will receive a grant of £10.8m in 2016/17 to continue to provide Adult Life Long Learning Services (this includes the provision of an Adult Skills Programme and a Community Learning Programme for a diverse range of local people from the age of 18 years).

Housing Benefit and Council Tax Benefit Subsidy Administration Grant - £7.7m

The City Council has estimated that it will receive a base allocation from the Government of £7.7m in 2016/17. This is a reduction of £0.5m from the grant given in 2015/16. The cost of the service will be managed within this reduced resource envelope.

Private Finance Initiative Grants - £68.5m

The City Council will continue to receive funding for Private Finance Initiative (PFI) projects of £68.5m being £50.3m for Highways and £18.2m for schools. Whilst this funding is unringfenced, it is needed to meet contractually committed payments and is not available to meet City Council expenditure generally, other than on a temporary basis and requiring repayment.

Education Services Grant - £12.1m

Education Services Grant (ESG) (an unringfenced grant), estimated at £12.1m, is provided to reimburse the City Council for costs and commitments it continues to incur from its General Fund on behalf of maintained schools. Part of the Authority's allocation is paid to Academies directly by the Education Funding Agency to allow them to make their own provisions, the balance is then paid to local authorities on a per pupil basis as ESG.

The estimated figure represents a reduction of £1.4m compared with 2015/16. This is due to schools converting (known and estimated) to Academies which means funding is transferred as Academies take on the responsibility for securing these services. 2016/17 has also seen a further reduction in the funded pupil rate at which part of the grant (excluding the retained duties element) is paid, from £87 to £77 per pupil.

The Government announced in the Spending Review 2015 that it plans to phase out the additional funding received through ESG although it also announced that it would reduce the local authority role in running schools and remove a number of statutory duties. The Government plans to consult on policy and funding proposals in 2016 and so details are not yet available on the financial implications of this change. Financial plans (both income and expenditure) will need to be adjusted once further information becomes available.

Other Directorate Revenue Grants

In addition to the main grant funding streams, smaller specific grants continue to be received from Government. Services will need to manage within the level of grant that they receive. A full breakdown of all grants the City Council expects to receive in 2016/17 can be seen in the table at the start of this Appendix.

Schools Funding

Schools receive funding via a variety of different grant streams, the main ones being:

- Dedicated Schools Grant
- Pupil Premium
- Universal Infant Free School Meals
- Education Funding Agency

A summary of how schools' funding is applied can be seen in the Table below:-

Schools' Funding Summary 2016/17

	DSG	Pupil Premium	Universal Infant FSM	EFA - Post 16	Total
	£m	£m	£m	£m	£m
Schools Delegated	505.6	54.5	10.1	17.2	587.4
Early Years	79.9	0.0	0.0	0.0	79.9
High Needs Top-Up	74.0	0.0	0.0	0.0	74.0
Central	36.9	3.4	0.0	0.0	40.3
Sub-Total – City Council	696.4	57.9	10.1	17.2	781.6
Academies & other Recoupment	403.7	35.2	3.2	0.0	442.1
Total	1,100.1	93.1	13.3	17.2	1,223.7

Dedicated Schools Grant (DSG) - £696.4m

DSG is allocated to Local Authorities in three blocks and local authorities are allowed to vire between the three blocks to address any specific needs or pressures. Birmingham has currently set its blocks at the following amounts – final allocations will not be confirmed until late February/early March after consultation with the Schools Forum.

Allocation of Dedicated Schools Grant 2016/17

	Schools Block	Early Years Block	High Needs Block	Total
	£m	£m	£m	£m
Schools Delegated	473.1	0.0	32.5	505.6
Early Years	0.0	79.9	0.0	79.9
High Needs Top-Up	0.0	0.0	74.0	74.0
Central	19.1	2.2	15.6	36.9
Sub-Total City Council DSG	492.2	82.1	122.1	696.4
Academies & other recoupment	382.5	0.0	21.2	403.7
Gross DSG	874.7	82.1	143.3	1,100.1

- Schools block (covering provision in mainstream schools from Reception to Year 11): Funding from the DfE is based on a funding rate per pupil, which for 2016/17 is £5,218.42, and pupil numbers primarily derived from the October 2015 pupil census data. Birmingham has therefore set the schools block at £874.7m. Current estimates indicate that of this total, £382.5m will be recouped by the DfE for Academies, and the balance of £492.2m will be available for maintained schools and remaining items of centrally managed commitments.
- Early Years block (covering nursery schools, nursery classes and private, voluntary and independent sector providers of early years provision (PVI's)). The 2016/17 allocation of £82.1m is for 3 and 4 year olds and is based on a rate per pupil (£5,215.79) and forecast January 2016 census data. It also covers funding for centrally managed commitments but decisions on the exact amount will be subject to School Forum approval in February. The allocation also includes funding for targeted 2 year olds.
- High Needs block (covering pupils with high needs – defined by the DfE as those requiring provision costing in excess of a given threshold – in special schools, resource bases, pupil referral units and mainstream schools): The 2016/17 allocation is £143.3m. The block covers post 16 high needs provision up to the age of 24. It is to be noted that for Academies and Further Education providers, the first £10,000 of a pupil's funding will be paid directly to the relevant establishment by the Education Funding Agency (EFA). High Needs requirements in excess of that amount (the Top Up) will be met from the City Council's High Needs block. Current estimates indicate that £21.2m will be recouped by the DfE for special Academies,

resource bases in Academies and post 16 places, with the balance of £122.1m remaining for the maintained special schools, funding for the Top Up and other centrally managed commitments.

Further schools converting to Academies will also reduce the level of DSG available to the City Council.

The current assumption in the Long Term Financial Strategy and Plan (LTFS and LTFP) is that services funded by DSG will manage within their grant allocations at whatever level this may be.

Pupil Premium Grant - £57.9m

Pupil Premium is allocated to provide additional funding for pupils in receipt of free school meals. The 2016/17 grant is estimated at £93.1m of which £35.2m is for Academies with £57.9m retained by the City Council. It will apply to all pupils aged from 4 to 15 (year groups Reception to 11) who are:

1. Known to be eligible for free school meals (£1,320 per pupil in primary and £935 per pupil in secondary)
2. Looked After Children (£1,900 per pupil)
3. Children who have ceased to be looked after by a local authority in England and Wales because of adoption, a special guardianship order, a child arrangements order or a residence order (£1,900 per pupil)
4. Pupils whose parents are serving members of the armed forces (Service Children) (£300 per pupil)

For groups 1, 3 & 4 allocations will be calculated on the basis of the January 2016 pupil census. Group 2 allocations will be calculated on the basis of the Children in Need census carried out on 31 March 2016. The City Council's internal estimate of the level of funding that will be received for children eligible for free school meals (group 1), children ceased to be looked after (group 3) and service children (group 4) is £54.5m that is attributable to maintained schools and £3.4m for Looked after Children will be held centrally.

Education Funding Agency - £17.2m

It is estimated that the City Council will receive £17.2m in 2016/17 from the Education Funding Agency (EFA) to fund education and training of 16-19 year olds in sixth forms within schools. This is a reduction of £0.3m on 2015/16.

Universal Free School Meal Grant - £10.1m

The grant was introduced for the 2014/15 Academic Year and is paid to schools to enable them to provide free school meals for pupils in Reception to Year 2. The City Council is currently assuming that the grant will continue into the 2016/17 Academic year. The £13.3m breaks down between £3.2m to Academies and £10.1m to the local authority.

Grants to Reimburse Expenditure - £550.5m

The City Council receives a number of grants to reimburse costs incurred, mainly in paying benefit claimants. Whilst these form part of the gross budget of the City Council, the level of expenditure is determined by claimant demand and eligibility. Payments made to claimants are closely matched by any grant received. The grants to fund benefit expenditure expected to be received by the City Council in 2016/17 can be seen in the Table at the start of this Appendix.

APPENDIX 3: LONG-TERM FINANCIAL PLAN AND EFFICIENCY STATEMENT 2016/17 - 2025/26

Long-Term Financial Plan and Efficiency Statement 2016/17 - 2025/26										
	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Base Budget 2015/16	874.541	874.541	874.541	874.541	874.541	874.541	874.541	874.541	874.541	874.541
Pay & Price Inflation	17.399	28.809	39.496	50.621	63.554	78.473	93.130	108.166	123.412	134.386
Meeting Budget Issues and Policy Choices	23.656	45.558	79.939	109.711	117.374	122.398	128.585	131.013	135.288	137.698
Savings Plans	(88.210)	(163.336)	(210.652)	(251.244)	(253.339)	(253.339)	(253.339)	(253.339)	(253.339)	(253.339)
Corporate Adjustments:										
Net Repayment to Corporate Reserves	17.826	(9.157)	28.778	33.556	26.555	27.510	26.798	31.321	34.853	35.016
Corporately Managed Budgets	(10.342)	43.906	17.250	18.242	18.438	13.404	26.532	28.888	27.174	30.428
Changes in Corporate Government Grants	0.411	(6.434)	(22.822)	(43.385)	(43.385)	(43.385)	(43.385)	(43.385)	(43.385)	(43.385)
Total Net Expenditure	835.281	813.887	806.530	792.042	803.738	819.602	852.862	877.205	898.544	915.345
Business Rates ¹	(205.842)	(206.516)	(218.448)	(226.525)	(234.901)	(243.588)	(250.892)	(258.416)	(266.165)	(274.146)
Top Up Grant	(127.067)	(129.566)	(133.388)	(137.652)	(142.057)	(146.603)	(150.268)	(154.024)	(157.865)	(161.822)
Revenue Support Grant	(226.587)	(177.753)	(143.992)	(109.743)	(113.255)	(116.879)	(119.801)	(122.796)	(125.866)	(129.012)
Council Tax	(287.962)	(300.052)	(312.647)	(325.772)	(332.920)	(340.223)	(347.687)	(355.315)	(363.111)	(371.078)
Collection Fund (Surplus)/Deficit Business Rates	17.958	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Collection Fund (Surplus)/Deficit Council Tax	(5.781)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Resources	(835.281)	(813.887)	(808.475)	(799.692)	(823.133)	(847.293)	(868.648)	(890.551)	(913.007)	(936.058)
Gap	0.000	0.000	(1.945)	(7.650)	(19.395)	(27.691)	(15.786)	(13.346)	(14.463)	(20.713)

Note 1 - Business Rates figures for 2017/18 onwards are shown net of any anticipated (surplus)/deficit.

APPENDIX 4: COUNCIL TAX 2016/17

The information received in respect of precepts can be seen in the table below.

	City Council £m	Fire and Rescue Authority £m	Police & Crime Commissioner £m	New Frankley in Birmingham Parish Precept £m	Sutton Coldfield Parish Precept £m
City Council Net Budget	835.281				
Less: Redistributed Non-domestic rates, Top-Up Grant and Revenue Support Grant	541.538				
Equals: amount required from Collection Fund	293.743				
Less: estimated surplus in Collection Fund	5.781				
Equals: amount required from council tax payers	287.962	13.393	26.665	0.044	1.824
Divided by taxbase (Band D equivalent properties)	239,042	239,042	239,042	1,312	36,509
Equals: Band D Council Tax	£1,204.65 *	£56.03	£111.55	£33.78	£49.96
Percentage Change in each element of Council Tax	3.99%	1.99%	4.69%	1.44%	N/A
Total Band D Council Tax			£1,372.23	£1,406.01	£1,422.19

*The council tax attributable to the City Council includes a precept of 2% to fund adult social care.

The detailed Council Tax levels for each property band in Birmingham are:

Band	City Council	Fire and Rescue Authority	West Midlands Police & Crime Commissioner	Total excl. Parish Precept	New Frankley in Birmingham		Sutton Coldfield	
	£	£	£	£	Parish Precept £	Parish Total £	Parish Precept £	Parish Total £
A	803.10	37.35	74.37	914.82	22.52	937.34	33.31	948.13
B	936.95	43.58	86.76	1,067.29	26.27	1,093.56	38.86	1,106.15
C	1,070.80	49.80	99.16	1,219.76	30.03	1,249.79	44.41	1,264.17
D	1,204.65	56.03	111.55	1,372.23	33.78	1,406.01	49.96	1,422.19
E	1,472.35	68.48	136.34	1,677.17	41.29	1,718.46	61.06	1,738.23
F	1,740.05	80.93	161.13	1,982.11	48.79	2,030.90	72.16	2,054.27
G	2,007.75	93.38	185.92	2,287.05	56.30	2,343.35	83.27	2,370.32
H	2,409.30	112.05	223.10	2,744.45	67.56	2,812.01	99.92	2,844.37

APPENDIX 5: INVESTMENT IN POLICY PRIORITIES AND PRESSURES SCHEDULE

Directorate	Existing or New	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
Corporate Resources Directorate					
Information and Communication Technology - Fall out of Prudential Borrowing Costs	Existing & New	(5.801)	(3.645)	(3.704)	(3.715)
Business Transformation Costs and Repayments	Existing & New	(1.092)	(1.294)	(1.330)	(0.468)
Corporate Support for Unachievable Income Targets	New	0.388	0.388	0.388	0.388
Insurance Fund Contribution reduced	New	(2.170)	(2.170)	(2.170)	(2.170)
Council Tax Court Cost Recovery	New	(1.000)	(1.000)	(1.000)	(1.000)
Cabinet Office - Additional costs	New	0.374	0.374	0.374	0.374
Sub-total Corporate Resources Directorate		(9.301)	(7.347)	(7.442)	(6.591)
Economy Directorate					
Highways Maintenance Contract Pension Cost	Existing	0.016	0.033	0.050	0.068
ITA Levy	Existing & New	(2.609)	(3.307)	(3.865)	(3.865)
Northfield Relief Road Prudential Borrowing Costs	New	0.270	0.270	0.270	0.270
Employment & Skills	New	0.521	0.521	0.521	0.521
Strategic Transport -Additional costs	New	0.320	0.320	0.320	0.320
Corporate Support for Unachievable Income Targets	New	0.250	0.250	0.250	0.250
Planning & Regeneration - Additional costs	New	0.100	0.100	0.100	0.100
Sub-total Economy Directorate		(1.132)	(1.813)	(2.354)	(2.336)
People Directorate					
Adult Social Care					
Demographic Increase	Existing	6.596	13.265	19.934	26.603
Business Charter for Social Responsibility	Existing & New	3.949	6.370	10.470	13.255
Improved Better Care Fund Costs	New	0.000	6.728	31.268	52.389
Deprivation of Liberty Safeguards - additional cost of new duty over and above that covered by grant income	New	0.625	0.625	0.625	0.625
Independent Living Fund - additional cost of duty compared with 5% annual attrition rate of grant	New	0.190	0.190	0.190	0.190
Care Act Commitments	New	5.000	5.000	5.000	5.000
Children's Social Care Investment	Existing	4.741	6.995	6.995	6.995
Education and Schools Strategy Improvement Plan - Fall out of temporary corporate support	Existing	(0.396)	(0.396)	(0.396)	(0.396)
Education Services Grant Reduction - Fall out of temporary corporate support	Existing & New	(0.578)	(1.178)	(1.178)	(1.178)
Sub-total People Directorate		20.127	37.599	72.908	103.483

Directorate	Existing or New	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
Place Directorate					
Sports & Leisure Service - Fall out of temporary corporate support	Existing	(0.384)	(0.307)	(1.045)	(1.805)
Community Initiative Fund	Existing	2.000	2.000	2.000	2.000
CCTV Camera Maintenance - Fall out of temporary corporate support	Existing	(0.100)	(0.100)	(0.100)	(0.100)
Highways Horticulture Maintenance	Existing	0.060	0.060	0.060	0.060
Waste Disposal Costs	Existing & New	0.816	1.572	1.851	1.851
Wholesale Markets Business Case	Existing & New	0.351	1.458	1.256	0.886
Alexander Stadium	New	0.500	0.500	0.500	0.500
Coroners - one off corporate support	New	0.180	0.000	0.000	0.000
Pest Control - unachievable income target	New	1.200	1.200	1.200	1.200
Markets - unachievable income target	New	0.700	0.700	0.700	0.700
Climate Change Levy - change in legislation	New	0.500	0.500	0.500	0.500
Expenditure Previously Funded by Specific Grant now Rolled into Corporate Funding	New	0.128	0.128	0.128	0.128
LoCAL/Asset Rationalisation - Temporary staffing	New	0.078	0.000	0.000	0.000
Sub-total Place Directorate		6.029	7.711	7.050	5.920
Corporate					
Highways Infrastructure Maintenance	Existing	0.250	0.500	0.750	1.000
National Living Wage	Existing	0.000	0.000	0.101	0.365
Reduction in Policy Contingency	Existing & New	0.000	(1.000)	(1.500)	(1.500)
Reduction in Revenue Cost of Redundancy	Existing & New	(10.304)	(10.305)	(4.202)	(6.202)
Pension Fund Deficit Recovery	Existing & New	3.488	4.385	3.217	4.235
Autoenrolment Pension Scheme	Existing & New	0.000	5.250	5.250	5.250
Carbon Reduction Commitment	Existing & New	0.029	0.002	0.060	0.675
Apprenticeship Levy	New	0.000	2.056	2.056	2.056
Staff Increments	New	3.175	3.175	3.175	3.175
Youth Offer	New	0.000	(1.000)	(1.000)	(1.000)
Combined Authority Start Up Costs	New	0.500	0.000	0.000	0.000
Improvement Expenditure and Savings Delivery Contingency	New	10.795	6.345	1.870	1.181
Sub-total Corporate		7.933	9.408	9.777	9.235
Total Policy Priorities and Pressures		23.656	45.558	79.939	109.711

APPENDIX 6: SAVINGS PROPOSALS

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
CORPORATE RESOURCES DIRECTORATE				
Existing Plans				
E8-Service efficiencies – communications The step up in this saving is the full year effect of that identified in 2015/16 which proposed a review of the service and reduction in staff.	(0.019)	(0.019)	(0.019)	(0.019)
E9-Birmingham Property Services – Central Administration Building (CAB) Phase 1 and redesign of Corporate Landlord Service Reduced Building Operating Costs from the CAB Portfolio and Savings within Corporate Landlord function - Ongoing delivery of original business case.	(0.344)	(0.344)	(0.344)	(0.344)
E21-Birmingham Property Services We are proposing to reduce: • the number of staff in the Birmingham Property Services team • the number of vacant properties in our commercial property portfolio • office security costs In addition, to increase rental income from our investment property portfolio.	(0.740)	(1.490)	(1.490)	(1.490)
E22-Revenues To redesign the way the client team works, ensuring effective focus on contract monitoring work. • To reduce printing, scanning and indexing costs. • To increase the cost of Council Tax and Business Rates Summons' to reflect the increased costs of this function. This is a fee Birmingham residents and businesses are charged if they are summonsed to court for not paying their Council Tax or Business Rates. The fee is currently lower than that charged by many other Local Authorities.	(0.150)	(0.300)	(0.300)	(0.300)
E23-Service Birmingham We are proposing to reduce our ICT costs.	(2.800)	(5.940)	(5.880)	(7.200)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
<p>E20-Support Services and E24 - Fall out of acceleration of savings</p> <p>We are undertaking a comprehensive ISS (Integrated Support Services) review that support the delivery of these savings as well as additional savings identified in 2016/17 onwards. A number of initiatives will be implemented and will include:</p> <ul style="list-style-type: none"> • make substantial staffing reductions • increase efficiency • maximise opportunities to charge for services • place more responsibility with line managers • charge credit card transaction fees back to the customer • reduce Forward (the Council newspaper for Residents) to two times a year • review arrangements for tracking resident satisfaction and views • substantially reduce the third sector support contract and identify sustainable support arrangements • increase income from external advertising 	(1.100)	(3.920)	(3.920)	(3.920)
Subtotal Existing Plans	(5.153)	(12.013)	(11.953)	(13.273)
New Plans				
<p>CC1 Restructure the Corporate Communications team</p> <p>The Local Government Association (LGA) will provide independent advice on how Birmingham City Council can structure its Corporate Communications function with a specific focus on creating a modern, efficient and integrated communications service.</p>	(0.075)	(0.150)	(0.150)	(0.150)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
<p>CC2 Stop production of the BCC residents' newspaper 'Forward' in printed format and go online Forward will no longer be produced in printed format but will be published online. This will mean that budget savings will be delivered from reduced design, print and distribution costs. The Corporate Communications team will focus on improving digital communications channels with residents and key stakeholders.</p>	(0.058)	(0.058)	(0.058)	(0.058)
<p>CC3 Reduce marketing budget It is proposed to reduce the corporate marketing budget.</p>	(0.100)	(0.100)	(0.100)	(0.100)
<p>CC8 Outsource all procurement below £100k To create an external process to manage buying low value goods and services .</p>	0.000	(0.100)	(0.100)	(0.100)
<p>CC13 Targeted net improvement in the housing benefit subsidy The proposal is to reclaim Housing Benefit Grant overpayments.</p>	(2.000)	(1.500)	(1.000)	0.000
<p>CC14 Redesign Council Tax Support Scheme to simplify process and streamline administration The Council is proposing to develop a simplified scheme that will continue to provide financial assistance for groups on low income and protect the vulnerable. The simplified scheme should make it easier for claimants to complete the application process and develop a clearer understanding of what they may be entitled to receive. At the same time the opportunity will arise to achieve savings by minimising back office administration resulting in less resource requirement and reduced IT support costs.</p>	0.000	(1.080)	(1.010)	(0.942)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
<p>CC16 Reduce Local Welfare Assistance Provision Scheme The Government has ended Local Welfare Assistance funding but the Council has earmarked reserves to continue this for 2016/17. The Council now proposes a much smaller reduction down to the level of current demand, allied to administrative efficiencies. From 2017/18 onwards the council has identified additional funding of £1.3m and will also work with partners to seek extra funding to supplement this.</p>	(1.600)	1.300	1.300	1.300
<p>CC17 Reduction in expenditure and subsidy loss for exempt accommodation cases by assisting these providers to become registered social landlords The change to this service will be to encourage some of the private sector landlords to become regulated providers. This change will then allow the City Council to claim more subsidy from central government which will achieve the savings.</p>	(0.200)	(0.550)	(0.950)	(0.950)
<p>CC19 Revenue Services Transformation Programme to reduce Revenues Contract price further with Service Birmingham The Council is working with Service Birmingham to identify ways to reduce the contract price from 2016/17 until the end of the contract in 2021.</p>	(0.300)	(0.600)	(1.000)	(1.000)
<p>CC21 Universal Credit Changes permitting staff reduction in contact centre With the introduction of Universal Credit, we are expecting to receive less calls relating to Housing Benefit, because people on Universal Credit will not be receiving this benefit from the Council, they will be receiving it from the Department for Work and Pensions.</p>	(0.092)	(0.184)	(0.184)	(0.184)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
<p>CC22 Pay suppliers faster in exchange for discounts</p> <p>The Council currently pay suppliers' bills after 30 days. The Council now proposes to pay suppliers earlier in exchange for receiving a discount.</p>	(0.300)	(0.300)	(0.300)	(0.300)
<p>CC23 To reduce the amount the Council spends on Information and Communication Technology (ICT) over the next few years</p> <p>After a detailed review of its ICT strategy and service requirements, the Council is proposing to reduce the amount it spends on ICT over the next 4 years. The Council would normally borrow money to pay for these ICT improvements, but by borrowing less the Council will have less debt and will pay less interest on what it had planned to borrow.</p>	(2.500)	(2.900)	(2.700)	(2.400)
<p>CC26 Council administrative buildings reduction</p> <p>The future demand for office space for the Council is expected to drop as the Council redesigns its services.</p>	0.000	0.000	(2.400)	(2.400)
<p>E21 Birmingham Property Services</p> <p>Last year we proposed to reduce:</p> <ul style="list-style-type: none"> • the number of staff in the Birmingham Property Services team; • the number of vacant properties in our commercial property portfolio; and • office security costs. <p>In addition, we proposed to increase rental income from our investment property portfolio. We are planning to bring forward some of these savings from 2017/18 into 2016/17.</p>	(0.260)	0.000	0.000	0.000
<p>E25 Support Services</p> <p>We are proposing to</p> <ul style="list-style-type: none"> - Make substantial staffing reductions; - Increase efficiency; - Maximise opportunities to charge for services; - Place more responsibility with line managers. 	(3.200)	(4.800)	(4.800)	(4.800)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
EGJ1 Improve investment returns from properties owned for investments We propose to sell our properties that are not generating enough income and buy new investments that will generate more income.	(0.300)	(0.400)	(0.400)	(0.400)
EGJ2 Charging more costs to capital projects As we deliver more capital projects some of our costs can be charged to their delivery.	(0.200)	(0.300)	(0.400)	(0.400)
MIA22 Transfer out of hours calls from the Contact Centre to housing repairs contractors and third party service providers We propose that all calls between 8 am and 8 pm Monday to Friday would be handled within the Birmingham City Council Contact Centre but between 8 pm and 8 am and all weekends and bank holidays, calls would be transferred to contractors.	(0.262)	(0.450)	(0.450)	(0.450)
MIA23 Change opening hours of Contact Centre to 9-5 and press for increased use of web We propose to stop taking non-emergency phone calls outside of 9am-5pm and direct customers to online self-service forms and website information	(0.160)	(0.160)	(0.160)	(0.160)
Subtotal New Plans	(11.607)	(12.332)	(14.862)	(13.494)
Total Corporate Resources Plans	(16.760)	(24.345)	(26.815)	(26.767)
ECONOMY DIRECTORATE				
Existing Plans				
E4-Make the Smarter Choices function self-funding. This is the final year of step up of a prior year saving which proposed the following: In the future the team will increasingly provide 'contracted' services drawing on their expertise in safe and sustainable travel promotion, to contribute to the delivery of grant funded projects and the sustainable travel obligations of schools and businesses. This will generate an income for the team.	(0.100)	(0.100)	(0.100)	(0.100)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
<p>E5-Make Digital Birmingham self-funding. Digital Birmingham is 65% self-financed through undertaking national and European projects and aims to move to be fully self-funded in 2017/18. Within these timescales the most likely source of income will initially be grant funding from national and European sources and in order to achieve this we will need to establish a programme of bid writing and consortium building activities.</p> <p>A second source of income is commercial ventures emerging from existing projects (Digital Logbook, DISCOVER eLearning for carers). These will be evaluated for suitability and pursued where appropriate. Failing to generate the required income will lead to redundancies. As the service is currently operating at full capacity, this would directly lead to some activities being stopped altogether.</p>	(0.050)	(0.100)	(0.100)	(0.100)
<p>E31-Development and Regeneration This relates to the fall-out of one-off savings made in 2015/16.</p>	0.145	0.145	0.145	0.145
<p>PL32-Highways Maintenance We are proposing to:</p> <ul style="list-style-type: none"> • Re-finance the PFI contract • Review capital expenditure • Review routine and reactive maintenance. <p>This would all need to be negotiated with the service provider, Amey and the Department for Transport.</p>	(1.500)	(2.600)	(2.600)	(2.600)
<p>PL33a-Off Street Parking We are continuing our 3 year fee strategy approved in March 2015 to increase off-street car parking charges (estimated at 2% per annum until 2017/18)</p>	(0.100)	(0.200)	(0.200)	(0.200)
<p>PL33b-On Street Parking We are continuing our 3 year fee strategy approved in March 2015 to increase on-street car parking charges (estimated at 2% per annum until 2017/18)</p>	(0.100)	(0.200)	(0.200)	(0.200)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
PL35-Traffic Regulation We are introducing a map based system to manage traffic regulation order requests and increase the efficiency of the service.	(0.005)	(0.010)	(0.010)	(0.010)
Subtotal Existing Plans	(1.710)	(3.065)	(3.065)	(3.065)
New Plans				
CC25 Maximising opportunities for accounting for capital costs Capital accounting regulation allows for certain costs to be charged to Capital projects. The costs identified in this proposal are currently charged to the revenue budget and they will now be charged to the capital budget ensuring consistent treatment with other similar projects elsewhere within the Council.	(0.200)	(0.200)	(0.200)	(0.200)
E1 Private development delivery of Highway Change We work with private developers on new roads and improvements to existing roads required as a result of new developments. We are proposing to improve the final sign off process.	(0.020)	(0.020)	(0.020)	(0.020)
E2 Reduce the Council's energy bill We propose the creation of a Corporate Utilities Management function to analyse information about our energy use.	(0.400)	(0.400)	(0.400)	(0.400)
E3 More closely aligned functions with partners in the public and private sectors from across the city region We propose to align a number of service areas so that the region benefits from a more coordinated delivery of economic services, whilst the individual local authorities are able to reduce the cost of service by a reduction in overheads.	(0.150)	(0.150)	(0.150)	(0.150)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
<p>E19 Establish an Energy Services Company The council would look to an existing utilities provider to establish a local Community Energy Company providing cheaper, greener energy to people in Birmingham. The greatest cost-cutting would be delivered to those on pre-payment meters. The partner company would operate the company itself and the Council would assist with customer acquisition. The cost of this to the Council would be covered by a negotiable rebate from the chosen partner energy company.</p>	(0.650)	(0.650)	(0.650)	(0.650)
<p>EGJ10 Self financing of the Employment and Skills Service (ESS) We propose to reduce activities and consolidate the budget of the ESS and Economic Research & Policy teams and increase income from external funding sources.</p>	(0.200)	(0.300)	(0.400)	(0.400)
<p>SN1 Sharing of highways maintenance database with statutory undertakers We are introducing a permit system for organisations wanting to carry out street works, to improve the quality of information we have about current and planned work. This will improve the information available to us which will help us to plan works and manage potential traffic disruption. We will charge organisations in order to recover the cost of managing the permits, and this includes the cost of any staff which are required as a result of implementing and running the scheme.</p>	0.000	0.000	0.000	(0.050)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
<p>SN2 The City Council will design and develop a modern transport network for the city in order to help develop attractive shopping areas, promote greener forms of transport and improve the environment.</p> <p>We propose to reduce the reliance on car trips and improve air quality. These will be underpinned by a 'nudge' communications campaign to change travel behaviour and switch trips to other modes of transport.</p>	0.194	1.022	(5.000)	(5.000)
<p>SN9 Introduce a GIS mapping system to enable more efficient reporting of street scene issues</p> <p>We propose to introduce a GIS mapping system to combine our data with geographic information and make it quicker and easier to report and identify faults and issues.</p>	(0.055)	(0.055)	(0.055)	(0.055)
<p>SN35 Expansion of City Centre on-street parking, concessions and restrictions</p> <p>Digbeth is one of the largest areas of the city centre without controlled parking measures. The proposal is to develop and implement a controlled parking zone in this area.</p>	0.000	(0.463)	(0.463)	(0.463)
<p>SN36 Biodiversity Supplementary Planning Document</p> <p>We plan to free up some capacity within the Ecologist team to provide ecological services to Council departments that currently commission external consultants to deliver their requirements.</p>	(0.022)	(0.022)	(0.022)	(0.022)
<p>SN37 Transport joint data team</p> <p>In retendering the contract in 2018/19 we expect to generate efficiencies which will result in a saving.</p>	0.000	0.000	(0.055)	(0.055)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
<p>SN39 To improve income from planning applications and pre application support as the economy improves and lobby the government for more freedoms regarding the setting of planning fees</p> <p>The service expects to receive more planning applications as the economy improves, this will increase income. The Council is in discussions with Government to allow local authorities to set planning fees to fully cover its costs. If this is agreed, at least a 20% increase in fees may be needed. We think that agreeing a change in the law and implementing it would take 2 years.</p>	(0.500)	(0.500)	(1.000)	(1.000)
Subtotal New Plans	(2.003)	(1.738)	(8.415)	(8.465)
Total Economy Plans	(3.713)	(4.803)	(11.480)	(11.530)
PEOPLE DIRECTORATE				
Existing Plans				
<p>P2-Adults – Business Transformation</p> <p>This step-up represents the continued anticipated increases in benefits from the Adults and Communities Transformation programme. These increases are partly offset by additional resources which are included in budget pressures to reflect the increased number and costs of care packages arising from demographic change.</p>	(5.725)	(5.725)	(5.725)	(5.725)
<p>P4-Changes in internal services – Older Adult Day Care & Elder Group</p> <p>Additional savings projected from improved utilisation of internal day care facilities at the Council's 4 Care Centres and existing Day Centres.</p>	(0.024)	(0.024)	(0.024)	(0.024)
<p>P5-Changes to internal services – Learning Disability Day Care</p> <p>Additional savings projected from improving the utilisation of Council-run day care facilities for people with Learning Disabilities.</p>	(0.099)	(0.099)	(0.099)	(0.099)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
P6-Expansion of internal services – Shared Lives Additional savings projected from expanding the number of Shared Lives Placements on offer.	(1.785)	(1.785)	(1.785)	(1.785)
P7-Changes in internal services – Home Care Enablement The proposal is to extend Enablement to existing service users receiving external home care provision so that their packages of care can be reduced by increasing their independence.	(1.480)	(1.480)	(1.480)	(1.480)
P8-Further reduction in Younger Adults Care Packages Additional savings projected through re-assessment of younger adult care packages and encouragement to take either a Shared Lives Placement or a Direct Payment at a lower unit cost.	(8.706)	(8.706)	(8.706)	(8.706)
P9-Joint Adults and Children’s approach to transitions The proposal is to establish a joint approach to transitions between Adults & Communities and Children, Young People & Families so that children’s social care and adult social care work in a far more integrated way. The Council will also re-assess young people aged 18-25 years who have already moved into adult services.	(1.000)	(1.000)	(1.000)	(1.000)
Abatement of Younger Adults Savings (P2-P9 above) Abatement of Younger Adults Savings (P2-P9 above)	15.000	10.000	5.000	0.000
P11-Previous Proposals assume the fallout of time limited resources Fall out of a time-limited savings proposal	2.167	2.167	2.167	2.167
P14-Step 1: Public Health – Commissioning Full year effect of fallout of non-recurring contract costs and liabilities and costs of recommissioning.	(1.250)	(1.250)	(1.250)	(1.250)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
P15-Step 2: Public Health – Decommissioning Full year effect of savings from recommissioning of Substance Misuse and Sexual Health services.	(3.315)	(3.315)	(3.315)	(3.315)
P16-Joint working with the NHS (Better Care Fund) Funding from the Government's Better Care Fund Programme has been built into existing plans up to 2016/17 (the figures represent movements from the 2015/16 budgeted level). Further Health and Social Care integration is planned for the future and is detailed in a new saving which is described in MIA10.	(2.339)	6.061	6.061	6.061
P21-Education Capital Financing This is the reduction in the 2015/16 saving, involving the treatment of schools maintenance expenditure. From 2017/18 onwards the Council will be investigating a range of options for delivering this saving on an on-going basis, including contributions from reduced PFI contract costs.	4.700	4.700	4.700	4.700
P26-Public Health-mainly lifestyles recommissioning This saving is the full year effect of the saving identified in 2015/16 which proposed that we re-commission some of the contracts we have and change the specification of others. The key changes considered were: <ul style="list-style-type: none"> • Targeting 'lifestyle services' (such as stop smoking, weight management and physical activity services) at those who will benefit most from them, rather than offer the same service to everyone • Changes to the school nursing service • Focussing any new investments on early years, promoting independence in the elderly, especially after a fall, and getting people with enduring mental health problems back to work 	(1.215)	(1.215)	(1.215)	(1.215)
Subtotal Existing Plans	(5.071)	(1.671)	(6.671)	(11.671)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
New Plans				
<p>CC24 Reducing the affordability gap to the Council resulting from existing BSF schools contracts</p> <p>The Building Schools for the Future (BSF) Programme provided Capital Grant Funding. We were required to ensure that each Design and Build project was supported by a Facility Management (FM) arrangement where a 3rd party organisation runs the building on the School/Academies behalf. The cost of the FM contracts are met by the Council and each School/Academy contributes its former premises related budget to support the arrangement. However, these budgets do not meet the full cost of the contract. As a consequence there is a cost to the Council. It is proposed to re-scope services within each of the contracts.</p>	(0.700)	(0.700)	(0.700)	(0.700)
<p>MIA10 Redesign and integrate services at scale across the health and social care economy</p> <p>Last year, the Government launched the Better Care Fund and the City Council and the 3 Clinical Commissioning Groups agreed a plan to improve health and social care for older people in the City. The Better Care Fund proposals last year included savings through the efficiency of joint working in 2015/16 and 2016/17. The first part of this proposal takes into account that further savings are likely to be made in 2017/18 and future years if these arrangements continue. The City Council needs to meet its statutory responsibilities in relation to adult social care as embodied in the Care Act 2014, but with a much reduced budget. The second stage of this proposal is essentially about trying to achieve this by jointly pooling/combining the entire Council spend on older adults, not just on adult social care, with all relevant NHS spend.</p>	(20.000)	(50.000)	(60.000)	(60.000)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
MIA12 Improving the Customer Journey Support social work staff in Assessment and Support Planning to be as efficient as possible in making sure every citizen has their adult social care needs met in the best way.	(0.500)	(0.900)	(1.954)	(1.969)
MIA14 Introduce charges for Telecare and reducing spend on joint equipment contracts Equipment may only be provided based on assessed need. This proposal may also mean the removal of the free telecare service to the majority of citizens.	(1.600)	(1.600)	(1.600)	(1.600)
MIA16 Internal Care Review - Occupational Therapy The Council is proposing to bring together both the Adult's and Children's Occupational Therapy teams into one service.	(0.020)	(0.020)	(0.020)	(0.020)
MIA17 Internal Care Review - Home Care Enablement Exploring opportunities to work closer with our NHS partners in the development of future enablement services and to explore opportunities to deliver 'enablement' in different ways through different providers.	(1.500)	(1.500)	(3.700)	(3.700)
MIA18 Internal Care Review - Care Centres The Council feels that it cannot provide residential care for older adults in the Care Centres in a way which represents value for money when compared to providers of similar services within the care market. In order to ensure that it achieves better use of the public purse it must now explore alternative options for their future operation.	(0.300)	(0.700)	(1.500)	(1.500)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
<p>MIA2 Design and Implement a new approach to Special Educational Needs and Disabilities and move away from a high dependency model</p> <p>The Council is proposing a long-term, wide-ranging development of the services to children with special educational needs. This would involve working with the children, families, and partner organisations to design and implement the optimum approach to these services shaped by the use of shared data and intelligence, learning and best practice. This may include commissioning of new services, changes to the way services are delivered, and potentially de-commissioning of services. The intention would be to give children with special educational needs services which help them to prepare for adulthood so that they will have the best possible level of independence into later life.</p>	0.000	0.000	0.000	(10.000)
<p>MIA20 Internal Care Review - Older Adult Day Care</p> <p>Birmingham City Council intends to reorganise its internally provided services so that people may choose to buy these or different community based services which meet their assessed needs. Birmingham City Council is committed to developing services for people that help them to live as independently as possible, exercising choice and control over the planning and delivery of the support they need. In the short term we intend to make better use of spare capacity in these services. We intend to undertake a detailed piece of work to identify which centres we propose to close. We intend to consult further once these proposals have been developed.</p>	(0.218)	(0.345)	(0.510)	(0.510)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
<p>MIA21 Internal Care Review - Learning Disability Short Breaks Birmingham City Council intends to reorganise its internally provided services so that adults may choose to buy these or different community based services which meet their assessed needs. Birmingham City Council is committed to developing services for people that help them to live as independently as possible, exercising choice and control over the planning and delivery of the support they need. In the short term we intend to make better use of spare capacity in these services. We intend to undertake a detailed piece of work to identify which centres we propose to close. We intend to consult further once these proposals have been developed.</p>	(0.192)	(0.364)	(0.364)	(0.364)
<p>MIA3 Promote independent travel and reduce reliance on council funded transport, underpinned by clear policy We propose to work with families and young people to develop travel solutions that enable the child or young person to access education in the same way that members of their peer group who do not have special educational need or disability would access their education. This includes travelling independently for young people and family based travel solutions for younger children. We want to actively encourage children and young people's independence which can result in them developing a skill for life and will help to develop their confidence and social skills as well as increase their future options for continuing education/training and employment.</p>	(2.463)	(2.634)	(2.634)	(2.854)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
<p>MIA30 Homelessness We are proposing to make further changes to the service to improve the Council's services for homeless households in Birmingham. This will include two changes: a review of existing staffing structures, including a small reduction in the number of posts; an increase in the income secured through the letting of Temporary accommodation; and closer joint working with other Council services, particularly Landlord Services.</p>	(0.550)	(0.550)	(0.550)	(0.550)
<p>MIA31 Public Health The Government has announced significant reductions in the underlying level of the Public Health Grant. We estimate that the impact of these changes will be a reduction of £7.7m in 2016/17 rising to £10.1m in 2017/18 with the prospect of further reductions as a result of changes to the formula which is used to allocate grant to local authorities. This will severely limit the number of areas of health prevention activity which can be funded by the Council. Detailed proposals will depend on further Government announcements which are expected over the next month. However, we anticipate that it will be necessary to reduce expenditure particularly in Lifestyle services such as weight management, smoking cessation, and promotion of healthy living, including the Wellbeing Service. We may also have to cease funding a range of services provided largely by the voluntary sector to support the 'Early Help Offer' to families.</p>	0.000	0.000	0.000	0.000

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
<p>MIA5 Internal Care Services - Younger Adults Day Care Birmingham City Council intends to reorganise its internally provided services so that people may choose to buy these or different community based services which meet their assessed needs. Birmingham City Council is committed to developing services for people that help them to live as independently as possible, exercising choice and control over the planning and delivery of the support they need. In the short term we intend to make better use of spare capacity in these services. We intend to undertake a detailed piece of work to identify which centres we propose to close. We intend to consult further once these proposals have been developed.</p>	(0.702)	(1.113)	(1.288)	(1.288)
<p>MIA7 Health & Prevention This proposal is about reducing the need and therefore the demand for long term care services. The Council will encourage the development of a number of health and prevention schemes which aim to support people to live independently for as long as possible and help reduce the long term reliance upon support from Council services.</p>	0.000	(0.238)	(0.484)	(0.489)
<p>MIA8 Older Adults Offer In line with the Care Act and new ways of thinking we need to consider our policy 'A Fair Deal in Times of Austerity' and its implications over the forthcoming years – for example we need to be explicit about what this means for citizens and their responsibilities.</p>	0.000	0.000	(0.957)	(2.098)
<p>P10 Reduction in Adults Running Costs For a number of years the Council has been seeking to ensure that the administration and management of all services is as efficient as possible. This means continually reviewing spend on supplies and services, transport and premises costs and indirect employee costs.</p>	(1.111)	(1.111)	(1.111)	(1.111)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
<p>P17 Step-up of savings re: Third Sector Commissioning and Supporting People We propose to re-commission services provided through the third sector, reduce funding for housing support services to people with physical or sensory disabilities by 50%, and commission a redesigned Supporting People 'disability housing support service'.</p>	(3.400)	(4.500)	(4.500)	(4.500)
<p>P22 Step up of previous Early Years savings On 30th November 2015 a consultation including plans for a new model for delivering a more joined up Early Years offer to support parents and young children was launched. The new services are planned to be in place by 1st September 2017. The savings shown here are the increases in savings which have been built into previous consultations. These savings will be achieved through a review of services pending the wider review.</p>	(1.000)	(5.100)	(5.100)	(5.100)
<p>PFB1 Resilient Families By improving our early help and social work service we propose to support more children to live safely and thrive at home. We propose doing this by providing support to our staff to work creatively with disadvantaged families to bring about positive change. Where children do have to come into care, we will provide more local foster placements and we will speed up the process of children in care finding permanent families.</p>	(0.705)	(3.667)	(5.247)	(8.636)
<p>PFB2 Improved processes and productivity By supporting staff better through supervision, staff development, manageable caseloads and a learning culture we propose to reduce reliance on agency staff and manage a staff vacancy factor (turnover rate) of 4% for specific groups of staff.</p>	0.000	(1.964)	(1.964)	(1.964)
Subtotal New Plans	(34.961)	(77.006)	(94.183)	(108.953)
Total People Plans	(40.032)	(78.677)	(100.854)	(120.624)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
PLACE DIRECTORATE				
Existing Plans				
E10-Old Rep This is the full year effect of a new operator taking over the theatre.	(0.126)	(0.126)	(0.126)	(0.126)
E13-City Centre Management City Centre Management will become one of self-financing purely strategic support e.g. Business Improvement District support and cease the City Council's net funding contribution	(0.145)	(0.145)	(0.145)	(0.145)
E17-Marketing Birmingham We are proposing to refocus the Service Level Agreement the Council holds with Marketing Birmingham. This will prioritise inward investment services at the expense of services to support the visitor economy.	(0.170)	(0.346)	(0.346)	(0.346)
E27-Library of Birmingham/ Strategic Library Services This is the full year effect of a saving identified in 2015/16 where we proposed to reduce: - the number of staff and services at the Library of Birmingham, yet maintain collection management for the photographic and archival/literature collections, and support for children's reading initiatives. - the opening hours from 73 to 40 - the support we give to community libraries. - introduce a dual fee (reduced rate inside the City) for the loan of choral and orchestral sets. We are also looking at the amount we spend on new books. We are proposing to spend less on renewing our stock and will consider a range of options for renewing stock and mobile library service provision in future years. We will continue to keep the library at home list closed to new applications.	(1.800)	(1.800)	(1.800)	(1.800)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
E28-Support to Museums and Heritage This is the fallout of transition costs to reduce staffing at museums, increase fundraising and introduce new arrangements for management of Heritage sites.	(0.250)	(0.250)	(0.250)	(0.250)
E29-Support to the Arts E38 - Borrowing from Reserves - Arts In 2016-17, it is proposed to work with the arts organisations to achieve phased reductions in the City Council's contribution to the "culture pound". The majority of this step-up is being made in 2016-17 through reduced allocations to organisations and programmes, leaving the balance of around £250k to be made from staffing reductions. The first two years of this saving are shown net of a repayment of borrowing from reserves.	(0.827)	(2.500)	(3.500)	(3.500)
E30-Major Events For major events, it is proposed to reduce the budget and to fund the eight major events which are contractual, or near-contractual commitments.	(0.352)	(0.331)	(1.802)	(1.802)
PL9-FWM – Street Cleansing Awareness Programme This step-up is the full year effect of the saving identified during the 2015/16 process which proposed to promote and develop awareness initiatives to reduce the level of refuse generated, improve recycling and to reduce landfill.	(0.100)	(0.100)	(0.100)	(0.100)
PL10-Highways – Floral Decorations This saving is the full year effect of the saving proposed during the 2015/16 budget setting process where we proposed a reduction in shrub beds with no amenity value and hanging baskets in the City Centre.	(0.055)	(0.055)	(0.055)	(0.055)
PL11-Residual Savings on Operating Costs across the Directorate Savings to be made across the Directorate as a result of previous years' Business Transformation Efficiency Programmes.	(0.169)	(0.169)	(0.169)	(0.169)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
<p>PL12-Parks & Nature – Allotments Service The proposals will ensure that the service is delivered on a self- financing basis following consultation with Birmingham and Districts Allotments Confederation (BDAC).</p>	(0.005)	(0.005)	(0.005)	(0.005)
<p>PL16a,b&c-Bereavement Services We are continuing our 3 year fees strategy approved in March 2015. The increase in charges will be 2% and 9% for burials/cremations. We are also rephasing the development of Sutton New Hall Cemetery to 2016/17</p>	0.060	(0.320)	(0.320)	(0.320)
<p>PL17-Coroner and Mortuary We are proposing to continue the process of controlling costs and renegotiate contracts for such services as toxicology and transport of deceased.</p>	(0.095)	(0.095)	(0.095)	(0.095)
<p>PL19-Licensing This step-up is the full year effect of the saving identified during the 2015/16 process which proposed to ensure that all eligible costs are recovered through proposed fees & charges for services relating to hackney carriage, private hire and entertainment/general licensing (note that some of the fees and charges are set by Central Government). The local authority is required to ensure that only costs that are associated with the licensing scheme are covered by the licensing charges.</p>	(0.185)	(0.185)	(0.185)	(0.185)
<p>PL20-Birmingham Careers Service (Connexions) We are proposing to focus the service on young people not in employment, education or training (NEET), signposting others to alternative services. We are further developing our approach to helping all young people into employment and training through the Birmingham Youth Promise.</p>	(0.131)	(0.265)	(0.265)	(0.265)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
<p>PL22-Flood Risk Services We are revising our flood risk management strategy to ensure that this will deliver and comply with statutory obligations. The savings are consistent with the strategy approved in March 2015 as part of the City Council's Business Plan.</p>	(0.106)	(0.106)	(0.106)	(0.106)
<p>PL24-Private Sector Housing We are using part of the Affordable Homes element of New Homes Bonus to support staff costs incurred delivering the empty homes strategy.</p>	(0.047)	(0.047)	(0.047)	(0.047)
<p>PL25-New Homes Bonus We are reducing the "affordable housing" element of New Homes Bonus allocated for housing investment (substantially support to Birmingham Municipal Housing Trust programme).</p>	(0.052)	(0.105)	(0.105)	(0.105)
<p>PL27-Community Events This is a continuation of the existing strategy to withdraw subsidies from all community events, except the Lord Mayor's show, and to reduce the number of employees, and this represents a step up from 2015/16. Events will continue to be supported in kind but from reduced officer resources.</p>	(0.167)	(0.167)	(0.167)	(0.167)
<p>PL29-Sport We are proposing to</p> <ul style="list-style-type: none"> • Focus on delivering health outcomes, which will enable the service to continue receiving support from the Public Health Service • Reduce back office support once new technology is in place from 2016 onwards. 	(0.088)	(0.088)	(0.088)	(0.088)
<p>PL30-Community Safety and Equalities We are continuing our strategy to deliver the saving by reducing external commissioning, operational costs and staff savings in mainstream Equalities and the Safer Places Teams. This will include vacancy management.</p>	(0.322)	(0.322)	(0.322)	(0.322)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
PL36-Highways Customer Support Unit We are reducing the overheads from the Security Service supporting the Highways and Resilience Service	(0.021)	(0.042)	(0.042)	(0.042)
PL37-Voluntary Sector Advice This fall out of one-off savings will contribute towards the provision of service as per the new future operating model	0.020	0.020	0.020	0.020
PL38-Use of Reserves Fall out of the use of Reserves on a one-off basis in 2015/16	2.000	2.000	2.000	2.000
PL39-Staffing Reductions across the Directorate The fall out of one-off savings in 2015/16	0.150	0.150	0.150	0.150
PL40c-Community Development These savings will be delivered through the cessation of the provision of existing community play services and attempts will be made to secure delivery of alternative arrangements in the private and voluntary sector	(0.248)	(0.248)	(0.248)	(0.248)
PL40e-Neighbourhood Advice These savings will be delivered through the development of a new operating model that focuses on 4 homelessness hubs to ensure that our statutory obligations are delivered	(0.216)	(0.216)	(0.216)	(0.216)
PL40f-Youth Services These savings will be delivered through a combination of rationalisation of buildings and staffing restructure as part of a new operating model	(0.600)	(0.600)	(0.600)	(0.600)
PL40ga-Car Parks These savings will be delivered through a combination of a review of fees and charges at existing car parks and a review of the existing car parks, retaining those that are viable and selling those that are deemed to be non viable.	(0.019)	(0.039)	(0.039)	(0.039)
PL40gb-Your City Your Birmingham These savings will be delivered through the cessation of the provision of existing Your City Your Birmingham services	(0.002)	(0.003)	(0.003)	(0.003)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
PL40gc-CityWide These savings will be delivered from a review of existing staffing structures within the Senior Management and Business Support functions of the former District Services	(0.014)	(0.028)	(0.028)	(0.028)
PL40gd-Community Arts These savings will be delivered through the cessation of the provision of existing community arts service	0.000	(0.001)	(0.001)	(0.001)
PL40ge-Business Support These savings will be delivered from a review of existing staffing structures and non-employee budgets within the Senior Management and Business Support functions of the former District Services	(0.172)	(0.172)	(0.172)	(0.172)
PL40gf-District Support The reduction in savings from 2015-16 will be used to mitigate the savings delivered by Citywide Services (Senior Management) and Business Support functions of the former District Services	0.012	0.025	0.025	0.025
PL40gg-Engineers The savings will be delivered by generating additional income	(0.016)	(0.032)	(0.032)	(0.032)
PL40gh-Ward Support These savings will be delivered from a review of existing staffing structures	(0.019)	(0.038)	(0.038)	(0.038)
Subtotal Existing Plans	(4.277)	(6.751)	(9.222)	(9.222)
New Plans				

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
<p>CC27 Open for Learning, which includes a major programme to redesign and rationalise local assets to deliver a service focused not asset focused approach</p> <p>We propose to bring together our services and those services delivered by our partners to reduce the amount we spend on buildings. This will mean we will probably dispose of some of our council-owned buildings so we can minimise the impact on front-line delivery. We will also explore how far we can reduce the amount of space it takes to deliver the services by working in partnership and by using technology differently. This approach means that libraries, adult education and early years services in the future will need fewer separate buildings.</p>	(0.300)	(2.688)	(5.688)	(10.688)
<p>CC30 Affordable Homes element of New Homes Bonus Grant</p> <p>A reduction in the support that is provided for the development of new affordable and social housing schemes (the empty property team will be protected and will be unaffected).</p>	(0.500)	(0.500)	(0.500)	(0.500)
<p>EGJ6 Creating a more balanced financial strategy for arts and culture shaped and funded by a wider range of partners and stakeholders</p> <p>We propose to reduce the funding from the council to arts and culture from 2017/18.</p>	0.000	(0.250)	(0.500)	(0.500)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
<p>EGJ7 Create a commercial model for business support</p> <p>We do not have a legal duty to offer advice to businesses, but it has traditionally formed part of our role and has been offered free of charge. We propose the creation of a small unit to offer paid-for advice and support to businesses and other local authorities, across the range of services delivered by Trading Standards, Licensing and Environmental Health. Support could include training courses or one to one advice.</p>	(0.028)	(0.060)	(0.080)	(0.100)
<p>EGJ8 Create a West Midlands-wide trading standards service</p> <p>Our proposal is to approach the six other district councils in the West Midlands with a view to creating a West Midlands-wide trading standards service, with effect from 1st April 2018. A saving has been identified in terms of management overheads.</p>	0.000	0.000	(0.050)	(0.050)
<p>EGJ9 Broadening the income base for Marketing Birmingham</p> <p>It is proposed to reduce the cost to the City Council of the contract with Marketing Birmingham through broadening the income base to include contributions from other organisations.</p>	0.000	(0.250)	(0.500)	(0.500)
<p>MIA13 To integrate Independent Living Services with Enablement Services to enable the co-ordination and provision of major adaptations with other care and support assessments</p> <p>To move the Independent Living Service (currently in Place Directorate) into Enablement Services (People Directorate). This will improve the coordination of assessment and provision of major adaptations (to residents' homes) and provide alternative care and support services.</p>	(0.020)	(0.020)	(0.020)	(0.020)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
<p>MIA6 Homelessness: licensing and enforcement in the private rented sector We propose to make more information and advice available online for tenants and landlords. Access to direct phone support will therefore be restricted to high priority cases in an attempt to reduce the demand for telephone and face to face support. This will help us to refer tenants seeking help to appropriate agencies or to use online material to request landlords to carry out repairs, and enable us to focus on high priority cases.</p>	(0.031)	(0.031)	(0.031)	(0.031)
<p>PL31 Emergency Planning and CCTV We are proposing to reduce the number of staff that monitor CCTV.</p>	(0.379)	(0.379)	(0.379)	(0.379)
<p>SN11 Reduce Reuse Recycle - Garden waste - opportunity to improve productivity and increase revenue We propose to improve the efficiency of the service by improving green waste collection rounds and increasing the number of households that purchase the service. There are no proposals to increase the price of the service in 2016/17, however a price increase of £5 to £40 is proposed for 2017/18.</p>	(0.160)	(0.470)	(0.470)	(0.470)
<p>SN12 Young Active Travel We will maintain the current level of the school crossing patrol service, but will evaluate a range of options, including setting up a Trust, to reduce the costs to the Council. We will seek opportunities for identifying external sources of funding. Councillors, schools, parents and communities will work together to develop their active School Travel Plans, including the development of other safety measures and travel plans.</p>	(0.500)	(0.881)	(0.881)	(0.881)
<p>SN13 Reduce number of play areas We are proposing to amend the play policy by increasing the distance to provide a play area to within 800 metres of every dwelling.</p>	0.020	(0.040)	(0.040)	(0.040)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
<p>SN14 Disposal of local Council Car Parks or cover their costs through charges</p> <p>We propose 3 changes: (1) An increase in the current tariff of charges for existing local Pay & Display car parks (2) The introduction of Pay & Display charges at currently free car parks(3) A small number of local car park disposals may be considered where the parking demand is low</p>	(0.050)	(0.050)	(0.050)	(0.050)
<p>SN15 Reduce Reuse Recycle - Align Clinical Waste collections with NHS policy</p> <p>We propose that either the NHS takes responsibility for collection of hazardous clinical waste, or that it pays us to collect it. Both proposals will be discussed with the NHS.</p>	0.000	(0.140)	(0.140)	(0.140)
<p>SN16 Reduce Reuse Recycle - Discourage traders from illegal use of the council's household recycling centres (HRCs)</p> <p>To reduce the amount of illegal trade waste at household recycling centres and the costs of this, we propose to provide separate commercial waste facilities for businesses to pay to bring in trade waste. These will be provided at existing HRC sites. Enforcement of these arrangements will be carried out by the Council's contractor.</p>	(0.094)	(0.094)	(0.094)	(0.094)
<p>SN17 Reduce Reuse Recycle - Reduce imported waste costs</p> <p>We are proposing to charge non-Birmingham residents for using the Council's household recycling facilities and introduce better identification processes, such as Automatic Number Plate Recognition, to identify non-Birmingham residents and prevent them from using the City Council's household recycling centres without paying. These will reduce costs by reducing the amount of waste that Birmingham City Council has to process and dispose of.</p>	(0.391)	(0.391)	(0.391)	(0.391)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
<p>SN18 Reduce Reuse Recycle - Passing initial cost of bins, waste collection and recycling onto the developers of new estates/house builders</p> <p>We are proposing to change Local Planning Policy to require that where a new estate / road is being built, the Developer has to provide individual or possibly street-based communal facilities for the storage of waste and recycling.</p>	(0.180)	(0.180)	(0.180)	(0.180)
<p>SN19 Transfer Queslett landfill site to alternative ownership</p> <p>We are proposing to transfer Queslett landfill site to alternative ownership. This would reduce the responsibility of the Council to staff and maintain the site.</p>	(0.269)	(0.269)	(0.269)	(0.269)
<p>SN20 Redesign street cleansing and a combination of enforcement, education and community marketing to encourage residents and businesses to keep streets/footpaths tidy</p> <p>Currently, the city's streets are cleaned the day after refuse and recycling collections. We are proposing to revise the street cleaning plans according to when it is required.</p>	(1.500)	(1.500)	(1.500)	(1.500)
<p>SN21 Removal of Universal Superloos</p> <p>We are proposing to stop providing 'universal superloos' from 2016/17.</p>	0.000	(0.276)	(0.276)	(0.276)
<p>SN24 Provide above ground mausoleums and vaults in cemeteries that are closed for new burials</p> <p>We propose 4 changes to the service:</p> <ol style="list-style-type: none"> 1. The installation of above ground Mausoleums 2. Installation of Vaults 3. Digitisation of records 4. Booking system made available online 	0.064	0.041	(0.168)	(0.168)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
<p>SN26 Discontinue Non Framework Contract at Health and Wellbeing Centres The council intends to withdraw from or no longer fund the following sites in April 2016:</p> <ul style="list-style-type: none"> • Colmers Community Leisure Centre • Bartley Green Community Leisure Centre • Great Barr Community Leisure Centre • Hamstead Pavilion. <p>In addition, we propose that:</p> <ul style="list-style-type: none"> • When the new Sparkhill Pool opens in 17/18, Moseley Pool and Court Road Fitness Centre will close, • When the new Northfield Pool opens in 18/19, Tiverton Road Pool will close, and • When Icknield Port Loop Pool opens in 19/20, Aston Newtown Pool will close. 	(1.410)	(1.750)	(2.310)	(2.500)
<p>SN28 Reduction in costs (Parks) We are proposing to restructure the management of the Parks Service and the associated trading activities, and continue to manage and maintain the Council's green estate.</p>	(0.300)	(0.300)	(0.300)	(0.300)
<p>SN31 Offer the Trekking Centre to the market as a franchise opportunity We are proposing to offer the Trekking Centre to the market as a franchise opportunity.</p>	(0.018)	(0.036)	(0.036)	(0.036)
<p>SN32 Income Generation from Cofton Nursery The Cofton Nursery re-development is scheduled to start early in 2016/17 and the site will be closed for operations during a significant part of the year. During this time savings will be achieved through reduced costs and redirecting resources into other activities. When the re-developed nursery becomes operational savings will be achieved through additional income and a more efficient operation.</p>	(0.306)	(0.306)	(0.306)	(0.306)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
<p>SN38 Cease all investigations into dog cruelty matters</p> <p>The proposal is that the Council will no longer investigate or accept complaints relating to the ill treatment of dogs from the 1st April 2016. It is not our legal duty to provide this service. In most other areas of the country, this is done by dog charities, in particular the RSPCA. We will refer people who have a complaint to animal welfare charities.</p>	(0.024)	(0.024)	(0.024)	(0.024)
<p>SN4 Extend parking charges at parks</p> <p>We propose extending the current car parking scheme at Sutton Park; charging all year round instead of only during the summer months,</p> <p>We also plan to introduce charges at other sites including Cannon Hill Park, Lickey Hills Country Park, Rectory Park, Victoria Common, Perry Park, and Edgbaston Reservoir.</p> <p>This will generate income for the council. The parking schemes will be managed by an external contractor.</p>	(0.020)	(0.020)	(0.020)	(0.020)
<p>SN40 Evaluate options for extending the range of the Council's rented property offer</p> <p>The proposal is to extend the current role of the internal housing company, to build or acquire further new homes. It will look at the different options for how the Council increases its range of rented properties.</p>	(0.300)	(1.600)	(2.900)	(3.000)
<p>SN42 Increase income generation from golf contract</p> <p>Increased income will be generated from the golf contract.</p>	(0.136)	(0.250)	(0.250)	(0.250)
<p>SN43 Community leisure centres</p> <p>We propose to renegotiate the contract to generate savings.</p>	(0.238)	(0.208)	(0.338)	(0.693)
<p>SN44 Reduction in costs (Sport)</p> <p>We have identified additional savings following outsourcing.</p>	(0.320)	(0.320)	(0.320)	(0.320)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
<p>SN45 Disposal of unwanted/under utilised parks land (8 acres per year) It is proposed that the Parks Service disposes of unwanted or underused land. It is proposed that 8 acres per annum, for the next four years, will be transferred to our Housing service for them to build more new homes.</p>	(0.200)	(0.400)	(0.600)	(0.800)
<p>SN50 Community Safety It is proposed to secure funding from the community safety fund to partially fund the public realm CCTV and the safer places team that works locally with partners to deliver the community safety programme.</p>	(0.800)	(0.800)	(0.800)	(0.800)
<p>SN51 Vehicle Fleet and Depots Improvement A rationalisation of the operational facilities and optimising the use of our vehicle fleet (minimising the downtime of vehicles and optimising the routes to reduce fuel and repair costs).</p>	(0.500)	(1.000)	(1.500)	(1.500)
<p>SN6 Reduce Reuse Recycle - Reconfiguration of waste collection services including review management arrangements for waste collection service once current waste disposal contract expires in 2019 We will review our options ready for contract end in 2019, including considering potential market testing as part of the new contract after 2019 for the Street Cleaning and Waste/Refuse Collection services. We will also make some savings related to the mortgage on the incinerator. We will also reduce the amount of waste being disposed of.</p>	(0.500)	(0.800)	(3.025)	(17.600)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
SN7 Reduce Reuse Recycle - Reduce failures/failed waste collections We are proposing two changes to ensure that we collect the bins that are put out and that our waste and recycling collections are planned in the most efficient way: 1. The introduction of new technology will allow us to better track and monitor how our bins are collected and to ensure that the routes around the city that our crews take are being planned and monitored efficiently. This will enable us to maximise the productivity of crews and vehicles with appropriate round sizing taking into account terrain, property type, presentation points and assisted collections. 2. The use of technology and data systems to verify that collections have been correctly completed and that any claims of missed collections are justified.	(3.082)	(3.164)	(3.164)	(3.164)
Subtotal New Plans	(12.472)	(19.406)	(28.100)	(48.540)
Total Place Plans	(16.749)	(26.157)	(37.322)	(57.762)
CORPORATE				
New Plans				
CC4 Stop colour printing Stop colour printing	(0.250)	(0.250)	(0.250)	(0.250)
CC19 Revenue Services Transformation Programme to reduce Revenues Contract price further with Service Birmingham The Council is working with Service Birmingham to identify ways to reduce the contract price relating to the collection cost of BIDs income from 2016/17 until the end of the contract in 2021.	(0.146)	(0.110)	(0.050)	(0.030)

Description	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m
<p>WOC1 Workforce proposals requiring changes to terms and conditions</p> <p>We will review the terms & conditions of our employees to reduce the costs of employment whilst ensuring that there remains a core offer that is fair, legally compliant and aligned to our Living Wage City commitment. We propose to consult with staff and Trades Unions around a package of changes that could include: a new deal on holidays, more flexible working, increasing the number of hours in the working week, reducing sick pay and other changes that may impact pay.</p>	0.000	(15.000)	(18.000)	(18.000)
<p>WOC2 Improving efficiencies</p> <p>We want to make sure that all services have clear plans regarding how they spend money on workforce costs. This is so the Council can better manage spending on the use of resources such as: agency workers, consultants and casual workers. We also want to create more opportunities for local people through the expansion of our apprenticeship and intern schemes. Whilst we need to reduce our costs of employment we also need to ensure that we remain competitive and comparable with modern working practices and that we can continue to recruit and retain the best employees, so that we can provide excellent services to our citizens. We will do this by enabling more employees to be able to work agilely, and support them to develop their skills, experience and careers.</p>	(10.560)	(13.994)	(15.881)	(16.281)
Subtotal New Plans	(10.956)	(29.354)	(34.181)	(34.561)
Total Corporate Plans	(10.956)	(29.354)	(34.181)	(34.561)
Total Savings	(88.210)	(163.336)	(210.652)	(251.244)

APPENDIX 7: REVENUE BUDGET

Revenue Budget for City Council Services - Gross Expenditure

	Adjusted 2015/16 Budget £m	2016/17 Budget £m
Directorate		
Corporate Resources	666.221	660.222
Economy	154.289	147.145
People	1,623.841	1,587.138
Place (excluding Housing Revenue Account)	230.521	205.527
Total Directorate Expenditure	2,674.872	2,600.032
Corporately Managed Budgets	137.689	139.520
Contingencies	39.657	54.469
Total Expenditure on Services	2,852.218	2,794.021
Corporate Contribution to Reserves	8.465	8.681
Corporate Repayment of Borrowing from Reserves	11.078	2.535
Contribution to General Balances	1.500	1.500
Total General Fund Expenditure	2,873.261	2,806.737
Housing Revenue Account	289.957	287.035
Total Gross Expenditure	3,163.218	3,093.772

Revenue Budget for City Council Services - Gross Income

	Adjusted 2015/16 Budget £m	2016/17 Budget £m
Directorate		
Corporate Resources	(619.109)	(626.953)
Economy	(87.324)	(87.911)
People	(1,127.386)	(1,116.483)
Place (excluding Housing Revenue Account)	(85.145)	(74.101)
Total Directorate Income	(1,918.964)	(1,905.448)
Corporately Managed Budgets	(3.850)	(16.666)
Corporate Grants	(31.986)	(31.575)
Total Income from Services	(1,954.800)	(1,953.689)
Corporate Use of Reserves	(42.263)	(13.540)
Corporate Borrowing from Reserves	(1.657)	(4.227)
Total General Fund Income	(1,998.720)	(1,971.456)
Housing Revenue Account	(289.957)	(287.035)
Total Gross Income	(2,288.677)	(2,258.491)

Revenue Budget for City Council Services - Net Expenditure

	Adjusted 2015/16 Budget £m	2016/17 Budget £m
Directorate		
Corporate Resources	47.112	33.269
Economy	66.965	59.234
People	496.455	470.655
Place (excluding Housing Revenue Account)	145.376	131.426
Total Directorate Net Expenditure	755.908	694.584
Corporately Managed Budgets	133.839	122.854
Contingencies	39.657	54.469
Corporate Grants	(31.986)	(31.575)
Total Net Expenditure on Services	897.418	840.332
Corporate Use of Reserves	(33.798)	(4.859)
Corporate Net Borrowing from Reserves	9.421	(1.692)
Contribution to General Balances	1.500	1.500
Total General Fund Budget	874.541	835.281
Housing Revenue Account	0	0
City Council Budget	874.541	835.281

Revenue budget for City Council Services - Subjective Analysis

	Adjusted 2015/16 Budget £m	2016/17 Budget £m
Employees	1,039.621	1,007.910
Premises	195.408	197.550
Transport	32.383	27.787
Supplies & Services	592.279	566.348
Grants to Voluntary Organisations	43.016	31.655
Third Party Payments	501.503	498.725
Transfer Payments	555.207	552.651
Capital Financing	288.683	279.350
Recharge Expenditure	234.089	264.349
Appropriations to Reserves	23.030	22.818
Recharge Income	(342.001)	(355.371)
Gross Expenditure after Recharges	3,163.218	3,093.772
Grants	(1,632.499)	(1,639.343)
Fees and Charges	(198.068)	(210.578)
Rents	(330.907)	(333.861)
Other Income	(41.426)	(31.655)
Appropriations from Reserves	(85.777)	(43.054)
Gross Income after Recharges	(2,288.677)	(2,258.491)
Net Expenditure	874.541	835.281

APPENDIX 8: HOUSING REVENUE ACCOUNT

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 1 to 10	Year 30	Year 1 to 30
	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	Total		2044/45	Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m		£m	£m
HOUSING REVENUE ACCOUNT														
Income														
Rental Income	(266.709)	(263.680)	(260.080)	(255.936)	(262.190)	(268.661)	(275.275)	(282.096)	(288.988)	(296.101)	(2,719.716)		(478.113)	(10,416.402)
Voids	3.611	3.589	3.560	3.525	3.607	3.691	3.777	3.866	3.956	4.048	37.230		6.308	140.899
Net Rental Income	(263.098)	(260.091)	(256.520)	(252.411)	(258.583)	(264.970)	(271.498)	(278.230)	(285.032)	(292.053)	(2,682.486)		(471.805)	(10,275.503)
Service Charges / Other Income	(23.937)	(24.438)	(24.731)	(25.148)	(25.584)	(26.035)	(26.316)	(26.577)	(26.821)	(27.123)	(256.710)		(31.600)	(848.770)
Total Revenue Income	(287.035)	(284.529)	(281.251)	(277.559)	(284.167)	(291.005)	(297.814)	(304.807)	(311.853)	(319.176)	(2,939.196)		(503.405)	(11,124.273)
Expenditure														
Repairs	65.571	62.967	62.805	63.469	66.239	67.492	68.768	70.067	71.392	72.741	671.511		105.713	2,452.211
Management	60.405	60.197	59.631	58.922	59.284	59.853	61.205	62.587	63.976	65.351	611.411		99.525	2,254.528
Bad Debt Provision	4.169	3.666	3.657	3.650	4.053	4.077	4.098	4.122	4.140	4.165	39.797		4.727	128.603
Equal Pay	8.300	3.900	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	12.200		0.000	12.200
Estate Costs	18.752	19.147	15.476	15.738	16.107	16.452	16.813	17.182	17.549	17.906	171.122		26.753	616.328
Capital Financing - Loan Redemption	1.166	17.381	16.466	10.270	27.916	41.182	45.918	49.752	54.910	60.073	325.034		5.610	720.007
Capital Financing - Interest and Other Costs	53.529	53.629	53.706	52.894	52.348	50.896	48.722	46.696	44.372	42.176	498.968		21.728	1,013.644
Contribution to Capital	75.143	63.642	69.510	72.616	58.220	51.053	52.290	54.401	55.514	56.764	609.153		239.349	3,926.752
Total Revenue Expenditure	287.035	284.529	281.251	277.559	284.167	291.005	297.814	304.807	311.853	319.176	2,939.196		503.405	11,124.273
Net (Surplus) / Deficit	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000		0.000	0.000
CAPITAL INVESTMENT														
Total Investment	133.463	115.308	98.534	94.298	72.802	61.114	61.978	64.339	65.708	67.221	834.765		258.513	4,443.573
Financing														
Contribution from Revenue	(75.143)	(63.642)	(69.510)	(72.616)	(58.220)	(51.053)	(52.290)	(54.401)	(55.514)	(56.764)	(609.153)		(239.349)	(3,926.754)
Other Resources	(58.320)	(51.666)	(29.024)	(21.682)	(14.582)	(10.061)	(9.688)	(9.938)	(10.194)	(10.457)	(225.612)		(19.164)	(516.819)
Total Expenditure	(133.463)	(115.308)	(98.534)	(94.298)	(72.802)	(61.114)	(61.978)	(64.339)	(65.708)	(67.221)	(834.765)		(258.513)	(4,443.573)
Net (Surplus) / Deficit	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000		0.000	0.000
Borrowing Cap	1,150.420	1,150.420	1,150.420	1,150.420	1,150.420	1,150.420	1,150.420	1,150.420	1,150.420	1,150.420			1,150.420	
Note: Efficiencies included above	(7.285)	(8.433)	(10.214)	(10.953)	(9.614)	(9.820)	(10.031)	(10.247)	(10.469)	(10.697)	(97.763)		(16.692)	(369.651)

APPENDIX 9: MAJOR SERVICE ASSET AND CAPITAL STRATEGIES

1. People

Adults and Communities

- 1.1 The Directorate's Capital Strategy supports delivery of care to the most vulnerable adults in the city and the Council's Vision for a happy, healthy population. In particular it will support citizens to have access to fully integrated health and social care services that help maintain independence and provide care to those who need it.
- 1.2 The Council must work with its partners and citizens to make sure the changes being proposed in this strategy and the wider Business Plan are the right ones and the transition to new ways of working is carried out properly. More integrated services and support should be designed around the City's people to help Birmingham citizens and their families look after themselves - not have to rely on formal care.
- 1.3 The Government's Better Care Fund (BCF) which started on 1 April 2015 is delivering a plan developed with health partners for closer joint working around the care of Older People. Capital resources are included in the overall BCF funding and the Council and partners will continue to identify investment opportunities through the joint governance arrangements.
- 1.4 The Council will also work with partners, providers, and citizens to invest in opportunities to provide alternatives to residential care such as Shared Lives, supported living, and use of assistive technology.
- 1.5 The Council continues to review directly provided services to ensure that they are the most appropriate way of meeting citizens' needs and are as effective as possible. Current schemes to review Learning Disability Day Centres and invest in ensuring that facilities comply with care and health and safety regulations will continue.
- 1.6 The Council will make a major investment of £2.7m in its main Social Care ICT system (currently known as Carefirst). This re-commissioning and replacement will improve and simplify workflow processes, remove duplication, integrate a number of standalone systems and provide additional facilities. The Care Act 2014 introduced fundamental changes to the working of Adult Social Care and the new system will support the Council's continuing implementation of these changes and improve joint working with citizens and partners. This will be supported by other ICT schemes and where possible, all developments and changes to the ICT systems will be funded through capital resources.

- 1.7 The Directorate is also responsible for Homelessness services. A scheme for the refurbishment, modernisation and upgrade of three homeless centres is well progressed and will be completed in 2016/17. This will benefit households in crisis to be accommodated with support in appropriate accommodation that meets all statutory requirements and health and safety legislation. It also reduces the dependence of the Council on bed and breakfast accommodation at which no support is provided.
- 1.8 In addition to these specific proposals, the Directorate will also identify opportunities to deliver improved services through the application for and use of specific funding, usually provided through Government Departments or Agencies.

Children, Young People and Families

The CYPF Asset and Capital plan aims to address the following key priorities:

Basic Need Capital programme

- 1.9 Birmingham is a growing City and the population is getting younger. The City Council has a statutory duty to ensure there are sufficient school places for all Birmingham children and young people. In order to meet this duty, it is essential that the City Council has a robust understanding of the supply of and demand for school places through school place planning, accompanied by a Basic Need Strategy that ensures sufficient school places are provided to meet local need. At its very essence, the Basic Need programme is part of the wider school improvement strategy to deliver our ambition for every Birmingham child to benefit from a great education offer.

Birmingham City Council's proposed investment of £83m for the Basic Need programme covers all school places across mainstream and special schools from the statutory school ages of 4 – 16 and has 4 key strands:

1. Make optimum use of existing space, buildings and sites to provide sufficient, suitable, high quality additional places where needed;
2. Work with Maintained Schools, Free Schools and Academies to meet Basic Need through co-ordinated expansion plans;
3. Allocate annual Basic Need Capital investment effectively and efficiently to areas where basic need requirements can only be met through either re-modelling, refurbishment or new-build projects, ensuring that the needs of our most vulnerable young people are prioritised and capital projects make best use of existing resources;
4. Identify alternative funding sources and models to deliver requirements including Section 106, school contributions, bidding opportunities, Local Co-ordinated Voluntary Aided Programme (LCVAP), Community Infrastructure Levy and future Basic Need allocations.

Education Sufficiency Requirements continue to be published annually setting out the number and location of new places we expect to require and the changes made in the supply of school places. An annual schools capital programme will bring forward proposals for school expansions requiring capital investment. The majority of funding for the programme is from Department for Education (DFE) Basic Need grant, with additional funding streams from school balances, Section 106 contributions and earmarked capital receipts.

Co-ordination of place planning and the schools expansion programme has specific complexities in a landscape where more schools have autonomy to increase the number of places they offer and where central government is delivering the Free Schools and Academies programmes. This means that at times the Council will expand schools temporarily to take additional children at relatively short notice. In the event of local oversupply of places we may also need to halt/limit planned expansions as well as decommission existing school places. In the event of the need to de-commission school places, a policy and process will be developed for consultation to be reviewed annually.

1.10 Capital Maintenance

As owner of the majority of Birmingham schools, the City Council works closely with schools to ensure that Governing Bodies fulfil their obligations in relation to statutory compliance and planned preventative maintenance to improve the condition of school buildings.

Birmingham City Council's proposed investment in schools capital maintenance is £32.2m and the key priorities for the programme are:

- Responding swiftly to emergency repairs and maintenance issues identified in the Asset Surveys.
- Delivery of planned maintenance to address major backlog maintenance issues to reduce emergency repairs and prevent asset failure that will lead to school closure.
- Levering investment from school into condition need through dual funding of priority maintenance projects.
- Working in partnership with schools to fund essential repairs and ensure there is minimal incidence of school closure due to asset failure.
- Levering maximum increased investment into the estate to address condition need and suitability in particular through a) bidding opportunities as they arise b) development opportunities that will lever investment into the education estate. Examples include a bid to the DfE as part of the Priority Schools Building Programme 2 to rebuild 6 schools in the worst condition.

1.11 Education Portfolio Management

Key priorities for the management of the education portfolio are:

1. Reduction in revenue maintenance costs associated with surplus and non-schools assets, in particular unattached school playing fields.
2. Implementing solutions to manage the revenue affordability gap on the maintenance contracts for the PFI and Building Schools for the Future (BSF) schools estate while delivering effective operational contracts management to drive efficiencies.
3. Maximising opportunities for revenue savings from energy efficiency measures.
4. Regularising all lease arrangements on schools and non-schools assets.
5. Advice and guidance to schools on effective asset management (traded service).

1.12 Children's Social Care

Children's Social Care has recently received approval for a third party to operate five mainstream Children's Homes for 2016. However the Council wishes to maintain management of its five Disabled Children's Homes and these may require investment in forthcoming years. The division is currently reviewing its arrangements for public access to case conferences and contact sessions and these may necessitate building solutions needing capital funding. Finally the Youth Offending Service is reviewing its property arrangements and further moves / consolidation of the estate may need capital investment.

1.13 Children, Young People & Families ICT

The Council has worked with the Children's Commissioner, to produce a Children's Social Care Improvement Plan 2014-17 (published 7 July 2014), in order to take forward the key and fundamental changes that are urgently required to improve safeguarding and protection of children.

Part of the improvement plan includes having fit for purpose IT systems to support social work practice. To this end an assessment has been made of the key IT improvements that are required to stabilise and enable the existing services. The cost of implementation will be funded from earmarked capital receipts. This has since been supplemented by an overall strategic review of the whole service including Education which has generated an additional resource requirement. However, funding of any additional priorities will depend on exploiting other funding streams such as Think Family grant.

2. Economy

Strategic Context

- 2.1 The strategy for the Directorate underpins key corporate outcomes, highlighting the investment required to support the delivery of the City Council's significant economic agenda. Objectives include:
- Delivering sustainable growth to meet the needs of the population through transformational change in the city centre and key areas of growth, and developing the city as a series of neighbourhoods that are safe, diverse and inclusive with locally distinctive character.
 - Creating the conditions for a strong and prosperous economy built around a diverse base of economic activities with benefits felt by all.
 - Increasing the city's economic output and productivity through the expansion of key growth sectors, greater enterprise and innovation in high value added activity.
 - Providing high quality infrastructure to support improved local and regional connectivity and accessibility, enhance global competitiveness and underpin future economic and population growth.
 - Increasing employment and reducing poverty across all communities to support people from welfare to work.
 - Creating a vibrant low carbon, low waste economy through the best use of environmental technologies, and ensure that Birmingham is prepared for the impact of climate change.
 - Ensure that the City Council is able to deliver and support all of its objectives through the most efficient use of technology.
- 2.2 The Directorate works with other parts of the City Council along with public and private sector partners to develop an integrated approach to investment to deliver the required growth. This includes working at a local level with the District structures and regionally with other West Midlands authorities and the GBSLEP.
- 2.3 In the coming year the Council expects to work closely with its partners in the proposed WMCA to start delivering the Devolution Deal agreed with the Government. This is estimated to bring additional capital investment in excess of £8 billion over ten years across the West Midlands and associated LEP areas. This will require new ways of delivering capital investment involving a variety of delivery mechanisms appropriate to each investment programme.

Planning & Regeneration

2.4 The Enterprise Zone (EZ) has a 10 year Investment Plan totalling £275m capital and revenue that was approved in 2014. Under government rules on Enterprise Zones, any uplift in the business rates collected within the EZ boundaries is ringfenced for a period of 25 years for the use and direction of the Local Enterprise Partnership. Within Birmingham this is the GBSLEP. The Investment Plan sets out how this uplift will be used to deliver the first phase of investment in infrastructure to unlock development and growth in the City Centre Enterprise Zone (EZ). A series of projects commenced in previous years, continue to be progressed within the Economy Directorate with the EZ funding including:

- The ongoing re-development of Paradise Circus - £87.9m (remaining budget of £44.4m).
- Operation of a site development and access fund - £14.0m (remaining budget of £9m).
- £35.5m of budget for the Southern Gateway site.
- £30m for the development of the HS2 Curzon Street site.
- £20m for the LEP Investment Fund and
- £20.0m for the HS2 Interchange site.

2.5 In addition to the City Centre Enterprise Zone, the Economic Zones marry the city's target growth sectors with strategic development opportunities supported by a bespoke offer to encourage private sector investment. The capital programme includes funding for the following projects:

- Advanced Manufacturing Hub at the Aston Regional Investment Site – for 2016/17 £4.2m expenditure which utilises a mix of public sector funding sources is forecast. This will support acquisitions, demolitions and site remediation to bring forward further developable plots for the automobile and advanced manufacturing sector.
- National College for HS2 – Plans for the National College for High Speed Rail were unveiled by HM Government in January 2014. Split across two sites, one in Birmingham and the other in Doncaster, it is an integral component of the emerging regional HS2 Growth Strategy and will provide a strong foundation to support the acquisition of skills in rail technology and management. Due to open by September 2017, the college to be built in Birmingham at a cost of £26.0m (£23.6m profiled over 2016/17 and 17/18) is funded by government grant and Local Growth Fund. It will add value to and strengthen the existing local skills infrastructure addressing the demands of the existing rail industry and directly contribute to future needs of HS2 and other advanced engineering sectors.

- Longbridge Regeneration – the Longbridge Regeneration budget reflects the planning and regeneration elements of the Longbridge Connectivity project approved by Cabinet on 8th December 2015; which includes a £1.92m Park and Ride scheme being delivered by Centro and funded by Local Growth Fund grant and £1.45m for Longbridge Station Improvements being delivered by network Rail funded by S106 monies.
- 2.6 Following approval by full Council in September 2015 of the Community Infrastructure Levy (CIL) Charging Schedule, charging was introduced for applicable planning applications from January 4th 2016. The CIL is a funding stream generated by certain types of development once they commence on site, and ensures those CIL - liable developments contribute to the infrastructure needed to support that development (e.g. highways improvements, improvements to education capacity, enhancements to parks and open spaces). At the current time, it is anticipated that the process to distribute CIL funds will be operated at a City Council wide level, and those potential projects must demonstrate how that project will support the growth aspirations for Birmingham, as outlined in the Birmingham Development Plan. Funding decisions will be subject to Cabinet approval. In the short term, it is anticipated that the CIL receipts will be low but will increase over time.
- 2.7 The service continues to work in partnership with other public bodies and the private sector to deliver on investment priorities as well as seek external resources. The GBSLEP City Deal as detailed in the Cabinet Report of October 2013 has ringfenced the receipts from disposal of the former Advantage West Midlands assets held by the Homes and Communities Agency for investment to unlock a number of complex City Council owned assets that will generate new housing and employment. To date capital expenditure has been approved for the Meadway and the Advanced Manufacturing Hub.
- 2.8 As mentioned in 2.3 above the Council also expects to work closely with its partners in the proposed WMCA to start delivering the Devolution Deal agreed with the Government. This is estimated to bring additional capital investment in excess of £8 billion over ten years across the West Midlands and associated LEP areas.
- 2.9 GBSLEP Local Growth Fund was recently approved for delivery of a £9m LEP wide programme for grant, loan and equity to unlock housing sites. There are early discussion with the GBSLEP on the potential for a similar programme for brownfield land given the shortage of sites for both business growth and the retention of businesses affected by the HS2 Safeguarding. Feasibility work is also being undertaken on the need for a JESSICA (EU non grant financial instrument) across the region's LEPs to support urban development.
- 2.10 The continued revitalisation and modernisation of the city's economy will be central to the growth agenda ensuring that jobs and prosperity are generated for

current and future residents. It is anticipated that a new three year capital Property Investment Programme will be operational early in 2016/17 consisting of £3m ERDF and £3m private sector investment. This new LEP wide £21m Business Growth Programme (consisting of £21m ERDF drawing in a further £21m private sector investment over 3 years) will provide predominantly support plus capital equipment. These grant programmes along with funds managed by Finance Birmingham provide a range of investments for SMEs to support growth.

Transportation

- 2.11 The City's transport network enables the movement of people, goods and materials around Birmingham and affects all those who live, work and visit the city. The aim, as recently set out in Birmingham Connected, the Council's transport strategy and complemented by the new West Midlands Strategic Transport Plan, is to support, influence and nurture the growth of the city through a holistic and co-ordinated view of transport, land use planning, regeneration and environmental issues. The city also aims to improve transport infrastructure and networks and tackle congestion, working with partners to improve road and transport safety, encourage the use of sustainable modes and increase the range of low carbon transport options available to all citizens and road users.
- 2.12 The strategy seeks continuing support towards the delivery of major capital projects including a High Speed (HS2) rail link between Birmingham and London with two significant stations in Birmingham and Solihull, a HS2 Connectivity Package (new metro and SPRINT routes linked to the West Midlands Devolution Deal and Combined Authority) and supporting major developments including the Enterprise Zone and Economic Growth Zones at Aston, Witton, Tyseley, Selly Oak and Longbridge. During 2016/17 the strategy will begin to encompass the Midlands Connect strategy (for which £5m development funding has been provided to the West Midlands ITA) and the West Midlands Strategic Transport Plan.
- 2.13 In addition to Local Transport Plan Integrated Transport Block resources (confirmed £5.16m allocation for 2016/17 and 2017/18) the City Council continues to explore opportunities to secure additional Government funding to support this strategy. The following significant projects and bids are illustrative to this approach:
- A further £22.1m of Cycle City Ambition Grant to support the delivery of the Birmingham Cycle Revolution up to 2017/18.
 - A likely bid to the Department for Transport's new 'Access Fund' in 2016/17 to continue sustainable transport measures, with £580m available nationally.
- 2.14 The strategy also reflects the provision of smaller improvements and enhancements to the highway and transport networks that promote economic

growth, carbon reduction and sustainability, road safety, local accessibility and social inclusion. Such improvements are mainly funded from Local Transport Plan Integrated Transport Block resources.

- 2.15 From 2015/16 funding for major transport schemes has been provided from the Local Growth Fund (LGF), with resources sought on a largely competitive basis through the submission of a Strategic Economic Plan (SEP) to Government in March 2014 by the GBSLEP. A further £94.5m of LGF has been provisionally secured to deliver improvements to the A457 Dudley Road and strengthening works to the A38 (M) Tame Valley Viaduct. This funding is subject to central Department for Transport approval and individual scheme Project Definition Documents will be prepared in 2016/17 and 2017/18.
- 2.16 Devolved local major transport scheme funding previously provided to the Greater Birmingham and Solihull Local Transport Board (LTB) also now form part of LGF resources controlled by the LEP. The projects below formed part of the LGF bid and funding award and are currently being progressed through the LEP and LTB governance process:
- One Station link between New St & Moor St Stations
 - Midland Metro Extension to Centenary Square (Complementary Highway Works);
 - Making the Connections (Urban Realm) and
 - Hagley Road SPRINT (bus rapid transit).
- 2.17 The successful completion of Birmingham New Street has transformed the experience for the millions of passengers who use the station every year and allow it to handle the ever increasing number of people who choose to travel by train. The parallel completion of Grand Central provides a unique shopping and travel experience and a gateway to the rest of the city centre.
- 2.18 Other resources available for transportation purposes include funding for low carbon uses and sustainable transport and is available from the European Structural Investment Fund, with resources managed at a LEP level. Other bespoke bids will be made on a case by case basis in accordance with the City Council's Gateway and Related Financial Approval Framework.
- 2.19 Birmingham Connected, the Council's transport strategy was launched in November 2014 and sets a 20 year + transport vision for the city. Birmingham Connected provides initial thoughts in terms of future funding and financing mechanisms that will be developed with partners and stakeholders during 2016/17 including opportunities available through the WMCA. In addition, funding models looking at S106 resources, Community Infrastructure Levy,

Capital Receipts and Prudential Borrowing will be reviewed.

Highways

- 2.20 A significant level of capital investment in the Highway Network has been completed as a part of the Highways Maintenance PFI contract with Amey. This provides for highway, street lighting and other street furniture investment at an overall cost of £2.7bn over the 25 year period of the contract to 2033/34.
- 2.21 The Directorate will support the strategic development of the transport infrastructure through the implementation of £8.1m of programmes of smaller improvements and enhancements at a local level to promote economic growth, carbon reduction and sustainability, road safety, local accessibility and social inclusion.

3. Corporate Resources

Information & Communications Technology

- 3.1 The City Council's ICT Strategy provides the plan for delivering the information technology and information services which are required to effectively support the work of the City Council. To achieve this, it needs to balance both current and future needs in the context of available resources. The strategy proposes the most effective way of maintaining current infrastructure and services while providing the maximum flexibility in responding to future City Council initiatives.
- 3.2 The basic principles underlying the ICT strategy are:
- The maintenance of highly reliable infrastructure and basic corporate systems for both current and future requirements.
 - The traditional model of dedicated infrastructure needs to change to accommodate the need to work collaboratively with a range of partners over shared infrastructure, including web-based and cloud services.
 - All key systems need to be built or developed to work with mobile technology in general and with consumer devices in particular.
- 3.3 Provision has been made for major infrastructure replacements and SAP upgrades from 2016/17 onwards totalling £47.2m and include:
- Windows Desktop and server operating system upgrades, including new licencing agreements £21.0m.
 - £5.5m has been provided for SAP system technical and software updates between 2016/17 and 2018/19 to remain current and aligned to the strategic direction of the council and the downsizing of support services. The upgrades

will enable more mobile technology and manager and employee self-service as well as improving system performance.

- P Series server replacements £4.6m.
- Storage Replacement £1.5m.
- Wide Area Network core switches and load balancers replacement £3.3m.
- Contact Centre Software platform £1.0m.
- Backup infrastructure replacement £1.2m.
- Data Centre improvements of £1.0m.
- Other minor schemes less than £1m each totalling £4.7m.

4. Place

Strategic Context

- 4.1 The Place capital strategy covers a diverse range of assets and services, each with their own characteristics and strategic drivers for investment. The different elements are each set within the context of a number of Strategic Plans, including the Waste Management Strategy, Sport Facilities Strategy, HRA Business Plan 2016+, Housing Plan, Private Sector Housing Strategy and Planning for Housing in Later Life, taking account of the limited resources available.
- 4.2 Whilst the overall strategy is focussed around the delivery of service outcomes for residents, some elements are delivered locally on a District or neighbourhood basis whereas other elements form part of a Citywide approach. The key service areas are considered below.

Fleet and Waste Management (FWM)

- 4.3 The key focus of the service's strategy is to minimise waste, meet challenging recycling targets and minimise landfill within the context of a drive towards more sustainable disposal methods with a modernised service delivery model.
- 4.4 The focus of asset planning for FWM is the investment which forms the major part of the Full Business Case for the wheelie bin service, approved by Cabinet in September 2013. The key assets are vehicles, wheeled bins and depot improvements to enable roll-out and ongoing provision of the new service. The capital strategy identifies the funding for this investment which best utilises Government and City Council resources.
- 4.5 The roll-out of the wheelie bin service was undertaken in 2014/15 and 2015/16. The next phase of capital expenditure will focus on depot refurbishment at a cost of £8.6m over the next two years.

Local service assets

- 4.6 The effective use of local service assets is essential to the delivery of efficient services across the City Council, which is currently co-ordinated through the LoCal Project Board, chaired by the Deputy Leader.
- 4.7 The City Council provides a number of community libraries, adult education, advice and youth centres which support the localisation agenda. This asset base continues to be under review along with other Service assets in order to maximise opportunities for providing core services through co-location and partnership with other agencies, whilst generating significant savings (in excess of £10m over the next 4 years) for the Open for Learning Project which includes the former District services. Assets will be rationalised and limited investment undertaken, directed to priority sites for retention.

Parks and Nature Conservation

- 4.8 The investment will continue to be focussed on essential improvements to ensure health and safety standards, including pools and reservoirs. The service will seek to maximise external funding and generate income where possible in order to reinvest in the service where appropriate.
- 4.9 Expenditure planned in 2016/17 amounts to £3.2m across a range of projects.

Sport and Leisure

- 4.10 The City Council provides a range of sporting and leisure facilities. This includes Alexander Stadium and the strategy focuses on improving the national profile of the city as well as providing accessible facilities to help residents maintain a healthy lifestyle.
- 4.11 The City Council embarked on a major programme to transform the Sport and Physical Activity service, approved by Cabinet on 16th December 2013. The strategic outcome includes a mixed economy for delivery, including asset transfer, new wet (pool) and dry facilities, management through external contractors and the establishment of a Wellbeing Service that includes retaining facilities in deprived areas as well as outreach provision in parks, open spaces and community settings.
- 4.12 The framework contract for the construction, management and operation of Sparkhill Pool is in place, with the project now under way. A further two framework contracts are in place to enable the construction, management and operation of four leisure centres and transfer of five existing facilities to a private operator. As part of the transformation programme approved by Cabinet, options

for future development, management and operation of Alexander Stadium will be considered.

Markets

- 4.13 Food Hub - Following approval of the original full business case for the relocation of the Wholesale Markets to new purpose-built accommodation at the Hub in Witton in January 2014, an enhanced budget of £45.8m was subsequently approved for the scheme. After purchasing the new site and commencing work in 2015/16, £29.7m of this sum is budgeted to be spent in 2016/17 and 2017/18 on completing the building, on statutory compensation to traders at the existing wholesale market and on some 'mitigation' works at the existing Open Market. Final construction and tenant fit out are all scheduled to be completed in time to enable the commencement of trading at the new market in February 2017.

Private Sector Housing

- 4.14 Interventions are limited due to funding constraints since the cessation of government funding for private sector decent homes delivery in 2011. The remaining areas of activity are focussed on Independent Living, Affordable Housing and the support to the provision of high quality Private Rented Sector Housing through the Council's wholly owned company, InReach Limited.
- 4.15 Independent Living needs will be met solely through Disabled Facilities Grants (forming a part of the Better Care Fund) which is anticipated to continue in the region of £4.4m per annum and will be made available to fund mandatory adaptations cases only. Whilst there continues to be substantial demand for assistance, programme delivery will be increasingly focussed on a statutory service including signposting to third sector and lower cost solutions, with adaptations prioritised for higher need cases.
- 4.16 Affordable Housing support will continue through the use of Commuted Sums and Land Receipts for specific interventions, and in particular bringing long term empty homes back into use through the Empty Property Strategy on a self-funding basis, totalling £1.1m between 2016/17 and 2018/19.
- 4.17 InReach Limited is continuing with its plans to construct 92 apartments for market rent on St Vincent Street, Ladywood. This development is currently anticipated to be completed during 2017/18, with funding provided through loans from the Council totalling £12m.

Council Housing

- 4.18 The capital strategy for council housing forms an integral part of the HRA Business Plan, which sets out, over a 30 year period, plans for revenue and capital income and expenditure relating to HRA properties to ensure that council

housing is maintained over the long term. The HRA Business Plan is explained in more detail in Chapter 4.

- 4.19 The HRA Capital Strategy has a dual focus, both on maintaining existing properties (including any structural works needed to the fabric of the buildings) and on a programme of new house building to replace obsolete and non-viable stock including the regeneration of Kings Norton, Newtown, Meadway, Abbey Fields and Perry Common.
- 4.20 The asset management strategy to support this overall Capital Strategy includes investment of £347.3m between 2016/17 and 2018/19, directed towards:
- Continued capital investment to maintain properties in their current improved condition (renewal of key property elements based on life cycles);
 - Provision of New Affordable Housing as a part of an investment of £272m for 1,880 new homes for rent over the coming 10 year HRA Business Plan period;
 - Continued investment in the provision of adaptations in properties for the benefit of council tenants (delivered in parallel to the Private Sector Housing Independent Living programme);
 - Clearance of obsolete housing - over 1,700 properties to be demolished over the coming 10 year period;
 - Energy efficiency and green energy measures to combat fuel poverty, including installation of communal heating systems in up to 20 tower blocks.

APPENDIX 10: PROPOSED CAPITAL EXPENDITURE PROGRAMME 2016/17-2018/19

Appendix 10				
PROPOSED CAPITAL EXPENDITURE PROGRAMME 2016/17 - 2018/19				
	2016/17	2017/18	2018/19	TOTAL
	onwards*			
	£'000's	£'000's	£'000's	£'000's
* The figures for 2018/19 onwards include planned spend in later years				
PEOPLE DIRECTORATE				
Adults & Communities				
Transformation of Adult Social Care	300	1,309	50	1,659
Programme of Minor Works	514	200	100	814
Adults Information Technology Schemes	1,692	950	100	2,742
Homeless Services	1,117	-	-	1,117
Learning Disability Homes & Day Centres	500	-	-	500
Better Care Fund	3,118	-	-	3,118
Total Adults & Communities	7,241	2,459	250	9,950
Children, Young People and Families				
Aiming Higher for Disabled Children	-	450	-	450
Devolved Capital Allocation for Schools	-	2,832	-	2,832
Schools Capital Maintenance Works	18,521	13,713	-	32,234
Additional Primary Places - Basic Needs	63,277	19,765	-	83,042
Early Years	-	2,000	-	2,000
Business Transformation - Children's Services	1,000	3,183	-	4,183
Total Children, Young People & Families	82,798	41,943	-	124,741
Total People Directorate	90,039	44,402	250	134,691

	2016/17	2017/18	2018/19	TOTAL
	onwards*			
	£'000's	£'000's	£'000's	£'000's
<u>PLACE DIRECTORATE</u>				
<u>General Fund</u>				
Swimming Pool Facilities	5,975	-	-	5,975
Sport & Physical Activity	24,051	7,879	508	32,438
Fleet & Waste Management	8,292	155	160	8,607
Parks	3,157	53	-	3,210
New Wholesale Market	28,691	985	-	29,676
Community Initiatives	457	-	-	457
Regulation & Enforcement	372	-	-	372
Adult Education - Brasshouse Relocation	1,902	-	-	1,902
Community Sport	23	-	-	23
Community Libraries	497	-	-	497
Community Development & Play	18	-	-	18
Total Non-Housing	73,435	9,072	668	83,175
<u>Housing</u>				
<u>Council Housing HRA</u>				
Housing Improvements Programme	35,475	38,188	53,175	126,838
Other Essential Works	14,430	12,672	12,672	39,774
Redevelopment	74,355	54,765	22,527	151,647
Other Programmes	9,203	9,683	10,160	29,046
Total Council Housing HRA	133,463	115,308	98,534	347,305
<u>Private Sector Housing</u>				
Affordable Housing	350	350	350	1,050
Independent Living	4,408	4,403	4,400	13,211
St Vincent Street	8,000	3,950	-	11,950
Other Programmes	352	197	200	749
Total Private Sector Housing	13,110	8,900	4,950	26,960
<u>Resilience</u>				
Land Drainage & Flood Defences	1,115	-	-	1,115
Total Resilience	1,115	-	-	1,115
Total Place Directorate	221,123	133,280	104,152	458,555

	2016/17	2017/18	2018/19	TOTAL
	onwards*			
<u>CORPORATE RESOURCES DIRECTORATE</u>	£'000's	£'000's	£'000's	£'000's
<u>Birmingham Property Services</u>				
Access to Buildings	438	-	-	438
Attwood Green Park	29	-	-	29
Attwood Green - Holloway Head	620	40	-	660
Total Birmingham Property Services	1,087	40	-	1,127
<u>Corporate Resources - Other</u>				
Capitalised Redundancy Costs	17,000	14,000	7,000	38,000
IT Projects - Centralised Desktop	200	-	-	200
Capital Loans & Equity Funds	9,067	-	-	9,067
ICT Infrastructure	8,231	33,318	-	41,549
SAP Investments	4,195	1,185	115	5,495
Total Corporate Resources - Other	38,693	48,503	7,115	94,311
Total Corporate Resources Directorate	39,780	48,543	7,115	95,438

ECONOMY DIRECTORATE	2016/17	2017/18	2018/19	TOTAL
	onwards*			
Planning & Regeneration	£'000's	£'000's	£'000's	£'000's
Regeneration - Enterprise Zone				
Enterprise Zone - Paradise Circus	20,851	10,079	13,496	44,426
Enterprise Zone - Site Development & Access	9,000	-	-	9,000
Enterprise Zone - Connect Economic Opportunities	-	-	13,301	13,301
Enterprise Zone - Southern Gateway Site	1,000	1,000	33,470	35,470
Enterprise Zone - LEP Investment Fund	-	-	20,000	20,000
Enterprise Zone - HS2 Curzon St Site	-	-	30,000	30,000
Enterprise Zone - HS2 Interchange Site	-	-	20,000	20,000
Enterprise Zone - Snow Hill Public Realm	275	-	-	275
Enterprise Zone - Metro Centenary Square	3,297	3,720	600	7,617
Enterprise Zone - City Centre Links	-	-	-	-
Enterprise Zone - One Station	194	421	112	727
Total Enterprise Zone	34,617	15,220	130,979	180,816
Regeneration - Other				
East Aston Regional Investment Site	4,236	-	-	4,236
National College for HS2	21,453	2,136	-	23,589
Womens Enterprise Centre	100	-	-	100
Longbridge Regeneration	3,763	-	-	3,763
Local Centres	933	-	-	933
Conservation	276	-	-	276
Local Improvement Budget	44	-	-	44
Other City Centre Projects	161	-	-	161
Planning Other	50	51	51	152
Total Regeneration	31,016	2,187	51	33,254
Total Planning & Regeneration	65,633	17,407	131,030	214,070
Transportation				
New Street Station (Gateway)	5,147	-	-	5,147
Coventry Road A45	1,539	-	-	1,539
Local Growth Fund	12,870	7,197	1,300	21,367
Metro Extension	3,940	7,996	-	11,936
Infrastructure Development	1,178	-	-	1,178
Walking, Cycling & Accessibility	1,585	-	-	1,585
Economic Growth & Congestion	2,757	1,651	-	4,408
Minor Schemes (including balance of ITB)	216	3,591	4,004	7,811
Total Transportation	29,232	20,435	5,304	54,971
Highways				
Structures - Tame Valley Viaduct	224	-	-	224
Safer Routes to Schools	449	300	300	1,049
Network Integrity	378	55	55	488
Minworth A38 Improvements	3,084	163	-	3,247
Ward Minor Transport Measures	500	500	500	1,500
Road Safety	621	300	300	1,221
Other Minor Schemes	149	250	-	399
Total Highways	5,405	1,568	1,155	8,128
Total Economy Directorate	100,270	39,410	137,489	277,169
Total Capital Programme	451,212	265,635	249,006	965,853

<u>New Schemes/Funding</u>					
The following projects included in the above programme have been added since Quarter 2 2015/16					
	#	2016/17	2017/18	2018/19	TOTAL
		onwards*			
		£'000's	£'000's	£'000's	£'000's
<u>People Directorate:</u>					
Transformation of Adult Social Care	A	300	(669)	50	(319)
Replacement Vehicles	A	(1,469)	0	0	(1,469)
Programme of Minor Works	N	0	200	100	300
Improving Information Management	N	0	750	0	750
IT Technical Refresh	N	0	200	100	300
Total People Directorate		(1,169)	481	250	(438)
<u>Place Directorate:</u>					
Swimming Pool Facilities	N	594	0	0	594
Strategic Parks	N	96	3	0	99
Private Sector Housing	N	518	518	4,950	5,986
Adult Education - Brasshouse Relocation	N	1,902	0	0	1,902
HRA Housing	N	15,316	8,858	98,594	122,768
Total Place Directorate		18,426	9,379	103,544	131,349
<u>Corporate Resources Directorate:</u>					
Capitalised Redundancy Costs	N	17,000	14,000	7,000	38,000
Corporately Held - Property Fund	A	(5,736)	0	0	(5,736)
ICT Infrastructure & SAP	A	(4,895)	135	115	(4,645)
Total Corporate Resources Directorate		6,369	14,135	7,115	27,619
<u>Economy Directorate:</u>					
East Aston Regional Investment Site	N	525	0	0	525
Enterprise Zone - minor adjustment	A	0	(84)	0	(84)
Metro Centenary Square	N	3,297	3,720	600	7,617
Metro Extension	N	230	220	0	450
Planning - Other	A	0	(51)	51	0
Longbridge Regeneration (Station)	N	3,160	0	0	3,160
National College for HS2	N	21,875	2,136	0	24,011
Transportation Schemes	N	(172)	3,591	4,004	7,423
Local Growth Fund	N	6,672	1,132	0	7,804
A38 Minworth Improvements	N	3,084	163	0	3,247
Highways	N	14	1,405	1,155	2,574
Total Economy Directorate		38,685	12,232	5,810	56,727
Total New Schemes / Resources		62,311	36,227	116,719	215,257
Note: this includes some re-phasing between years where additional resources have been identified for existing programmes and the removal of budgets where savings have been identified.					
# A - Amendment					
N - New					

APPENDIX 11: ANALYSIS OF PRUDENTIAL BORROWING

Appendix 11				
Analysis of Prudential Borrowing				
	2016/17	2017/18	2018/19	
			onwards*	Total
	£m	£m	£m	£m
Major Self Financed Prudential Borrowing				
Capital Loans & Equity	8.7	0.0	0.0	8.7
Enterprise Zone	31.1	11.1	130.3	172.5
One Station	0.2	0.4	0.1	0.7
Metro Centenary Square	3.3	3.7	0.6	7.6
Metro Extension	3.9	8.0	0.0	11.9
Housing Private Sector - St Vincent Street	8.0	4.0	0.0	12.0
HRA	26.9	12.4	5.1	44.5
Wholesale Markets	28.7	1.0	0.0	29.7
Sport & Physical Activity	17.8	7.9	0.5	26.2
Fleet & Waste Management Transformation	8.1	0.0	0.0	8.1
Cotton Park Nurseries	1.8	0.0	0.0	1.8
Adult Education - Brasshouse Relocation	1.9	0.0	0.0	1.9
Total Self Financed	140.6	48.5	136.6	325.7
Major Prudential Borrowing with net impact on Council revenue resources				
Swimming Pool Facilities	6.0	0.0	0.0	6.0
IT Infrastructure & Upgrades	12.6	34.4	0.1	47.1
Other	12.3	8.6	1.4	22.3
Total Capital projects requiring revenue resources	30.9	43.0	1.5	75.4
Total Prudential Borrowing	171.5	91.5	138.1	401.1
* the 2018/19 onwards column includes prudential borrowing plans in later years				

APPENDIX 12: DEBT AND PRUDENTIAL INDICATORS

DEBT AND PRUDENTIAL INDICATORS		Appendix 12a		
WHOLE COUNCIL		16/17	17/18	18/19
		Indicators	Indicators	Indicators
		£m	£m	£m
Capital Finance				
1	Capital Expenditure - Capital Programme	451.2	265.7	249.0
2	Capital Expenditure - other long term liabilities	27.4	28.3	30.9
3	Capital expenditure	478.6	294.0	279.9
4	Capital Financing Requirement (CFR)	4,682.6	4,604.0	4,519.1
Planned Debt				
5	Peak loan debt in year	3,490.5	3,566.1	3,621.2
6	+ Other long term liabilities (peak in year)	492.9	470.5	448.5
7	= Peak debt in year	3,983.4	4,036.6	4,069.7
8	does peak debt exceed year 3 CFR?	no	no	no
Prudential limit for debt				
9	Gross loan debt	3,780.0	3,780.0	3,780.0
10	+ other long term liabilities	520.0	520.0	520.0
11	= Total debt	4,300.0	4,300.0	4,300.0
Notes				
4	The Capital Financing Requirement represents the underlying level of borrowing needed to finance historic capital expenditure (after deducting debt repayment charges). This includes all elements of CFR including Transferred Debt.			
5-7	These figures represent the forecast peak debt (which may not occur at the year end). The Prudential Code calls these indicators the Operational Boundary.			
8	It would be a cause for concern if the Council's loan debt exceeded the CFR, but this is not the case due to positive cashflows, reserves and balances. The Prudential Code calls this Borrowing and the capital financing requirement.			
11	The Authorised limit for debt is the statutory debt limit. The City Council may not breach the limit it has set, so it includes allowance for uncertain cashflow movements and potential borrowing in advance for future needs.			

		Appendix 12b		
DEBT AND PRUDENTIAL INDICATORS:				
HOUSING REVENUE ACCOUNT				
		16/17	17/18	18/19
		Indicators	Indicators	Indicators
		£m	£m	£m
Capital Finance				
1	Capital expenditure	133.5	115.3	98.5
HRA Debt				
2	Capital Financing Requirement (CFR)	1,129.3	1,124.4	1,113.0
3	Statutory cap on HRA debt	1,150.4	1,150.4	1,150.4
Affordability				
4	HRA financing costs	97.5	97.9	98.2
5	HRA revenues	287.0	284.5	281.3
6	HRA financing costs as % of revenues	34.0%	34.4%	34.9%
7	HRA debt : revenues	3.9	4.0	4.0
8	Forecast Housing debt per dwelling	£18,056	£18,026	£17,926
9	Estimate of the incremental impact of new capital investment decisions on housing rents. (expressed in terms of ave. weekly housing rent)	£0.00	£0.00	£0.00
Notes				
2-3	The HRA Capital Financing Requirement (CFR) is being used by the Government as the measure of HRA debt for the purposes of establishing a cap on HRA borrowing for each English Housing			
4	Financing costs include interest and depreciation (in the HRA)			
7	This indicator is not in the Prudential Code but is a key measure of long term sustainability. This measure is forecast to fall below 2.0 by 2026/27, which is two years later than previously forecast.			
8	This indicator is not in the Prudential Code but is a key measure of affordability: the HRA debt per dwelling should not rise significantly over time			
9	The cost of borrowing for the Capital Programme represents the interest and repayment costs arising from any new prudential borrowing introduced in the capital programme since the last revision at Quarter 2, expressed in terms of an average weekly rent. The calculation excludes the cost of borrowing which is funded from additional income or savings. As all planned HRA borrowing is funded from additional income in this way, the impact is zero. The Prudential Code calls this the Estimate of the incremental impact of capital investment decisions on housing rents.			

		Appendix 12c		
DEBT AND PRUDENTIAL INDICATORS:				
GENERAL FUND				
		16/17	17/18	18/19
		Indicators	Indicators	Indicators
		£m	£m	£m
Capital Finance				
1	Capital expenditure (including other long term liabilities)	345.1	178.7	181.4
2	Capital Financing Requirement (CFR)	3,553.3	3,479.7	3,406.1
General Fund debt				
3	Peak loan debt in year	2,361.2	2,441.7	2,508.2
4	+ Other long term liabilities (peak in year)	492.9	470.5	448.5
5	= Peak General Fund debt in year	2,854.1	2,912.2	2,956.7
General Fund Affordability				
6	Total General Fund financing costs	261.9	272.4	274.6
7	General Fund net revenues	835.3	813.9	808.5
8	General Fund financing costs (% of net revenues)	31.4%	33.5%	34.0%
9	Estimate of the incremental impact of new capital investment decisions on Council Tax.	£0.01	£0.31	£2.09
Expressed in terms of Council Tax (Band D equiv)				
(impact already included in Council Tax increases assumed in LTFP)				
Note				
1	General fund capital expenditure includes expenditure capitalized under the Government capital receipts flexibility scheme (£17.0m, £14.0m, £7.0m in the three years respectively)			
4	Other long term liabilities include PFI, finance lease liabilities, and transferred debt liabilities			
6	Financing costs include interest and MRP (in the General Fund), for loan debt, transferred debt, PFI and finance leases			
8	This indicator includes the gross revenue cost of borrowing and other finance, including borrowing for the Enterprise Zone and other self-supported borrowing.			
9	The cost of borrowing for the Capital Programme represents the interest and repayment implications arising from any changes in forecast prudential borrowing in the capital programme since Quarter 2, expressed in terms of Council Tax at Band D. The implications are cumulative in later years as successive years' borrowing is added. This impact has been funded within the Long Term Financial Plan and assumed Council Tax charges up to 2017/18. The calculation excludes the cost of borrowing which is funded from additional income or savings.			

Appendix 12d				
PRUDENTIAL INDICATORS:				
TREASURY MANAGEMENT				
	Indicators	16/17 Forecast	17/18 Forecast	18/19 Forecast
CIPFA Treasury Management Code				
1	Has the authority adopted the TM Code?	Yes	Yes	Yes
Interest rate exposures				
	Limit	Forecast Maximum	Forecast Maximum	Forecast Maximum
2	upper limit on fixed rate exposures	130%	88%	84%
3	upper limit on variable rate exposures	30%	20%	21%
Maturity structure of borrowing				
	Limit	Forecast Year End	Forecast Year End	Forecast Year End
(lower limit and upper limit)				
4	under 12 months	0% to 30%	20%	21%
5	12 months to within 24 months	0% to 30%	2%	4%
6	24 months to within 5 years	0% to 30%	6%	4%
7	5 years to within 10 years	0% to 30%	13%	15%
8	10 years to within 20 years	5% to 40%	18%	16%
9	20 years to within 40 years	10% to 60%	29%	31%
10	40 years and above	0% to 40%	11%	9%
Investments longer than 364 days				
	Limit	Forecast	Forecast	Forecast
upper limit on amounts maturing in:				
11	1-2 years	200	0	0
12	2-3 years	100	0	0
13	3-5 years	100	0	0
14	later	0	0	0
Note				
2-10 These indicators assume that LOBO loan options are exercised at the earliest possibility, and are calculated as a % of net loan debt.				

Appendix 12e

Matters taken into account in setting Prudential Indicators

The Prudential Code requires local authorities to have regard to a number of factors when setting prudential indicators. These are set out below with a description of how they have been taken into account in the City Council's planning process, including the preparation of this Business Plan.

Affordability, e.g. Implications for Council Tax

The running costs of new schemes, including borrowing costs, are provided within the City Council's financial planning process, often from within services' own budgets. Revenue budgets have been identified to meet all planned borrowing costs.

Prudence and Sustainability, e.g. Implications for External Borrowing

This asks the question whether borrowing is sustainable in the long-term. Revenue budgets have been provided to repay the proposed borrowing over time in accordance with Government MRP Guidance. The City Council continues to manage its long-term financial planning through the LTFP and Efficiency Statement to assess longer-term sustainability.

Value for Money, e.g. Option Appraisal

The City Council's executive decision-making process and "Gateway" appraisal process provide a robust framework for the appraisal and approval of capital projects and programmes, taking account of value for money and options appraisal.

Stewardship of Assets, e.g. Asset Management Planning

The Property and other Physical Assets Strategy is reported in Part 7 of this budget report.

Service Objectives, e.g. Strategic Planning for the Authority

The capital programme has been prepared in the context of the City Council's policy priorities and major planning processes. Long-term service planning for capital investment takes place through the City Council's business planning process and capital programme development.

Practicality, e.g. Achievement of the Forward Plan

Quarterly monitoring of progress in achieving the capital budget is reported to Cabinet.

APPENDIX 13: DEBT REPAYMENT POLICY

Minimum Revenue Provision Statement 2016/17

Introduction

1. The Government's Capital Finance and Accounting Regulations require local authorities to make 'prudent annual provision' in relation to capital expenditure financed from borrowing or credit arrangements. This is known as Minimum Revenue Provision or MRP, but it is often referred to as a provision for "debt repayment" as a shorthand expression. The Government has also issued statutory Guidance on MRP, to which the Council is required to have regard.
2. This policy applies to the financial years 2015/16 and 2016/17. Any interpretation of the Statutory Guidance or this policy will be determined by the Strategic Director - Finance and Legal.

Principles of debt repayment provision

3. The term 'prudent annual provision' is not defined by the Regulations. However, the statutory Guidance says:

"the broad aim of prudent provision is to ensure that debt is repaid over a period that is either reasonably commensurate with that over which the capital expenditure provides benefits, or, in the case of borrowing supported by Government Revenue Support Grant, reasonably commensurate with the period implicit in the determination of that grant".

The Guidance does not prescribe the annual repayment profile to achieve this aim, but suggests four methods for making MRP which it considers prudent, and notes that other methods are not ruled out. The City Council regards the broad aim of MRP as set out above as the primary indicator of prudent provision, whilst recognising the flexibilities which exist in determining an appropriate annual repayment profile.

4. The City Council considers that 'prudent' in this context does not mean the quickest possible repayment period, but has regard to the prudent financial planning of the authority overall, the flow of benefits from the capital expenditure, and other relevant factors.
5. This MRP Policy therefore takes account of the financial forecast in the Council's ten year LTFF and Efficiency Statement in determining what is prudent MRP in the circumstances. In particular, this takes account of the funding needs of equal pay settlements (paragraph 14 below) and the need for an orderly financial transition as the Council adjusts to further substantial funding reductions.

6. Consistent with the Statutory Guidance, the City Council will not review the individual asset lives used for MRP as a result of any changes in the expected life of the asset or its actual write off. Some assets will last longer than their initially estimated life, and others will not; the important thing is the reasonableness of the estimate.

General Fund MRP policy: borrowing before 2007/08

7. The Council's policy since 2013/14 is to charge MRP on the pre-2007/08 borrowing at 2% of the balance at 31 March 2013, fixed at the same cash value so that the whole debt is repaid after 50 years.

This method includes repayment of the adjustment in the basis of MRP on moving from the 1989 Act system in 2004 ("Adjustment A").

General Fund MRP policy: prudential borrowing from 2007/08

8. The general repayment policy for new prudential borrowing is to repay borrowing within the expected life of the asset being financed. This is in accordance with the "Asset Life" method in the Guidance.

The repayment profile will follow an annuity repayment method, (like many domestic mortgages) which is one of the options set out in the Guidance.

This is subject to the following details:

- 8.1 An average asset life for each project will normally be used. This will be based on the asset life normally used for depreciation accounting purposes (recognising that MRP is estimated at the start of the project, whereas depreciation is not determined until the project has finished, so there may be estimation differences). There will not be separate MRP schedules for the components of a building (e.g. plant, roof etc.). Asset life will be determined by the Strategic Director - Finance and Legal. A standard schedule of asset lives will generally be used, but where borrowing on a project exceeds £10m, advice from Acivico or other appropriate advisers may also be taken into account.
- 8.2 MRP will commence in the year following the year in which capital expenditure financed from borrowing is incurred, except for single assets where over £1m financed from borrowing is planned, where MRP will be deferred until the year after the asset becomes operational.
- 8.3 Other methods to provide for debt repayment may occasionally be used in individual cases where this is consistent with the statutory duty to be prudent, as justified by the circumstances of the case, at the discretion of Strategic Director - Finance and Legal.

- 8.4 If appropriate, shorter repayment periods (i.e. less than the asset life) may be used for some or all new borrowing.

Housing Revenue Account MRP policy

9. The statutory MRP Guidance states that the duty to make MRP does not extend to cover borrowing or credit arrangements used to finance capital expenditure on HRA assets. This is because of the different financial structure of the HRA, in which depreciation charges have a similar effect to MRP. The Government's HRA self-financing settlement, introduced a cap on HRA borrowing, which was equal to the City Council's opening HRA debt at April 2012. The City Council's policy is therefore that net HRA debt will reduce over the medium term, in order to deliver a debt to revenues ratio of below 2:1 by 2026/27. This will support the maintenance of a balanced and sustainable HRA Business Plan with the capacity to meet investment needs in later years. The City Council will also seek to deliver a reduction in HRA debt per dwelling.

The annual HRA net debt reduction to achieve the above policy is projected as follows in the HRA Business Plan:

£m	
2016/17 - £1.2	
2017/18 - £17.4	
2018/19 - £16.5	
2019/20 - £10.3	
2020/21 - £27.9	
2021/22 - £41.2	
2022/23 - £45.9	
2023/24 - £49.8	
2024/25 - £54.9	
2026/27 - £60.1	(2:1 debt to revenues ratio achieved).

Additional voluntary HRA debt repayment provision may be made from revenue or capital resources.

Concession Agreements and Finance Leases

10. MRP in relation to concession agreements (e.g. PFI contracts) and finance leases will be calculated on an asset life method using an annuity repayment profile, consistent with the method for prudential borrowing in paragraph 8 above. The Strategic Director - Finance and Legal may approve that such debt repayment provision may be made from capital receipts rather than from revenue provision.

Transferred Debt

11. Transferred Debt is debt held by another local authority whose costs are recharged to the City Council (usually as a result of earlier reorganisations, such as the abolition of the former County Council). MRP in relation to Transferred Debt will be charged in line with the cash debt repayments due to the holding authority.

Specific situations:

Statutory capitalisations

12. Expenditure which does not create a fixed asset, but is statutorily capitalised, will follow the MRP treatment in the Government guidance, apart from any exceptions provided for below.

Cashflows

13. Where a significant difference exists between capital expenditure accrued and the actual cashflows, MRP may be charged based on the cash expended at the previous year end, as agreed by the Strategic Director - Finance and Legal.

The reason for this is that, if expenditure has been accrued but cash payments have not yet been made, this may result in MRP being charged in the accounts to repay borrowing which has not yet been incurred.

Equal Pay settlements

14. The City Council has plans in place to fully fund equal pay settlement liabilities, primarily from capital receipts. However, there are risks to the timing and quantum of future capital receipts. As a risk management mechanism, MRP may be reduced if there are insufficient capital receipts to fund equal pay settlement costs in that year. The revenue saving will then be used to meet the settlement costs.
15. Any such reduction will be made good by setting aside equivalent future capital receipts to provide for debt repayment, when there is a surplus of capital receipts available after funding equal pay settlements. As a minimum, any such reduction in MRP will be repaid over 20 years as a charge to revenue account on an annuity profile.

Capitalised loans to others

16. MRP on capitalised loan advances to other organisations or individuals will not be required. Instead, the capital receipts arising from the capitalised loan repayments will be used as provision to repay debt. However, revenue MRP

contributions would still be required equal to the amount of any impairment of the loan advanced.

Enterprise Zone

17. Borrowing by the City Council related to the GBSLEP, and which is supported by additional business rates from the Enterprise Zone or from other GBSLEP income, will be repaid within the lifetime of the Enterprise Zone or other associated income stream (subject to the estimated life of the assets being funded). This means that the repayment period for EZ - supported borrowing will reduce each year so that all EZ debt can be repaid by 2038.

Voluntary repayment of debt

18. The Council may make additional voluntary debt repayment provision from revenue or capital resources. In this case, the Strategic Director – Finance and Legal may make an appropriate reduction in later years' levels of MRP.
19. Where it is proposed to make a voluntary debt repayment provision in relation to prudential borrowing from 2007/08 under the asset life method, it may be necessary to decide which assets the debt repayment relates to, in order to determine the reduction in subsequent MRP. The following principles will be applied by the Strategic Director - Finance and Legal in reaching a prudent decision:
 - where the rationale for debt repayment is based on specific assets or programmes, any debt associated with those assets or programmes will be repaid;
 - where the rationale for debt repayment is not based on specific assets, debt representative of the service will be repaid, with a maturity reflecting the range of associated debt outstanding;

Subject to the above two bullet points, debt with the shortest period before repayment will not be favoured above longer MRP maturities, in the interests of prudence, to ensure that capital resources are not applied for purely short term benefits.

MRP summary	General Fund £m	HRA £m	Total £m
2016/17	135.6	1.2	136.8
2017/18	138.0	17.4	155.4
2018/19	142.2	16.5	158.7
2019/20	141.1	10.3	151.4
2020/21	131.9	27.9	159.8
years 6-10	649.6	251.8	901.4
years 11-20	1,138.7	338.9	1,477.6
year 21-50	1,938.2	168.3	2,106.5

The summary above shows revenue MRP (Minimum Revenue Provision) based both on historic capital financing and on the effect of the current capital programme.

The figures include MRP on loan debt, PFI, finance leases and transferred debt.

Based on historic capital financing and the current capital programme, the General Fund CFR is fully repaid by 2063 (excluding PFI). PFI finance will be fully repaid 40 years after the final capital expenditure under the Council's PFI contracts.

APPENDIX 14: TREASURY MANAGEMENT POLICY

1. Overview

This appendix sets out the City Council's proposed Treasury Management Policy. This sets the overall framework and risk management controls which are used in carrying out the City Council's borrowing, lending and other treasury activities.

This Policy remains largely unchanged from the Policy set out in the Business Plan and Summary Budget 2015+.

2. Statutory Guidance

2.1 In setting out the City Council's policy framework for the conduct of its treasury management, this document takes account of:

- CIPFA's Code of Practice for Treasury Management in the Public Services;
- CIPFA's Prudential Code for Local Authority Capital Finance; and
- The Government's Guidance on Local Authority Investments.

This Policy adopts the above Codes and has regard to the Government Guidance.

3. The City Council's Treasury Management Objectives

3.1 The City Council's treasury management objectives and activities are defined as:

The management of the organisation's investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

3.2 Effective treasury management will provide support towards the achievement of the City Council's business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable performance measurement techniques, within the context of effective risk management.²⁰

²⁰ Paragraphs 3.1, 3.2, 3.6 and the final sentence of 4.3 are required by the CIPFA Treasury Management Code

Attitude to Treasury Management risks

- 3.3 The City Council attaches a high priority to a stable and predictable charge to revenue from treasury management activities. The City Council's objectives in relation to debt and investment can accordingly be stated more specifically as follows:

To assist the achievement of the City Council's service objectives by obtaining funding and managing the City Council's debt and treasury investments at a net cost which is as low as possible, consistent with a high degree of interest cost stability and a very low risk to sums invested.

- 3.4 This does not mean that it is possible to avoid all treasury risks, and a balance has to be struck. The main treasury risks which the City Council is exposed to include:

- Interest rate risk - the risk that future borrowing costs rise;
- Credit risk - the risk of default in a City Council investment;
- Liquidity and refinancing risks - the risk that the City Council cannot obtain funds when needed.

- 3.5 The Treasury Management Team has capability to actively manage treasury risks within this Policy framework, and the following activities may for example be appropriate based on an assessment at the time, to the extent that skills and resources are available:

- the refinancing of existing debt;
- borrowing in advance of need;
- use of more complex sources of funding such as listed bond issues and commercial paper;
- investing surplus cash in institutions or funds with a high level of creditworthiness, rather than placing all deposits with the Government.

- 3.6 The successful identification, monitoring and control of risk are the prime criteria by which the effectiveness of the City Council's treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and any financial instruments entered into to manage these risks.

- 3.7 The City Council's approach to the management of treasury risks is set out in the rest of this Treasury Management Policy. The Strategic Director - Finance and

Legal holds regular meetings with senior staff to monitor market conditions and review planned activities and performance.

4. Setting limits to manage treasury management risks²¹

Interest rate exposures

- 4.1 The stability of the City Council's interest costs is affected by the amount of borrowing exposed to short term or variable interest rates. However, short term interest rates are often lower, so there can be a trade-off between achieving the lowest rates in the short term and in the long term, and between short term savings and long term budget stability. The City Council will therefore have regard to short and long term implications, and will manage the long-term debt maturity profile so that not too much fixed rate debt will mature in any year. The following limits are proposed (in the format required by the CIPFA Prudential Code):

Table 14.1

Prudential limits - interest rate exposure

	% of loan debt (net of investments):		
	2016/17	2017/18	2018/19
upper limit on net fixed rate exposures	130%	130%	130%
upper limit on net variable rate exposures	30%	30%	30%

The currently planned variable rate exposure is set out in the Treasury Management Strategy.

Maturity profile

- 4.2 The City Council will have regard to forecast Net Loan Debt in managing the maturity profile. The effect of forecast cashflows especially MRP (minimum revenue provision for debt repayment) will be taken into account. Taking these factors into account the proposed limits are as follows:

²¹ Throughout this Business Plan, debt and investments are expressed at nominal value, which may be different from the amortised cost value required in the statutory accounts.

Table 14.2
Prudential limits - maturity structure of fixed rate borrowing

	lower and upper limits:
under 12 months	0% to 30% of gross loan debt
12 to 24 months	0% to 30%
24 months to 5 years	0% to 30%
5 to 10 years	0% to 30%
10 to 20 years	5% to 40%
20 to 40 years	10% to 60%
40 years and above	0% to 40%

Policy for borrowing in advance of need

- 4.3 Government investment guidance expects local authorities to have a policy for borrowing in advance of need, in part because of the credit risk of investing the surplus cash. The City Council's policy is to borrow to meet its forecast Net Loan Debt. The City Council will only borrow in advance of need where there is a clear business case for doing so and will only do so for the current capital programme, to replace maturing loans, or to meet other expected cashflows.
- 4.4 The City Council is a substantial net borrower, and only has cash to invest for relatively short periods as a result of positive cashflow or borrowing in advance of expenditure. The City Council considers all its treasury risks together, taking account of the investment risks which arise from decisions to borrow in advance. Such decisions need to weigh the financial implications and risks of deferring borrowing until it is needed (by which time fixed interest rates may have risen), against the cost of carry and financial implications of reinvesting the cash proceeds until required. This will be a matter of treasury judgement at the time, within the constraints of this Policy and treasury management delegations.

Investment Policy for temporarily surplus cash

- 4.5 The City Council's cashflows and treasury management activity will generally result in temporarily surplus cash to be invested. The following paragraphs set out a policy for these 'treasury investments'. This policy does not cover investments arising from service provision, such as the Loans and Equity Funds created for regeneration purposes.
- 4.6 The investment of temporarily surplus cash results in credit risk. In accordance with Government investment guidance, the City Council distinguishes between:

- 'Specified Investments' which mature within 12 months and have a 'high credit quality' in the opinion of the authority.
- 'Non-specified Investments' which are long term investments (i.e. maturing in 12 months or more), or which do not have such high credit quality. The Government views these as riskier. Such investments require more care, and are limited to the areas set out in the policy for Non-specified Investments below.

4.7 Low investment risk is a key treasury objective, and in accordance with Government and CIPFA guidance the City Council will seek a balance between investment risk and return that prioritises security and liquidity over achieving a high return. Significant changes in banking regulation are continuing to be implemented to address some of the issues arising from the banking crisis, and unsecured lenders will be more exposed to losses from bank failure under EU and UK 'bail in' rules. The Council will consider secured forms of lending such as covered bonds and repo agreements, but these instruments are not generally available for short term and smaller size deposits. The Council's credit rating criteria have been reviewed in this context, and the Council will continue to make deposits only with institutions having 'investment grade' ratings as set out in the table below. The main criteria and processes which deliver this are set out in the following paragraphs.

Specified Investments

- 4.8 The City Council will limit risks by applying lending limits and criteria for 'high credit quality' as follows:

Table 14.3 Lending Criteria

'Specified' short term investments (all in Sterling)	Short term rating*	Long term rating*	CITY COUNCIL Individual lending limit
Banks (including overseas banks) and Building Societies	F1+ /A1+ /P1	AA- /AA- /Aa3	£25m
	F1+ /A1+ /P1	A- / A- /A3	£20m
	F1 /A1 /P1	A- / A- /A3	£15m
	F2 /A2 /P2	BBB+ /BBB+ /Baa1	£10m
Sterling commercial paper and corporate bonds	F1+ /A1+ /P1	A- / A- /A3	£15m
Sterling Money Market Funds (short term and Enhanced)	AAA (with volatility rating V1 /S1 /MR1 where applicable)		£40m
Local authorities	n/a	n/a	£25m
UK Government and supranational bonds	n/a	n/a	none
UK Nationalised Banks and Government controlled agencies	n/a	n/a	£25m
Secured investments including repo and covered bonds	Lending limits determined as for banks (above) using the rating of the collateral or individual investment		

* Fitch / S&P / and Moody's rating Agencies respectively. Institutions must be rated by at least two of the Agencies, and the lowest rating will be taken into account.

- 4.9 Money may be lent to the City Council's own banker, in accordance with the above lending limits. However, if the City Council's banker does not meet the above criteria, money may only be lent overnight (or over the weekend), and these balances will be minimised. Lending to local authorities may include the proposed WMCA, following its incorporation.

The Council may also provide short term supply chain finance (as described in Part 5 Chapter 7 paragraph 10) where the credit risk is based on the Council's own payment on the invoice due date, and in relation to invoices payable by other bodies meeting the above credit criteria.

- 4.10 Credit ratings are monitored on a real-time basis on information from the City Council's Treasury Management advisers, and the City Council's lending list is updated accordingly, when a rating changes. Other information is taken into

account when deciding whether to lend. This may include the ratings of other rating agencies; commentary in the financial press; analysis of country, sector and group exposures; and the portfolio make up of Money Market Funds. The use of particular permitted counterparties may be restricted if this is considered appropriate.

Credit rating methodologies change from time to time, and in this event the Strategic Director - Finance and Legal may determine revised and practicable criteria seeking similarly high credit quality, pending the next annual review of this treasury management policy.

Non-specified investments and limit

- 4.11 The City Council will limit non-specified investments to £400m (there are presently none), and will use only the following categories of non-specified investments:
1. Government stocks (or “Gilts”) and other supranational bonds, with a maturity of less than five years. These may comprise up to 100% of non-specified investments.
 2. Corporate bonds, Certificates of Deposit (CD) or Commercial Paper (CP) with a maturity of less than three years, subject to the lending criteria in 4.8 above. These shall not exceed 25% of non-specified investments. This may include secured investments such as covered bonds and repo agreements.
- 4.12 Other categories of non-specified investments will not be used (such as ‘over the counter’ deposits of a year or more to financial institutions).

Investment Maturity

- 4.13 Temporarily surplus cash will be invested having regard to the period of time for which the cash is expected to be surplus. The CIPFA Prudential Code envisages that authorities will not borrow more than three years in advance, so it is unlikely that the City Council will plan to have surplus cash for longer than three years. However, where surplus cash for over 12 months is envisaged, it may be appropriate to include some longer term (non-specified) investments within a balanced risk portfolio. The following limits will be applied:

Table 14.4

Prudential limits on investing principal sums for over 364 days:

1-2 years	£200m
2-3 years	£100m
3-5 years	£100m

- 4.14 In making investments in accordance with the criteria set out in 4.5 to 4.13 above, the Strategic Director - Finance and Legal will seek to spread risk (for example, across different types of investment and to avoid concentration on lower credit quality). This may result in lower interest earnings, as safer investments will earn less than riskier ones.
- 4.15 The City Council does not currently use investment managers. However, if appointed, their lending of City Council funds would not be subject to the above restrictions, provided that their arrangements for assessing credit quality and exposure limits have been agreed by the Strategic Director - Finance and Legal.

5. Policy for HRA loans accounting

In accordance with the Government's 2012 reform of housing finance, local authorities need to determine their method for attributing debt and debt revenue consequences to the HRA. The City Council uses the 'two pool' method set out in the CIPFA Treasury Management Code. This method attributes a share of all pre-April 2012 long term loans to the HRA. Any new long term loans for HRA purposes from April 2012 are separately identified (starting from the £336.1m settlement payment). The detailed accounting policy arising from the 'two pool' method is maintained by the Strategic Director - Finance and Legal.

6. The Council acting as agent

- 6.1 The Council acts as intermediary in its role as agent for a number of external bodies. This includes roles as accountable body, trustee, and custodian, and these may require the Council to carry out treasury management operations as agent. The Council will apply any specific treasury policies and requirements of the external body and will follow relevant legislation, having regard to this Treasury Management Policy where appropriate. In relation to the short term cash funds invested as accountable body, the Council expects to apply the investment policy set out above.

7. Reporting and Delegation

- 7.1 A Treasury Management Strategy report is presented as part of the annual business plan to the City Council before the start of each financial year. Monitoring reports are presented quarterly to Cabinet, including an Annual Report after the year end.
- 7.2 The management of borrowings, loans, debts, investments and other assets has been delegated to the Strategic Director - Finance and Legal acting in accordance with this Treasury Policy Statement. This encompasses the investment of trust funds where the City Council is sole trustee, and other investments for which the City Council is responsible such as accountable body

funds. The Strategic Director reports during the year to Cabinet on the decisions taken under delegated treasury management powers.

7.3 In exercising this delegation, the Strategic Director - Finance and Legal may procure, appoint and dismiss brokers, arranging and dealer banks, investment managers, issuing and paying agents, treasury consultants and other providers in relation to the City Council's borrowing, treasury investments, or other treasury instruments.

7.4 The Strategic Director - Finance and Legal maintains statements of Treasury Management Practices in accordance with the Code:

TMP1	Treasury risk management
TMP2	Performance measurement
TMP3	Decision-making and analysis
TMP4	Approved instruments, methods and techniques
TMP5	Treasury management organisation, clarity and segregation of responsibilities, and dealing arrangements
TMP6	Reporting requirements and management information arrangements
TMP7	Budgeting, accounting and audit arrangements
TMP8	Cash and cash flow management
TMP9	Money laundering
TMP10	Training and qualifications
TMP11	Use of external service providers
TMP12	Corporate governance

8. Training

8.1 Planned and regular training for appropriate treasury management staff is essential to ensure that they have the skills and up to date knowledge to manage treasury activities and risks and achieve good value for the City Council. Staff training will be planned primarily through the City Council's performance and development review process, and in accordance with Treasury Management Practice 10. Briefings for councillors are also held as appropriate.

APPENDIX 15: IMPROVING CHILDREN'S SERVICES ASSURANCE STATEMENT

As part of its commitment to improving children's services the Chief Executive, on behalf of the Council, has undertaken a 'test' of the effectiveness of the arrangements for the discharge of the duties of the Director of Children's Services (DCS) and the Lead Member for those services.

This test of assurance is to ensure that the focus on outcomes for children and young people will not be weakened or diluted as a result of adding other responsibilities.

The test concluded that:

- the 'Directorate for People' arrangement is the right configuration, with synergy seen as a clear benefit.
- the current Children Act 2004 arrangements are working – facilitating essential joined up approaches across safeguarding and education. Direct engagement of the DCS with schools is more difficult but the Interim Director of Education has prioritised that engagement and the Lead Member regularly visits schools.
- the DCS is able to play a corporate role and this is both necessary and effective.
- ensuring the right level of resource in the broadest sense is being driven effectively through the Future Council programme and respective Commissioners.
- current political arrangements are fit for purpose with evidence of improvement across children's services and recognition that children and young people need to be central to city and Council ambitions, with this to be articulated at political and other levels. But there is a need to strengthen political connections with respect to community cohesion.

In addition, the Strategic Director (as Director of Children's Services) has assured the Chief Executive and Members of the executive that there are sufficient financial, human, and other resources available to discharge the Council's statutory functions in respect of children's safeguarding.

Both these actions provide reassurance that the City Council is truly putting children's safeguarding centre stage for the long term in respect of whole Council ownership and prioritisation and resourcing.

APPENDIX 16: PAY POLICY STATEMENT 2016/17

1. Introduction and Purpose

This Pay Policy Statement sets out the Council's approach to pay policy in accordance with the requirements of Section 38 to 43 of the Localism Act 2011 and takes account of the final guidance for 'Openness and Accountability in Local Pay' as issued by the Department for Communities and Local Government. The purpose of the statement is to provide transparency with regard to the Council's approach to setting the pay of its employees (excluding those working in local authority schools) by identifying;

- The methods by which salaries of all employees are determined.
- The detail and level of remuneration of its most senior employee's i.e. 'chief officers', as defined by the relevant legislation.
- The detail and level of remuneration of the lowest paid employees
- The relationship between the remuneration for highest and lowest paid employees
- The Committee(s)/Panel responsible for ensuring the provisions set out in this statement are applied consistently throughout the Council and recommending any amendments to the full Council.

Once approved by the full Council, this policy statement will come into immediate effect for the 2016/17 financial year and will be subject to review again for 2017/18 in accordance with the relevant legislation prevailing at that time. Where by the pay policy needs to be amended during the current financial year, any amendments will be subject to approval.

2. Legislative Framework

In determining the pay and remuneration of all of its employees, the Council will comply with all relevant employment legislation. This includes the Equality Act 2010, Part Time Employment (Prevention of Less Favourable Treatment) Regulations 2000, Fixed Term Employees (Prevention of Less Favourable Treatment) Regulations 2002, The Agency Workers Regulations 2010 and where relevant, the Transfer of Undertakings (Protection of Earnings) Regulations.

With regard to the Equal Pay requirements contained within the Equality Act, the Council ensures there is no pay discrimination within its pay structures and that all pay differentials can be objectively justified through the use of an equality proofed job evaluation scheme that directly relates an employee's salary to the requirements, demands and responsibilities of the role.

3. Senior Management Remuneration Policy

For the purposes of this statement, senior officer means 'chief officers' as defined within S43 of the Localism Act 2011. The 'Chief Executive is employed under the terms and conditions of the Joint National Council for Chief Executives and all other senior officers are under the terms and conditions for Joint National Council for Chief Officers.

The Council currently determines pay levels through a job evaluation process and grading structure that has been specifically designed for senior positions that determines the pay range for senior officers as defined by the Localism Act 2011. Progression within the pay range is performance based on assessment through the 'My Appraisal' process and approval by JNC panel. There was a cost of living increase applied on 1st January 2015 for senior officers (excluding those paid over £100,000 per annum) and there is no current increase from April 2016 at present. See Annex 1 for the current senior officer pay structure.

The Council has recently undertaken a job evaluation exercise with the intention of reviewing the current pay structure for senior officers. The review is not yet complete and is subject to consultation at the time of publishing this statement. Where it is completed within the period that this statement is covered relevant updates will be made to reflect any change to senior officer remuneration.

Those employees working in senior positions do not receive overtime payments and all other pay related allowances are the subject of either nationally or locally negotiated rates, having been determined from time to time in accordance with collective bargaining machinery and/or as determined by Council Policy. In determining its grading structure and setting remuneration levels for all posts, the Council takes account of the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees who are able to meet the requirements of providing high quality services to the community, delivered effectively and efficiently and at times at which those services are required.

In particular, it is Council's policy that no Chief Officer or Senior Officer (paid under JNC conditions of service for Senior Officers) is paid a supplement for Returning Officer duties, whether in respect of local elections or national elections (e.g. General Elections, elections for European Parliament, national referenda etc). Fees paid in respect of these elections by Government are used to supplement the pay of non-senior officer employees who have worked on the relevant election.

3.1 Senior Management Positions

Chief Officers

The posts falling within the statutory definition for Chief Officers of the Local Government and Housing Act 1989, which covers the statutory officers and those others who report to the Chief Executive, are set out below:

- a) Chief Executive - The head of paid service defined under section 4(1) of that Act

The salary for the above post falls within a range of 10 incremental points from £182,500 rising to a maximum of £220,000. There is no additional supplement paid for returning officer duties incorporated into this role.

- b) City Solicitor - Monitoring Officer defined under section 5(1) of that Act.

The salary for the above post falls within a range of 7 incremental points between £99,144, rising to a maximum of £108,000. The role of Monitoring Officer is currently being undertaken on an acting basis whilst an appointment is made to the permanent role.

- c) Strategic Director (People) - A statutory chief officer designated under section 2(6) of that Act. This position has responsibility for both Children and Adult services.

The salary for the above post falls within a range of 7 incremental points between £138,135, rising to a maximum of £153,483.

- d) Executive Director Children's Services - A statutory chief officer defined under section 2(6) of that Act.

The salary for the above post falls within a range of 7 incremental points between £130,000 rising to a maximum of £137,500

- e) Strategic Director (Finance and Legal) – Section 151 Officer - A statutory chief officer defined under section 2(6) of that Act.

The salary for the above post falls within a range of 7 incremental points between £138,135, rising to a maximum of £153,483.

- f) Strategic Director (Major Projects) - A non-statutory chief officer defined under section 2(7) of that Act.

The salary of the above post falls within a range of 7 incremental points between £138,135, rising to a maximum of £153,483.

- g) Strategic Director (Place) - A non-statutory chief officer defined under section 2(7) of that Act.

The salary of the above post falls within a range of 7 incremental points between £138,135, rising to a maximum of £153,483.

- h) Strategic Director (Change and Support Services) – A non-statutory chief officer defined under section 2(7) of that Act.

The salary of the above post falls within a range of 8 incremental points between £138,135, rising to a maximum of £153,483.

- i) Strategic Director (Economy) - A non-statutory chief officer defined under section 2(7) of that Act.

The salary of the above post falls within a range of 8 incremental points between £138,135, rising to a maximum of £153,483.

- j) Assistant Chief Executive – A non-statutory chief officer defined under section 2(7) of that Act.

The salary of the above post falls within a range of 8 incremental points between £82,620, rising to a maximum of £91,800.

- k) Director of Public Health – A statutory post under section 73A (7) of the NHS Act 2006

The salary of the above post falls within a range of 8 incremental points between £75,249, rising to a maximum of £101,451.

Deputy Chief Officers

The positions in the table below are deputy chief officers as mentioned in section 2(8) of that Act, ie. those who report directly to any of the chief officers above:

Position Title	Directorate	Salary Range
Director of Human Resources	Corporate Resources	£99,144 - £108,000
Assistant Director - Revenues and Benefits	Corporate Resources	£90,882 - £100,980
Assistant Director - Corporate Strategy *	Corporate Resources	£82,620 - £91,800
Assistant Director - Procurement	Corporate Resources	£82,620 - £91,800
Assistant Director - Financial Strategy	Corporate Resources	£78,489 - £87,210
Assistant Director - Shared Services	Corporate Resources	£78,489 - £87,210
Assistant Director - Finance Economy	Corporate Resources	£78,489 - £87,210
Assistant Director - Financial Services	Corporate Resources	£78,489 - £87,210
Assistant Director - Audit and Risk Management	Corporate Resources	£70,227 - £78,030
Head of Service - Legal**	Corporate Resources	£52,911 - £68,672
Director - Property Services	Economy	£82,620 - £91,800
Assistant Director - Transportation and Connectivity	Economy	£74,358 - £82,620
Assistant Director - Employment	Economy	£70,227 - £78,030
Director - Health and Wellbeing	People	£99,144 - £108,000
Service Director - Commissioning Centre of Excellence	People	£99,144 - £108,000
Assistant Director - Finance People	People	£82,620 - £91,800
Assistant Director - Integrated Services North	People	£82,620 - £91,800
Assistant Director - Integrated Services East	People	£82,620 - £91,800
Assistant Director - Integrated Services South	People	£82,620 - £91,800
Assistant Director - Looked After Children Service	People	£82,620 - £91,800
Assistant Director - Early Help	People	£82,620 - £91,800
Chief Social Worker Officer	People	£78,489 - £87,210
Consultant - Children, Young People and Families - Public Health	People	£75,249 - £101,451 ***
Consultant - Public Health	People	£65,922 - £81,618 ***
Service Director - Homes and Neighbourhood	Place	£90,882 - £100,980
Service Director - Housing Transformation	Place	£90,882 - £100,980
Director - Fleet and Waste Management	Place	£90,882 - £100,980
Service Director - Regulation and Enforcement	Place	£90,882 - £100,980
Assistant Director - Equality, Community, Safety and Cohesion	Place	£82,620 - £91,800
Assistant Director - Finance Place	Place	£78,489 - £87,210
Assistant Director - Sports and Events	Place	£78,489 - £87,210
Assistant Director - Culture and Visitor Economy	Place	£74,358 - £82,620

* Currently seconded outside BCC

** There are nine posts that carry out this role

*** Currently on NHS pay scale due to TUPE

Although not required by statute for the policy statement the following are other senior officer positions within Birmingham City Council.

Position Title	Directorate	Salary Range
Assistant Director - Human Resources *	Corporate Resources	£82,620 - £91,800
Assistant Director - Human Resources Operations	Corporate Resources	£74,358 - £82,620
Assistant Director - Human Resources Strategy	Corporate Resources	£74,358 - £82,620
Assistant Director - Customer Services	Corporate Resources	£74,358 - £82,620
Assistant Director - Investment, Enterprise and Employment *	Economy	£78,489 - £87,210
Assistant Director - Regeneration	Economy	£70,227 - £78,030
Assistant Director - Education and Skills	People	£82,620 - £91,800
Assistant Director - Children with Complex Needs	People	£82,620 - £91,800
Assistant Director - Commissioning Centre of Excellence **	People	£82,620 - £91,800
Assistant Director - Workforce	People	£78,489 - £87,210
Assistant Director - Delivery	People	£78,489 - £87,210
Assistant Director - Education and Infrastructure	People	£78,489 - £87,210
Assistant Director - Specialist Care Services	People	£74,358 - £82,620
Area Coroner Birmingham and Solihull	Place	£78,489 - £87,210
Assistant Director - Fleet Waste Management	Place	£78,489 - £87,210
Assistant Director - Service Integration	Place	£74,358 - £82,620
Assistant Director - Adult Education Services	Place	£74,358 - £82,620

* Currently seconded outside BCC

** There are three posts that carry out this role

The senior officer positions will continue to be reviewed on a regular basis as part of the overall savings that have to be made by the Council due to the savings targets faced by local authorities in general over the next few years.

3.2 Recruitment to Senior Management Positions

When recruiting to all posts the Council will take full and proper account of its own Equal Opportunities, Recruitment and Redeployment policies. Appointments made at this level will occasionally include Council member representation as part of the recruitment process.

The determination of the remuneration to be offered to any newly appointed chief officer will be in accordance with the local JNC pay structure (further details can be found in Annex 1) and relevant policies in place at the time of recruitment. Where the Council is unable to recruit to a post at the designated grade, it will consider the use of temporary market forces supplements in accordance with its relevant policies.

Where the Council remains unable to recruit under an employment contract, or there is a need for interim support to provide cover for a vacant substantive senior management position, the Council will, where necessary, consider and utilise engaging individuals under 'contracts for service'. These will be sourced through the relevant procurement process ensuring the Council is able to demonstrate the maximum value for money benefits from competition in securing the relevant service.

3.3 Additions to Salary of Senior Officers

The Council does not apply any bonus to the salary of senior officers, however progression within the salary scales is performance related as mentioned under 3.0. There is no element of earn back for senior managers salaries and any incremental progression is currently consolidated into basic pay.

In addition to basic salary, set out below are details of other elements of 'additional pay' which are chargeable to UK Income Tax and do not solely constitute reimbursement of expenses incurred in the fulfilment of duties;

The following are applicable to all senior manager positions:

- A mileage allowance is paid to all employees using their own vehicle for work purposes and the payments are in linked to the approved HMRC rates (For current HMRC mileage rates please see <http://www.hmrc.gov.uk/payee/exb/a-z/m/mileage-expenses.htm>).
- There are currently no salary supplements or additional payments for undertaking additional responsibilities such as shared service provision with another local authority or in respect of joint bodies.
- Market forces supplements are paid where it is justified in order to fulfil a position.

3.4 Payments on Termination

The Council's approach to statutory and discretionary payments on termination of employment of senior managers, prior to reaching normal retirement age, is set out in accordance with Regulations 5 and 6 of the Local Government (Early Termination of Employment) (Discretionary Compensation) Regulations 2006, Regulations 12 and 13 of the Local Government Pension Scheme (Benefits, Membership and Contribution) Regulations 2007.

Any other payments falling outside the provisions or the relevant periods of contractual notice shall be subject to a formal decision made by the full Council or relevant elected members, committee or panel of elected members or officer with delegated authority to approve such payments.

3.5 Comparators Influencing Pay Levels

For the purpose of context in the local government sector, Birmingham City Council is not only the largest local authority in the UK, but also the largest unitary authority in Europe serving over one million residents and has a revenue budget of c £3.1bn. The Council needs to maintain competitive pay levels in order to attract suitable candidates for more senior positions that can demonstrate sufficient skills, experience and capacity required at this level as would be evidenced for example by fulfilling a comparable role

in a large complex local authority. There is a very small pool from which to recruit with other authorities offering very competitive salaries considering their size. As a comparison the Core Cities group of councils that represents those of the largest eight economies outside London in England, chief executive remuneration ranges from £160,000 to over £200,000. For Liverpool and Manchester that serve a population of less than half of that of Birmingham, both the top salaries are over £200,000.

As part of its overall and ongoing monitoring of alignment with external pay markets, both within and outside the sector, the council will use available benchmark information as appropriate.

4. Non-Senior Officer Employees

Based on the application of an analytical job evaluation process, the Council uses the nationally negotiated pay spine as the basis for its local grading structure with additional spine point (see Annex 2 for the BCC pay spine). Progression within the grading structure is based on contribution and linked to the outcome of the 'My Appraisal' process that assesses an employee's achievement against behaviours/values and meeting goals. This determines the salary of the large majority of the non-school based workforce, together with the use of other nationally defined rates where relevant such as Soulbury and JNC/YC. The Council presently adheres to national pay bargaining in respect of the national pay spine with the most recent increase effective 1 January 2015. There is a more recent national pay offer that is currently under consideration and the statement will be updated to reflect this change if it is approved and implemented from 1 April 2016.

4.1 Recruitment

New appointments will normally be made at the minimum of the relevant grade, although this can be varied where necessary to secure the best candidate. From time to time it may be necessary to take account of the external pay market in order to attract and retain employees with particular experience, skills and capacity. Where necessary, the Council will ensure the requirement for such is objectively justified by reference to clear and transparent evidence of relevant market comparators, using appropriate data sources available from within and outside the local government sector.

4.2 Lowest Paid Employees

The lowest paid employee's under a contract of employment with the Council are employed on full time equivalent (FTE) salary in accordance with the minimum spinal column point (SCP) currently in use within the Council's grading structure. As at 1 April 2016, this is £13,635 per annum (SCP6).

The Council has chosen to pay a supplement to ensure the minimum FTE salary is £14,940 based on the 'UK Living Wage' equivalent of £7.85 per hour. Following the recent review of the UK living wage this has risen to £8.25 per hour which is an

equivalent of £15,701 FTE salary and will be implemented with effect from 01 April 2016 in line with the Council's policy to apply the revised rate on the April following its announcement. For the purpose of this pay policy statement the lowest paid employee's will be defined as those on a FTE salary of £15,701 based on the UK living wage hourly rate of £8.25 per hour. This supplement paid for the 'UK Living Wage' should not be confused with the lower rate of £7.20 per hour for 'National Living Wage' as announced by the Government that comes in to effect for employees aged 25 and over from 01 April 2016.

The statutory guidance under the Localism Act recommends the use of pay multiples as a means of measuring the relationship between pay rates across the workforce and that of senior managers, as included within the Hutton 'Review of Fair Pay in the Public Sector' (2010). The Hutton report was asked by Government to explore the case for a fixed limit on dispersion of pay through a requirement that no public sector manager can earn more than 20 times the lowest paid person in the organisation. The report concluded that the relationship to median earnings was a more relevant measure and the Government's Code of Recommended Practice on Data Transparency recommends the publication of the ratio between highest paid salary and the median average salary of the whole of the authority's workforce. Whilst the ratio between the highest and lowest paid employees within the Council does not exceed 20 times, the Council does not set a ratio ceiling within its pay policy for senior officers.

The current pay levels within the Council define the multiple between the lowest paid (FTE) employee (£15,701 based on the UK living wage) and the Chief Executive (£182,500) as 11.6:1 and between the lowest paid employee and average chief officer earnings (excluding Chief Executive £99,760) as 6.4:1. The multiple between the median full time equivalent earnings (£21,530) and the Chief Executive salary is 8.5:1 and; between the median full time equivalent earnings and the average chief officer earnings is 4.6:1.

4.3 Accountability and Decision Making

In accordance with the Constitution of the Council, the JNC Committee are responsible for decision making in relation to the recruitment, pay, terms and conditions and severance arrangements in relation to employees of the Council.

5. Publication

Upon approval by the full Council, this statement will be published on the Council's Website www.birmingham.gov.uk/cosd and will also be available in additional formats by request. In addition, for employees where the full time equivalent salary is £50,000 or more, excluding employer superannuation contributions, the Council's Annual Statement of Accounts will include the number of employees in bands of £5,000.

Annex 1

Birmingham City Council – Senior Officer Pay Spine

This is the locally negotiated pay spine for senior officers covered by JNC terms and conditions of employment. These rates are effective from 01 January 2015, however SCP44 and above were not covered by the 2015 cost of living rise and have remained at the 2009 values.²²

²² Note that SCP43 is no longer in use following the 1 January 2015 pay award

BCC Grade	Spinal Column Point	FTE Salary
L01	1	70,227
	2	71,528
	3	72,828
	4	74,129
	5	75,429
	6	76,730
	7	78,030
L02	9	74,358
	10	75,735
	11	77,112
	12	78,489
	13	79,866
	14	81,243
	15	82,620
L03	17	78,489
	18	79,943
	19	81,396
	20	82,850
	21	84,303
	22	85,757
	23	87,210
L04	25	82,620
	26	84,150
	27	85,680
	28	87,210
	29	88,740
	30	90,270
	31	91,800
L05	33	90,882
	34	92,565
	35	94,248
	36	95,931
	37	97,614
	38	99,297
	39	100,980

BCC Grade	Spinal Column Point	FTE Salary
L06	41	99,144
	42	100,980
	43	100,800
	44	102,600
	45	104,400
	46	106,200
L07	47	108,000
	49	105,300
	50	107,250
	51	109,200
	52	111,150
L08A	53	113,100
	54	115,050
	55	117,000
	75	130,000
	76	131,250
L08	77	132,500
	78	133,750
	79	135,000
	80	136,250
	81	137,500
L08	57	138,135
	58	140,693
	59	143,251
	60	145,814
	61	148,376
L10	62	150,930
	63	153,483
	65	182,500
	66	190,000
	67	193,750
	68	197,500
	69	201,250
	70	205,000
71	208,750	
L10	72	212,500
	73	216,250
	74	220,000

Annex 2

Birmingham City Council – NJC Pay Spine

The Birmingham City Council pay spine is based on nationally negotiated rates through the National Joint Council. These rates are effective from January 2015 and there have been no increases since that date.

BCC Grade	Spinal Column Point	FTE Salary
GR1	006*	13635
	007*	13736
	008*	13892
	009*	14096
	10*	14359
GR2	11*	14940
	12*	15544
	13	15962
	14	16231
	15	16572
	16	16969
	17	17372
	18	17714
GR3	19	18376
	20	19048
	21	19742
	22	20253
	23	20849
	24	21530
	25	22212
	26	22937
	27	23698
GR4	28	24472
	29	25440
	30	26293
	31	27123
	32	27924
	33	28746
	34	29558
	35	30178
	36	30978
	37	31846

BCC Grade	Column Point	FTE Salary
GR5	38	32,778
	39	33,857
	40	34,746
	41	35,662
	42	36,571
	43	37,483
	44	38,405
	45	39,267
GR6	46	40,217
	47	41,140
	48	42,053
	49	42,957
	50	44,343
	51	45,739
	52	47,132
	53	48,538
	54	49,926
	55	51,422
GR7	56	52,911
	57	54,419
	58	56,181
	59	58,012
	60	59,907
	61	61,866
	62	63,901
	63	66,001
	64	68,672

* Indicates the payment of a living wage enhancement that would equate to an FTE salary of £15,701 with effect from 01 April 2016, although the size of any pay award could affect whether this enhancement is still required for Spinal Column Point 12.

