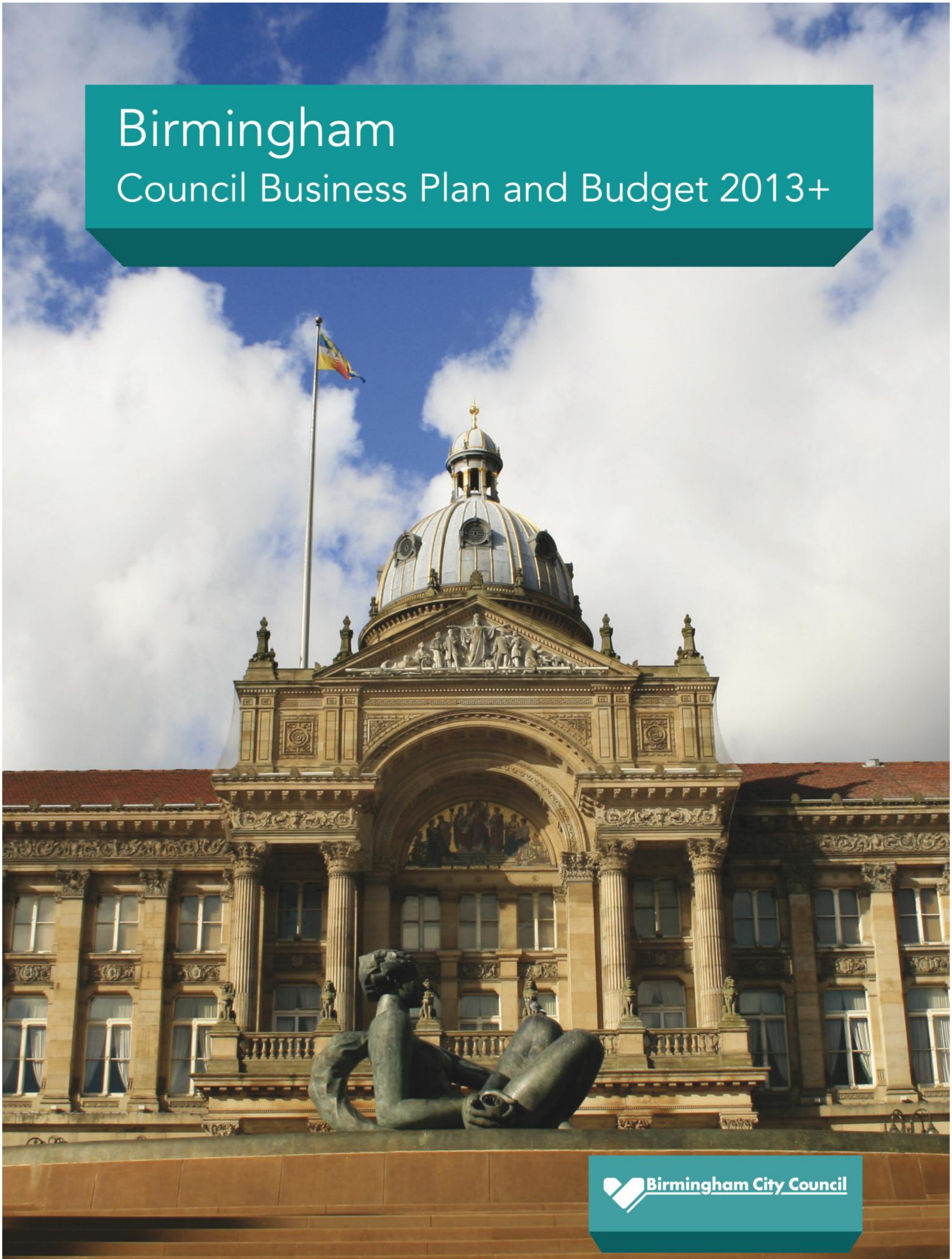
Birmingham
Council Business Plan and Budget 2013+



Birmingham City Council

CONTENTS

MOTIONS FOR COUNCIL

1. **Council Business Plan and Budget 2013+**

   That the Council Business Plan and Budget 2013+, including the revenue budget for the financial year commencing 1 April 2013 of £1,035.488m, be approved.

2. **Revenue Budget**

   That the budget allocations to the various Directorates of the Council, as set out in Appendices 5G-5I to the Business Plan, be approved subject to any revision needed in the light of the ongoing and further planned consultations and equalities assessments on individual savings proposals.

3. **Council Tax Requirement**

   That the following calculations be now made in accordance with Section 31A, Local Government Finance Act 1992, for the financial year commencing 1 April 2013:

		£
a.	aggregate of estimated City Council expenditure, contingencies, and contributions to financial reserves	3,413,413,000
b.	New Frankley in Birmingham Parish Precept	46,823
c.	aggregate of estimated income (including Revenue Support Grant and Top-Up Grant), and use of financial reserves	2,969,592,555
d.	net transfers from the Collection Fund (retained business rates less amount of prior year deficits)	188,762,743
e.	Council Tax Requirement, being the aggregate of (a) and (b) above, less (c) and (d) above	255,104,525

4. **Council Tax - Basic Amount**

   That the basic amount of Council Tax for the financial year commencing 1 April 2013 be set at £1,113.8720, pursuant to the formula in Section 31B, Local Government Finance Act 1992, being the Council Tax Requirement of £255,104,525 divided by the Council Tax Taxbase of 229,025 Band D properties.

5. **Council Tax – City Council and Parish Precept**

(i) That the basic amount of Council Tax for City Council services for the financial year commencing 1 April 2013 be set at £1,113.6676 pursuant to the formula in Section 34(2), Local Government Finance Act 1992:

		£	£
a.	Basic Amount calculated under Section 33		1113.8720
	LESS		
b.	Parish precept	46,823	
	DIVIDED BY	229,025	
	City Council Taxbase		0.2044
			1113.6676

(ii) That, pursuant to Section 52ZB, Local Government Finance Act 1992, the basic amount of Council Tax for City Council services is not excessive in relation to determining whether a referendum is required on the level of Council Tax.

(iii) That the basic amount of Council Tax for New Frankley in Birmingham Parish for the financial year commencing 1 April 2013 be set at £1,155.0672 pursuant to the formula in Section 34(3), Local Government Finance Act 1992:

		£	£
a.	Basic Amount calculated under Section 34(2)		1,113.6676
	PLUS		
b.	The New Frankley in Birmingham Parish precept	46,823	
	DIVIDED BY	1,131	
	The taxbase for New Frankley in Birmingham Parish		41.3996
			1,155.0672

6. **Council Tax - Total**

That, in accordance with Section 30 of the Local Government Finance Act 1992, the amounts of Council Tax set for the financial year commencing on 1 April 2013 for each category of dwelling listed within a particular valuation band, shall be calculated by adding:

a. the amount given by multiplying the basic amount of Council Tax by the fraction whose numerator is the proportion applicable to dwellings listed in a particular valuation band, and whose denominator is the proportion applicable to dwellings listed in valuation Band D; to

b. the amounts which are stated in the final precepts issued by the West Midlands Fire and Rescue Authority and the West Midlands Police and Crime Commissioner; to

c. the amounts stated in the precept issued by the New Frankley in Birmingham Parish Council

and shall be:

Band	Council Tax Areas without a Parish Council £	Council Tax New Frankley in Birmingham Parish £
A	845.95	873.54
B	986.94	1,019.14
C	1,127.93	1,164.73
D	1,268.92	1,310.32
E	1,550.89	1,601.49
F	1,832.87	1,892.67
G	2,114.86	2,183.86
H	2,537.83	2,620.62

7. Capital Strategy and Budget and Treasury Management

That the proposals for the Capital Programme and Prudential Indicators (as set out in Chapters 7, 8 and 9 of Part 7 and Appendices 6A-6E of the Business Plan and Budget 2013+) be approved and the Treasury Management Strategy and the Treasury Management Policy for 2013/14 (as set out in Chapter 10 of Part 7 of the Business Plan and Budget 2013+) be approved.

8. Pay Policy Statement

That the Pay Policy Statement (as set out in Appendix 3) be approved.

Members must, in reaching their decision on the Budget Motions have full regard to the results of the consultation as set out in Part 3, and the analysis of equalities considerations as set out in Part 4 of this document

PART 1 - Foreword

Foreword by the Leader of the Council, Sir Albert Bore

The City Council is facing an enormous financial challenge in the years ahead as we grapple with the biggest cuts in Government funding in this country in modern times. National Government has set itself a target to reduce significantly the public spending deficit by 2017.

In just four short years from 2011 to 2015, over a fifth of the money given to councils across the country will be removed with no allowance for inflation - and the cuts have not been made fairly. In Birmingham we are facing around twice the national average cut. If an average cut had been applied, this would have given us £79m more funding since 2011 - approximately the level of new cuts we need to introduce into the 2013/14 budget.

Under our centralised system, we rely on central Government for most of our income - only about a tenth comes from Council Tax - so these cuts have a huge impact. Our freedom of movement is reduced even further because much of the money we receive is earmarked for specific services like schools, and we have no say on how it is spent.

The City Council has been making efficiency savings and changing the way it works for many years. Actions taken since 2011 have already lead to savings of £275m per year, and our work force has been dramatically reduced. But as the years go by it gets more and more difficult to do this without adversely affecting the services people receive.

We have conducted an extensive consultation on the City Council's budget for the year ahead and we have been able to respond to your comments and make some important changes to the proposals set out in December. Full details of the feedback and our response can be found in this report.

I am pleased to say that the response was very positive and I would like to thank all of those who gave their views, either in public meetings or through other means – they have been invaluable in helping us to shape the Council's priorities and spending plans.

As part of this exercise, we also asked people what they thought the rate of Council Tax increase should be. Most people thought that a small, below inflation increase of 1.6% was reasonable. However, the Government has created a complex system for supporting a Council Tax freeze which has made it very difficult to calculate the impact of different levels of Council Tax on our finances, and this calculation has changed several times. We have made our decision purely on what will produce the best financial outcome for the City Council without placing an undue burden on Council Tax payers. I now judge that to be taking the Council Tax freeze grant. Further details on this decision can be found in Part 7 of this document.

We estimate that by 2017, grants to the City Council will fall by £300m from the 2010/11 level. We are also faced with increased spending pressures from inflation, the changing needs of the city's population, changes in the law and the costs of borrowing, which we estimate will add around £315m to the bill for maintaining current levels of service provision. The total gap between what we need to spend and the income we receive will rise to around £615m – a scenario I have described as the "jaws of doom".

As we face up to the challenge of saving around £615m by 2016/17, we will be engaging further with the public throughout the coming year as we aim to reshape our role and ensure we make the best use of resources for those most in need. There are more difficult decisions to come – but this Council is committed to working in tough times for fairness, social justice, enterprise, innovation and accountability.

My first duty in these circumstances is to be open and honest with the people of Birmingham about the difficult and painful decisions we must take. There is no magic wand available and it would be a cruel deception to claim otherwise. We must by law balance the budget each year. We are not prepared to defy the law and set a deficit budget as some have urged us to do.

Instead we will act responsibly. I did not come into politics to reduce people's services and the support they need, but there is no alternative to reducing expenditure. We will deal with this crisis in the fairest possible way and defend the most vulnerable in our city. We will work tirelessly with the people and communities of the city and the dedicated staff of the Council to find ways to meet this challenge.

Birmingham City Council will continue to spend significant sums of money next year and beyond. We want to make sure this is invested in ways that achieve the best results for the people of this city, and in my Policy Statement to Council last June I set out our vision for Birmingham:

> *An inclusive city in which many more people can play their part – a fair chance for everyone in Birmingham.*

In particular, we want to offer the best possible chance to the next generation - so a major theme of our work in the year ahead will be to improve the life chances of our young people and to support them in these difficult times.

Youth unemployment is a scourge that is damaging the prospects of a new generation and will leave scars on young people in terms of their future earnings and employability. But it is also a tremendous burden and cost to the whole of society: 10.7% of 18-24 year olds in the city are on Job Seekers Allowance, compared to 7.5% nationally. In some of our wards, this rises to a quarter of all in that age group. Combined with the spiralling cost of rents and mortgages, these figures mean that the lives of far too many young people are on hold and they cannot make their way in the world. Many also face the additional challenges of mental health difficulties, anti-social behaviour, substance addiction and crime. Our young people are the future of our city and it is right that we make it our top priority to address the challenges they are facing.

We have already published the report of our Commission on Youth Unemployment and are putting together £15m of funding for our Birmingham Jobs Fund, to support employers taking on young people and give additional training and support to young people themselves. With such bold initiatives we are showing what we can do by working in partnership with others who share our aspirations for the city.

And I am proud to be able to say that Birmingham City Council was one of the first in the country to pay a Living Wage to all its employees – many of whom are women in front-line roles such as cleaners and kitchen assistants. This is now being promoted amongst Birmingham businesses and those with whom we have contracts as part of our Business Charter for Social Responsibility. It is helping individuals and families, improving productivity and boosting the overall well-being of Birmingham's citizens. It is making a real difference, and we will continue to press hard for its adoption throughout the city.

We have made it very clear to the Government that cuts of this scale mean a looming financial crisis in our great cities – the very places the nation relies upon to create jobs and prosperity in the future.

We will continue to work with the Government to reignite Birmingham's potential for growth and prosperity, and on key initiatives such as the Local Enterprise Partnership and the City Deal. We have recently announced our intention to work with Lord Heseltine to implement the proposals of *No Stone Unturned in Search of Growth* – a unique opportunity to unlock the investment and enterprise that the city has been crying out for.

Whatever we think about the cuts, a responsible council must plan how to live within the severely reduced income we will have. Like the upheavals in the world economy, these challenges were not made in Birmingham but we have no choice but to meet them head on. Many people will have a contribution they can make and we want to work with the people of the city to find our way through these difficult times.

We understand the financial difficulties that many people in Birmingham are facing at this time. We will do our utmost to ensure that spending reductions are made in a way that makes the least possible impact on those most in need.

One of Birmingham's greatest assets and strengths is its tremendous diversity and the way that different faiths and cultures come together to spark innovation and enterprise. There has rarely been a time when that strength is needed as much as now. If we are to achieve our aims then we must pull together, to find ways of coping with these difficult times and supporting our fellow citizens who are most in need. We must also come together to challenge the Government with a united voice that demands a fairer and less damaging economic policy.

PART 1 Introduction

The Council Leader, Cllr Sir Albert Bore, set out the Council's priorities in the Leader's Policy Statement (LPS), presented to Full Council in June 2012. The LPS sets out a clear vision for the city:

> We want to see an inclusive city, in which many more people can play their part - a fair chance for everyone in Birmingham. I want a strategy for Birmingham that is compelling, innovative and far sighted.

Key Priorities

To achieve our vision our key priorities are:

- to tackle inequality and deprivation, promote social cohesion across all communities in Birmingham, and ensure dignity, in particular for our elderly and safeguarding for children;
- to lay the foundations for a prosperous city, built on an inclusive economy;
- to involve local people and communities in the future of their local area and their public services - a city with local services for local people.

The LPS Implementation Plan drives delivery of these priorities through a series of work programmes as follows:

LPS Work Programmes

Jobs and prosperity & Education and skills	Crime and police	Health and social care
Housing	Localisation	Re-inventing the council

Examples of early progress on these work programmes include:

- The report of the Birmingham Commission on Youth Unemployment in January 2013, which initiated a multi-million pound Birmingham Jobs Fund to get at least a third of the city's 3,000 young people who have been unemployed for over a year into jobs.
- The Local Enterprise Partnership and "City Deal" with Government, unlocking investment and enterprise to enable economic and social growth.
- The Greater Birmingham Project, aimed at implementing the proposals outlined in Lord Heseltine's report, *No Stone Unturned in Pursuit of Growth*.
- A successful bid for £30m to transform and modernise our waste collection services, preserve weekly collections and increase recycling rates.

A First Year Report on progress with the LPS work programmes will be provided to Full Council in June 2013.

This Council Business Plan sets out the approach we are taking to face the challenges facing the city, and the way in which we will manage our budgets, priorities, people and assets since, despite the very large cuts imposed on Birmingham, we will still be spending a significant amount of money in the city in 2013/14 and beyond. We want to make sure this is invested in ways that achieve the most important results for the people of the city.

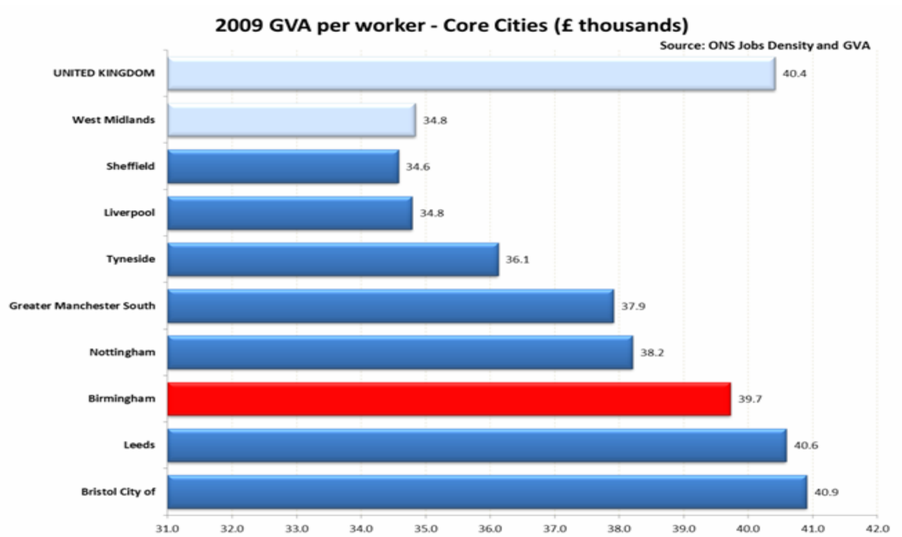
A profile of Birmingham

Birmingham is a large urban authority at the heart of the West Midlands region with a growing population of over 1m. We have the youngest population of any major European city - over half the population is aged under 35. The 2011 Census showed that the city has grown more quickly than previous official estimates, and faster than the national average rate.

The ethnic make-up of the city is significantly more diverse than that of the UK as a whole, and that diversity is expected to increase significantly over the next 20 years. This is potentially a key strength of Birmingham in the global economy.

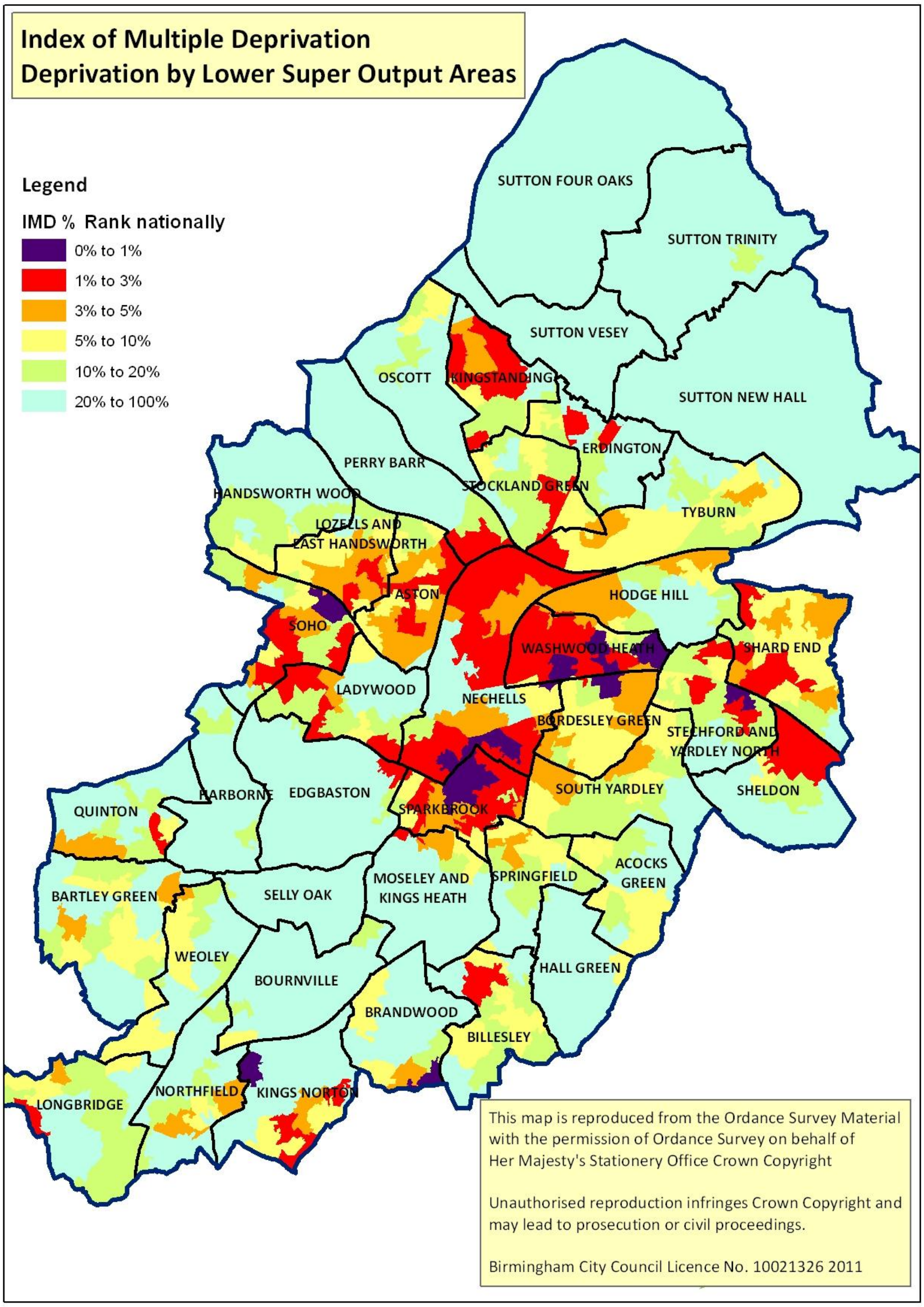
Birmingham is the largest city economy in the UK outside of London with a growing reputation as an international business location. Whilst Birmingham still maintains a significant manufacturing heritage (e.g. Jaguar Landrover), it has seen rapid growth in high value-added sectors like business and professional services.

However, Birmingham has a lower level of wealth creation (“Gross Value Added”) per worker than the UK average and cities like Leeds and Bristol. The city has a relatively high percentage of public sector jobs (eg teachers and nurses) which are affected by national Government spending cuts.



Birmingham has significant levels of deprivation in some areas, and has fallen further behind other parts of the country in the last decade. Inequalities persist in health, life expectancy and education – as illustrated by the composite measure "Index of Multiple Deprivation," mapped below. A low ranking indicates an area of high deprivation.

Index of Multiple Deprivation



Local & National Context

The Coalition Government is reducing public spending rapidly, and has chosen to target some of the biggest reductions on local government, and (according to independent research by the Audit Commission) to cut hardest in the poorest areas of the Country.

The 2010 Spending Review contained an announcement of a 28% cut to local government grants, after taking account of inflation, by 2015, and the Chancellor set out an additional cut of 2% in 2014/15 in the Autumn Statement of 2012, together with the need for continuing reductions until 2017/18.

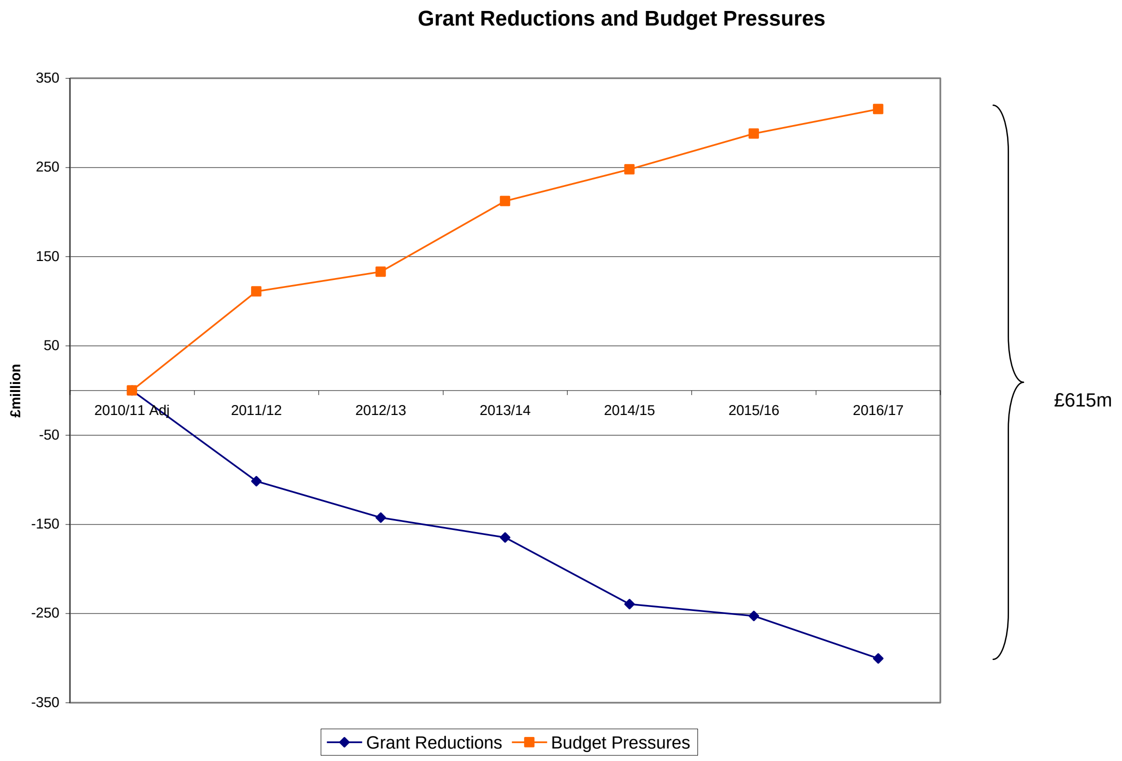
The majority of Birmingham City Council's income comes from central government grants, with less than 10p in each £1 coming from local council tax payers. The Council is therefore heavily affected by any reductions in these grants.

Birmingham's reduction in government funding has been more than double the national average, at £149 per person over the last two years combined. Over the six-year period from 2010/11 to 2016/17, it is forecast that total Government grant to Birmingham City Council will reduce by £300m.

At the same time, the City Council will need to meet unavoidable cost increases, expected to rise by around £315m extra by the end of 2016/17, due to the following:

- Inflation
- Changing need in the city's population
- Changes in legislation
- Financing costs

The combined impact of grant reduction and rising local costs means the Council will have to make savings of around £615m by 2016/17, as shown in the graph below, which equates nearly 50% of our controllable expenditure of £1.3bn.



The immediate budget task for 2013/14 is to make reductions of £102m, on top of the £275m saved in the previous two years. Having reviewed the previous administration's savings proposals for the years ahead, it has become clear that some cannot be implemented because they do not accord with policy priorities or, particularly in the case of the Children, Young People & Families Directorate, they are not realisable.

In 2013/14, some important pieces of new legislation will come into effect. From 1 April 2013, Council Tax support will no longer be awarded as a "benefit" but will be given as a "discount" against a Council Tax bill – with councils given new powers to design local support schemes. The Government is reducing the amount of funding the Council receives to meet the costs of support by 10% - a reduction in the City Council's income of £10m. To help meet this, we will remove the discounts applied to second homes and empty properties to raise £4.6m – but unfortunately, due to budget pressures across the entire range of services, the City Council will have no choice but to cap the maximum level of rebate for eligible households at 80%. Pensioners, those with disabilities and those with young children under 6 will continue to receive their current levels of support.

In addition, the Council is taking on new responsibilities – such as the transition of Public Health from the NHS. From April, it will fall to us to tackle the significant public health issues and inequalities in Birmingham including smoking, obesity, substance abuse and sexual health.

The Government is also introducing Universal Credit, the Benefit cap and changes to housing benefit. As a result, we anticipate that a range of vulnerable groups including low income households, lone parents, young adults, children and the disabled will be adversely affected – with the potential for increased demand on a range of Council services.

As more schools convert to academies, they take their assets and funding with them – so we need to find ways of working to ensure they fulfil their wider community obligations and use their funds to deliver the city's priorities.

Our approach

The realities of setting a reducing budget are not new. The Council has been making efficiency savings for several years, particularly since the big reductions in Government grants began in 2010. £275m has been saved in the last two financial years alone, with the non-schools workforce reduced by 27% since April 2010.

The Business Transformation programme has covered financial systems and procurement, people management, use of property, information management, customer services, care services and housing services. Savings include back office costs (support functions, such as Human Resources, Procurement etc.) including office space and reduction in senior management posts. There have been no cost of living staff pay increases since 2010.

However, while the City Council will continue to make them where possible, we have already reached the point where efficiency and transformational savings are no longer enough – and we have no alternative but to significantly reduce expenditure on services. Thus, our approach to planning and delivering services is based on our vision of an inclusive city, seeking to work for a better future for Birmingham and its citizens despite these difficult financial circumstances. The principles guiding our decisions will therefore be

- Putting **fairness** at the heart of our decision-making by targeting resources to those most in need.
- Early intervention to **prevent** more costly problems from occurring later on.
- **Working co-operatively** with other public agencies and enlisting local people, community organisations and the business community to tackle local issues.
- Getting real **value** in commissioning by paying for services that deliver the right results, encouraging social responsibility in business and valuing the contribution of community, voluntary organisations and social investors.
- A **smart** city – using new technologies – crucial to Birmingham's future jobs and prosperity in a global market.

We reviewed the savings plans set out by the previous administration, some of which did not accord with the policy priorities or could not be implemented in the way that was originally proposed. Some of the proposals have been extended. We have also developed new areas where budget reductions can be made, which we consulted the public on earlier in the year.

Looking forward to the challenges beyond next year, the Executive is developing a programme of reviews over the next twelve months which includes assessing the value for money and contribution to priority outcomes of each service area. Differentiated service reviews will lead to fundamental change in how services are provided and how key priorities are delivered.

Three planned "tranches" of reviews are in outline:

- Tranche 1 (Jan – July 2013): support services across the council (including Service Birmingham) and strategic reviews of the largest service areas (Adults social care and CYPF other than social care) – followed by further consultation early summer 2013

- Tranche 2 (Apr – Oct 2013): Local Services and Development & Culture services.

- Tranche 3 (Aug – Dec 2013): Children's social care and any remaining areas not covered to date.

Once the first tranche of reviews has been completed, we will consider the emerging implications for the overall design of the Council and how its does business – to ensure that we are "fit for purpose" in the future.

The extent of the future challenge will fundamentally change local government and its relationship with its citizens throughout the country. We will have to review radically the role of the Council in the city, adapting and making changes to services where possible and in some areas, decommissioning services altogether.

We will be inviting Birmingham people, businesses and third sector organisations to discuss how we can best face these challenges together, making the best use of everyone's contributions. Our staff and managers will need to further develop their skills, including how to work with volunteers; how to take responsibility for a local area rather than just a particular task; and how to develop shared priorities and joint investment with third sector and statutory partners.

Despite the severe funding cuts, we will still be spending a significant amount of money and this Business Plan will outline the priorities that will govern that spending and the reductions that have to be made within that strategic envelope. The next sections of the Council Business Plan set out how we will do this:

- Part 2 outlines our priorities
- Part 3 how we consulted on our budget proposals and the results of that consultation

- Part 4 outlines our approach to consider the impact of changes to policy and spending on equality issues
- Part 5 outlines out approach to staffing and developing our people
- Part 6 explains how we will make best use of our property assets
- Part 7 Financial plan then details the savings to be made , continuing on from part 2 (priorities)
- Part 8 Details our approach to managing risks relating to this Business Plan
- Appendix 1 outlines the approach we will continue to take in delivering services across each Directorate
- Appendix 2 details the initial equality assessments carried out by directorates on each of the main budget savings proposals
- Appendix 3 contains the Council's Pay Policy Statement
- Appendix 4 outlines our major service asset and capital strategies
- Appendix 5 provides detailed revenue financial and budget information
- Appendix 6 provides detailed capital financial and budget information

PART 2 Policy Priorities

Local Government – and Birmingham is no exception – will need to adapt and meet the severe challenges it faces, including the rapidly increasing need for services and extreme funding cuts.

Strategic Outcomes and Priorities

These outcomes provide the context for all the City Council's overarching goals and services. The key elements are:

Strategy	**Description**
Birmingham 2026	The city's Community Strategy developed in 2008 through extensive public consultation. Sets out a high level, long-term vision for the city and represents the shared ambitions for the city agreed between all local agencies.
Leader's Policy Statement 2012	Sets out the Council's vision for Birmingham and three priorities in delivering this vision. The LPS initiated a series of work programmes to deliver the vision in the medium term.
Council Business Plan and Budget 2013+	Sets out the Council's resource plans for the next 1-3 years, including changes to particular service areas and budgets.

The diagram overleaf provides a summary of the content of these strategies.

In summary, the Leader's Policy Statement sets out a clear vision for Birmingham to become:

An inclusive city in which many more people can play their part – a fair chance for everyone in Birmingham.

Vision and Priorities

Social cohesion:
an inclusive city, in which many more people can play their part
- a fair chance for everyone in Birmingham

Tackle inequality and deprivation, promote social cohesion across all communities in Birmingham, and ensure dignity, in particular for our elderly and safeguarding for children

Lay the foundations for a prosperous city, built on an inclusive economy

Involve local people and communities in the future of their local area and their public services

-a city with local services for local people

Outcomes	Sub-outcomes	Delivery plans
Succeed economically	Increased employment Education and skills Reduced poverty Increased wealth Sustainable economy	Jobs and prosperity & Education and skills
Stay safe	Reduced crime Feeling safe Protect the vulnerable Promote dignity Clean neighbourhoods	Crime and police
Be healthy	Living longer -Reduced health inequality Living well - enable healthy lifestyles	Health and social care
High quality of life	Satisfied with local areas, Local parks, libraries and museums New and affordable homes	Housing
Make a contribution	Increased volunteering Improved social cohesion Influence over decisions Reduced exclusion	Localisation
Public service excellence	Involved communities Localised services Whole Place working	Re-inventing the council

The Council has three key priorities that underpin all our strategies and plans, and how we act in all that we do. This section briefly describes how that is working in practice.

Priority One:
Tackle inequality and deprivation, promote social cohesion across all communities in Birmingham, and ensure dignity, particularly for our older people, and safeguarding for children

Birmingham is one of the most deprived local authorities in England. Almost a quarter (23%) of the city's population lives in neighbourhoods in the 5% most deprived nationally. There are significant differences in educational achievement, health, life expectancy and worklessness across the city. Birmingham is a growing city. Birmingham has a diverse and constantly changing population of just over one million residents, with over half under the age of 35.

What is the Council doing about this?

Making sure that the things we do and fund **contribute positively to social cohesion and to "closing the gap"** between the most and least deprived. We will stop doing things that are not working and will be more rigorous in finding alternatives that do work.

Working with communities to develop solutions to meet their differing needs and helping to foster the **community strength that really changes things at a neighbourhood level.**

Working to find new ways of providing affordable social care, including investigating the feasibility of a **'peace of mind offer'** to find ways of helping reduce social isolation.

Reviewing our arrangements for commissioning services. We believe that community and voluntary organisations, co-operatives and social enterprises can deliver the very best services.

Working to make **significant improvement to child protection services within the next 12 months, and raising awareness of corporate parenting responsibilities across the Council.**

Priority Two:
Lay the foundations for a prosperous city, built on an inclusive economy

If Birmingham is to compete in the global economy of the future the city must seriously improve in terms of education, skills, investment, connectivity and research.

What is the Council doing about this?

Working to make Birmingham an **'Entrepreneurial City'** and Britain's easiest place to start and grow a business. This includes **supporting job creation**, **improving Birmingham's skill base**; working with businesses to develop **new economic growth zones**; introducing a **"Business Charter for Social Responsibility"** policy that values the way our providers contribute to the city as well as the prices they charge; linking **education with business growth –** including a **new Birmingham Baccalaureate**; supporting the expansion of **Birmingham Airport** and delivering **the New Street Gateway development.**

Working to make Birmingham a technologically 'SMART' city by collaborating with experts to ensure that the city offers state of the art digital infrastructure to support today's businesses and citizens.

Working to make Birmingham a 'green' city – including consulting on a new planning policy – 'Your Green and Healthy City' – and our Energy Savers programme to reduce energy use in homes and businesses.

Priority Three:
Involve local people and communities in the future of their local area and their public services – a city with local services for local people.

What is the Council doing about this?

Since May 2012 we have passed control of **some 50 services** and budgets to **District Committees** so that there is a stronger focus on local priorities.

Developing **an ambitious programme for how we work at neighbourhood level.**

PART 3 Feedback and Analysis from Consultation

CONSULTATION PROCESS OVERVIEW

As in the previous two years, the Council has consulted with the public on two levels:

- A corporate consultation on the allocation across services of £110m worth of savings for 2013/14, including £61.5m of new savings, and their consequent effect in future years; and

- Directorate-level consultations on specific budget proposals, some of which are still ongoing.

The corporate consultation ran from 6th December 2012 to 6th January 2013 and was advertised widely. Channels of communication included the following: local media – press, TV and radio; Birmingham City Council website; direct mail-out to voluntary and community networks and promotion through internal Council communications.

The consultation asked for views on the following four broad areas:

- The Council's priorities and principles upon which to base budget decisions;

- The options for the level of Council Tax increase in 2013/14;

- The detailed savings proposed in the Council's 2013/14 Budget; and

- Possible changes in the services the Council delivers, including no longer providing some services, in order to deal with the difficult financial situation beyond 2013/14.

We used a range of consultation methods to engage with the public. These included:

- An online survey
- A Budget Views page on the Council's website.
- "Budget Views" Mailbox receiving comments via post, email and text
- Four public meetings in different venues across the city
- Two People's Panel community workshops
- Consultation workshop targeted at disabled people and the organisations that represent them
- Consultation workshop for voluntary organisations organised in partnership with the Birmingham Voluntary Services Council

- Business rates payers' meeting
- Meetings with staff
- Meetings with Trade Unions
- Web chat sessions with the Leader of the Council

By using different consultation methods, we were able to gather both quantitative and qualitative feedback from the public. The qualitative information was obtained through the meetings, workshops and forums. These allowed people to express their concerns about specific proposals and describe what they felt the impact would be. We have captured these concerns in the final budget consultation report. This can be found on the Council's website, www.birmingham.gov.uk/budgetviews together with a record of the notes of all public meetings, the submissions and feedback sent to "Budget Views" and the report on the People's Panel community workshops. This information has informed corporate and directorate equality impact assessments and final budget allocation decisions.

Individual Directorates have conducted and are continuing to conduct detailed consultations around their specific budget proposals. Views expressed during the corporate consultation have been fed into these individual directorate consultations.

KEY THEMES AND CONCERNS FROM THE PUBLIC CONSULTATION

Below is a summary of the main themes and concerns to emerge through the corporate budget consultation.

- **Strong support for the Council's priorities**

  In the online survey:

  - 85% agreed with tackling inequality and deprivation, promoting social cohesion, and ensuring dignity, in particular for our elderly and safeguarding children.
  - 76% agreed with laying the foundations for a prosperous city and inclusive economy.
  - 75% agreed with involving local people in the future of their local area and their public services.

- **Making preventative services and activities a priority**

  - A theme that emerged through the public meetings and was suggested as priority through the online survey - balancing the demands of "crisis management" / protecting the vulnerable and making sure that agencies work together on prevention was seen as critically important.

- **The Council working in partnership with other agencies and organisations**

    - ❖ The importance of effective partnership working was raised through the public meetings and through the workshops with the voluntary sector and disabled organisations, and links to the point above.

- **Widespread concern for children and young people** (particularly those who are vulnerable) **in the city – their opportunities and their future**

    - ❖ This was evidenced throughout the consultation. The online survey for example showed significant disagreement (i.e. disapproval outweighed approval) to the proposals in respect of Children's Services voluntary sector funding, Child and Adolescent Mental Health Services and the Youth Offending Service.

- **Concern about the most vulnerable, the risk to the "safety net" and the impact of welfare reforms on the poorest**

    - ❖ This came out strongly through the public meetings. Protecting vulnerable citizens was also a high priority for online survey respondents and in written correspondence.

- **Street cleaning and refuse collection**

    - ❖ There was a mix of opinions on this subject, demonstrating that environmental issues continue to engage the public. For example, the online survey gave a high priority to refuse collection and showed a significant opposition to a reduction in street cleaning, which was however offset by those who agreed to reducing city centre and mechanical sweeping. There was also strong support for a new service model of waste collection.

- On the subject of **Council Tax**, respondents clearly favoured increasing Council Tax in 2013/14 by a level that would not trigger a referendum – estimated at the time to be at 1.64%. Very limited opposition to this proposal was in evidence at public meetings. The Government has now clarified its calculations on the Council Tax freeze grant, which is now greater than the amount that would be generated by increasing the Council Tax to a level below the referendum limit.

ADDRESSING THE KEY THEMES AND CONCERNS

In response to the keys themes and concerns voiced during the consultation we have refined our approach to making these savings by strengthening their delivery plans to mitigate the impact.

We have also provided greater clarity on how we are going to deliver the proposals particularly in Children's Services and Fleet and Waste Management.

Set out below are some of the ways which we are addressing each of the themes.

Prevention and Partnership Working

- The Council's new role in Public Health provides a significant opportunity to make real progress in improving the health and wellbeing of our citizens. We will be working through the Health and Wellbeing Board across many different organisations to improve public health and address health inequalities

- The Adults and Communities Directorate is committed to working more closely with partners such as GPs and the wider NHS to extend Telecare, and carry out early intervention and prevention work.

- Prevention and working in partnership is a priority for our Children's services – increasing fostering and adoption, preventing children going into residential care and improving their life chances.

Concern for Young People

- A major theme of the Council's work in the year ahead will be the life chances of the city's young people and what we can do to support them in these difficult times.

- We will be putting together £15m of funding for our Birmingham Jobs Fund that will support employers taking on young people and give additional training and support to young people themselves.

- Some Public Health functions and resources will transfer to the Council in April 2013. This will provide an opportunity to identify services which closely align; Public Health preventative services may be commissioned by the Health and Wellbeing Board.

- Resources for Youth Participation will be placed more under the control of young people, to provide a more effective and more responsive service, enabling young people to take forward consultations etc.

- A redesign of Youth Services will bring about an integrated delivery model with Connexions, retaining the universal service. An approach is being made to schools to attract funding lost for this service. We will also be bringing the remaining Connexions service into local areas so we can provide a more targeted local response to need.

- In respect of respite care, we are considering a more tailored approach, moving towards a personalised budget model for children with very specific needs, so that families have more flexibility, choice and control over the provision for their children.

Concern for the most vulnerable

- Adults and Communities' top priority is to safeguard all vulnerable adults. The Directorate has undergone major changes since 2009 and now has arrangements in place to deliver the recommendations of the draft Care and Support Bill – prevention, delaying people's need for care and support through access to enablement services and better information and advice so that they can plan for their future needs.

- We have established a Welfare Reform Multi-Agency Committee, led by the Cabinet Member for Social Cohesion and Equalities, bringing together City Council and key agencies from the across Birmingham to develop solutions to mitigate against the worst effects of the Welfare Reform Act, with a particular focus on the city's most vulnerable individuals.

- The Benefits Advice Service will focus support for those who need it the most and will assist claimants in accessing Back to Work Support.

- We will work in partnership with the NHS to make the best use of resources through a targeted approach with people in local areas to improve local health outcomes.

- The Council has introduced the Living Wage for Council staff and the implementation of our Business Charter for Social Responsibility will press hard for its extension throughout the city.

Concern for the Local Environment

- We have successfully bid for £30m to transform and modernise our waste collection services, preserve weekly collections and increase recycling rates.

- We are piloting a wheeled bin refuse and recycling service.

- We are introducing a free bulky waste collection of a maximum of six items per household; subsequent collections will be charged.

- Doorstep recycling will remain in place.

TABLE OF RESPONSE TO KEY AREAS OF CONSULTATION FEEDBACK ON SPECIFIC BUDGET PROPOSALS

As previously stated, there was widespread agreement on many of the proposals consulted on. This table highlights proposals which received **particular support** and those proposals that attracted the **significant concern**. The text in the "Summary of Feedback" column is taken directly from the Consultation Report, available on the Council's website.

Proposal	Summary of feedback	Our response
Supported		
Children Young People and Families Adoption: Improvements in timescales for both children and prospective adopters and improve outcomes for children. (Savings in 2013/14: £0.100m.)	A very large majority (79%) of on-line respondents agreed or strongly agreed with this proposal with 47% strongly agreeing. However, the need to proceed with care on adoption and fostering was also raised at public meetings.	It is positive to receive public support for adoption and fostering. We will continue to work on service design proposals and aim to minimise the impact on children awaiting placement. This saving is part of a restructure which will more closely align fostering and adoption processes to speed systems up.
Children Young People and Families Professional support services: efficiencies by bringing business support and admin activities under a single management structure. (Savings in 2013/14: £1.370m.)	Two thirds of on-line respondents agreed or strongly agreed with this proposal, far more than disagreed.	We continue to consult staff on service design, integrating support and securing efficiencies.
Children Young People and Families School management and governor support: schools will now meet the full cost of this (Savings in 2013/14: £0.039m.)	A large majority (71%) of on-line respondents agreed or strongly agreed with this proposal with 38% strongly agreeing.	We are continuing to consult staff and stakeholders in relation to service design in order that we can secure efficiencies in the delivery of the offer to schools.
Adults and Communities Additional use of NHS funds to	A large majority of on-line respondents agreed or strongly agreed with this proposal for a large	The majority acknowledgement and agreement with this proposal is welcome.

Proposal	Summary of feedback	Our response
support eligibility criteria: one-off increase in funds from the NHS to keep social care eligibility at 'critical and substantial'. (Savings in 2013/14: £3.185m.)	one-off saving.	We recognise, however, that support for the adult social care budget necessarily has to be increasingly reliant on transfers of funding from the NHS to local government, which carry their own risks and conditions. Amongst other things, we have no guarantee these transfers will be ongoing.
Children Young People and Families Admissions and appeals: efficiencies and greater use of web-based information and applications. (Savings in 2013/14: £0.150m)	A large majority (73%) of on-line respondents agreed or strongly agreed with this proposal with 33% strongly agreeing.	We will continue to consult staff, schools and all stakeholders on any changes to current arrangements in respect of school admissions or appeals and ensure any proposed changes have little or no impact on the children, young people and families in Birmingham. Those parent/carers who do not have access to, or lack confidence in using web-based information, will have the opportunity to continue to apply for a school place using a paper form and receive information via the parent's information booklet.
Local Services Directorate Strategic Library - Library of Birmingham: reduce the scale of opening festival for new Library. (Savings in 2013/14: £0.200m.)	A very large majority (83%) of on-line respondents agreed or strongly agreed with this proposal with 56% strongly agreeing. This corresponded with the contributors at public meetings who questioned the amount spent on large capital projects of this nature.	The budget has been reduced in line with proposals. A new festival will replace Artsfest at a lower cost.
Corporate Resources. Benefit Advice Centre – service redesign: new structure of Benefit Advice Team. (Savings in 2013/14: £0.250m.)	A large majority (71%) of on-line respondents agreed or strongly agreed with this proposal. Nevertheless, the impact of Welfare Reforms on the poorest was raised at most public meetings, together with a call for the Council to co-ordinate	The organisation re-design will enable us to focus our support for those who need it the most as they will be on referral basis and as before we will continue to work alongside other voluntary sector organisations in providing this service.

Proposal	Summary of feedback	Our response
	support in this area with the voluntary sector and others.	Where it is appropriate to do so, we will assist the claimant in accessing work opportunities through signposting and liaison with corporate/external initiatives thereby reducing dependence on welfare benefits.
Areas of significant concern		
Children Young People and Families Children's Services - funding for externally provided services. Will affect more than 5,500 children. (Savings in 2013/14: £4.430m.)	A significant majority (59%) of on-line respondents disagreed with this proposal, with more than a quarter strongly disagreeing. This viewpoint was well represented at the consultation meetings. (In general) Opposition to cuts in voluntary sector funding was strong at the public meetings. Consultees at the people with disabilities meeting felt that the Council had made great strides over the last ten years in accessing and working with vulnerable people via the voluntary sector. These positive changes should not be lost and barriers start to return as a result of the proposed cuts. The importance of continuing to build the capacity of specialist voluntary organisations and their support workers was emphasised, including the capacity to help young people access jobs, sports, housing etc. Support workers were crucial for many people with disabilities and special needs, in addition to advice, as support was needed to ensure that the advice was implemented. There was also a risk that other	The nature of the proposal has been clarified. It does not just apply to the voluntary sector but to a broader range of externally provided services. There will be a structured review of all providers and an assessment in relation to the delivery of priorities, value for money and added value. Some Public Health functions and resources will transfer to the Council in April 2013. This will provide an opportunity to identify services which closely align; Public Health preventative services may be commissioned by the Health and Wellbeing Board.

Proposal	Summary of feedback	Our response
	added value of voluntary organisations would be overlooked when making decisions about funding priorities. Similar points were made at all the public meetings together with a stress on the importance of maintaining the preventative services provided by voluntary organisations which saved the public sector money in the long run. A 50% cut in funding for some voluntary organisations could mean that they closed down as they are not as large as the Council and do not have the same capacity to absorb cuts within their overheads and core costs.	

PART 4 - Equalities

1. INTRODUCTION

1.1 Birmingham is, outside of London, the UK's most diverse city, made up of a wide range of cultural, faith and other communities. According to the 2011 Census, Birmingham's population numbers 1,073,045 of which just over 30% are non-white. The city benefits from positive social cohesion within this diversity. We have only been able to achieve this through working with all our communities, as well as with our public and private sector partners to address inequalities in our city.

1.2 Promoting equality and tackling inequalities is at the heart of the current Council goals. That is why the Council has set itself three priorities:

- To tackle inequality and deprivation, promote social cohesion across all communities in Birmingham, and ensure dignity, in particular for our elderly and safeguarding for children;
- To lay the foundations for a prosperous city, built on an inclusive economy;
- To involve local people and communities in the future of their local area and their public services – a city with local services for local people.

1.3 These are fundamental to building a strong local economy and a fair society; and in these difficult economic times they become even more important. As we strengthen our economy we must make sure that we benefit from the talents of everyone in the city. As we take the difficult decisions necessary to tackle the impact of the global recession we are determined to do so fairly, protecting the most vulnerable and prioritising equal opportunities for all.

1.4 To meet these priorities the City Council has transformed the strategic approach to equalities in Birmingham, and established a new Cabinet portfolio: Social Cohesion & Equalities. Through this new approach, the Council believes that addressing inequalities and disadvantage in the city is the responsibility of us all, and doing so is essential if we are to maintain social cohesion between and across all our communities. Equality underpins the City Council's guiding principles of freedom, fairness and responsibility. But in the end, it will take all of us working together to continue to build the strong, modern and fair Birmingham that we all want to see.

1.5 The City Council's role becomes increasingly important at a time of recession, when experience shows that the vulnerable and disadvantaged are hardest hit, and cohesion is put under strain. The international and national economic climate looks set to be difficult for an extended period. It will not always be possible to avoid an impact of savings on the most vulnerable in society, or on particular groups and subsequently on the cohesiveness of the city – and therefore on Birmingham's citizens in general. It is quite possible that those most in need in our city will be affected both in terms of the direct effects of the recession and by the savings to the support services on which they rely.

1.6 Given the nature of our work, and the scale of the savings, 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. In our 2013/14 savings proposals there is clear evidence of these three themes having guided our approach.

1.7 The following commitments were made to ensure that an equitable and fair approach is being applied to the wider community:

- Ensuring the right criteria and assessments are applied to support older adults;
- Seeking to protect funding that is providing services to vulnerable children;
- Working in partnership with the private sector and third sector to continue and increasing our commissioning arrangements in terms of need, outcomes and value for money;
- Seeking to reduce the Council's support services budgets by proportionately more to protect frontline services;
- Working in partnership with other partners such as the NHS to deliver shared services;
- Continuing to consult with citizens, the business community, the voluntary and community sector, and equality groups both on the generalities of the proposed savings as well as on the specific issues which may emanate from making those savings.

1.8 The Council has choices about how those savings are implemented. In the major areas of spend, for example Adult and Communities, and Children, Young Peoples and Families, the savings proposals show a clear emphasis on prevention, and focus on savings through imaginative partnership working.

1.9 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 Analysis (EA). This ensures that the potential implications of such proposals on those within groups defined by reference to the 'protected characteristics' covered under the Equality Act 2010 are considered. These protected characteristics include age, disability, gender (including reassignment), pregnancy and maternity, race, religion and belief, and sexual orientation.

2. THE EQUALITY ACT (2010)

2.1 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.

2.2 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.

2.3 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 Analysis documentation.

2.4 'Having due regard' involves 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 who 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.

2.5 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 budgetary pressures, economic and practical factors.

3. COUNCIL'S APPROACH TO THE ALLOCATION OF SAVINGS TARGETS

3.1 As in recent years, the Council has had to prepare a future year's business plan and budget, having to make considerable savings (£101.7m). In order to provide a framework for savings options to be identified, developed, consulted upon and evaluated, the Council gave provisional savings allocations to each of its directorates. These were calculated with reference to the existing relative expenditure bases of directorates their individual expenditure issues, the deliverability of previous years' expenditure targets and to reflect the Council's stated priorities. The resultant provisional directorate savings allocations were considered therefore to be set on a proportionate, reasonable and fair basis subject to appropriate Equality Screening and consultation.

3.2 These initial proposals were developed against the Leader's Policy Statement. In terms of the detail of how this was achieved, the initial proposals were submitted to the Executive Management Team meeting (EMT) in September 2012 for consideration, at which time they were refined with reference to policy priorities and the impact on services. Following this EMT, the Social Cohesion & Equalities Division convened a meeting in October 2012 with the Equality Champions of Directorates to review the high level impact on the proposed savings. Revised proposals from service areas together with a high level Equalities Analysis was considered by EMT in November 2012, when further re-shaping of proposals was discussed.

3.3 Throughout this process consideration was given by Cabinet Members and Officers to the process of the public consultation which was discussed at the EMT away day in November 2012, and began from 6 December 2012. The outcome of this consultation process will inform the Equality Analysis of the Business Plan and the Council's thinking generally.

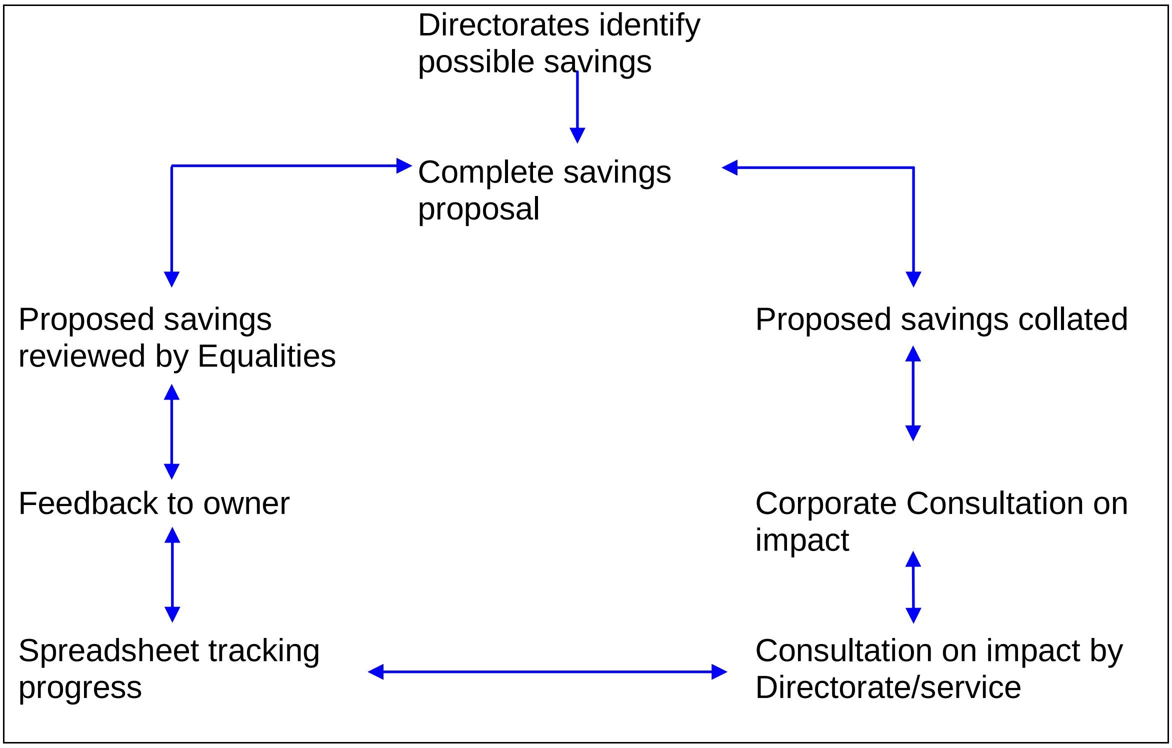
3.4 At EMT on 16 January 2013, Cabinet Members and Chief Officers examined the equalities impacts of the savings proposals that had been consulted upon, alongside the consultation feedback. This included a high level assessment of potential adverse impacts on communities, and possible mitigations. Consideration was also given throughout the process to the outcomes of the City Council's corporate public consultation; consultation by Directorates at this time was still ongoing. The Head of Equalities for the Council presented a report on the Equalities impacts which together with the outcome of corporate consultations resulted in further re-shaping of our proposals.

3.5 The savings proposals determined in accordance with the steps above were considered by Members of the Executive in the context of their policy priorities and legal duties. This has shaped the final proposals in this document with some savings remaining unchanged, some modified and some no longer being pursued.

4. THE COUNCIL'S EQUALITY ANALYSIS METHODOLOGY

4.1 The Council has established a Corporate Business Planning Working Group which provides advice and guidance on finance, equalities, consultation, legal issues and Human Resources implications. The group also monitored progress by service directorates on equalities, consultation and Human Resources. The progress on Equality Analysis and consultations is monitored through a consultation tracker.

4.2 The Equalities function has maintained a close watch on the progress of the individual savings proposals from across the Council, and the extent to which each has gone through the approved two stage Equality Analysis process. The City Council has taken a robust approach to this round of planning. From an Equalities point of view, the sequence is as follows:



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

4.4 Initial EA screenings have been carried out, where appropriate, on 2013-14 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.

4.5 EAs are living documents that change and are updated as the equality implications of a decision and any alternative options or proposals are considered. 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. Members wanting to read the initial EA screening assessments will find them in offices of the Social Cohesion and Equalities Division.

4.6 The EAs, and this summary of them, have helped Councillors to debate issues, review decisions and look at the viability of alternatives and mitigating measures in order to ensure that the Council meets its PSED and other legal duties.

4.7 As part of the Council's mainstreaming approach to equalities, it is the responsibility of managers to ensure that equalities considerations are taken into account ***as part of*** decision-making by elected members and Chief Officers. This is particularly important when it comes to savings: the requirement is that public services pay due regard to the need to reduce discrimination, increase equality of opportunity, and improve relations between groups. All decisions must take account of these objectives.

4.8 It is essential that Officers understand that in preparing any Equality Analysis they need to ensure that key decision makers, chief officers and elected members are provided with objective advice and evidence. Both officers and members must have due regard to the need to eliminate unlawful discrimination and harassment; advance equality of opportunity (including by minimising disadvantage, meeting needs and encouraging participation in public life by those from under-represented groups, and by taking particular steps to take account of disabled persons' disabilities); and foster good relations between persons who share a relevant protected characteristic and those who do not.

4.9 These equality considerations do not preclude changes in services being made, but do require that the significance of these steps from an equalities perspective, both individually and holistically, be fully appreciated

4.10 A consistent approach to this is fostered through the Council's Corporate EA form. Council officers are able to adapt this, to incorporate further detail or information, when looking at different types of service provision.

4.11 The EA process ensures that thought is given to:

- What the proposal is
- What evidence, information or other intelligence has been used to develop the proposal (this includes information about who uses our services, who doesn't use our services, satisfaction surveys and national and local research and information)

- What engagement has taken place or is needed with stakeholders around the proposal
- How some groups could be impacted (positively or negatively) by the proposal ('groups' for these purposes are those defined by reference to a 'protected characteristic' as set out in the Equality Act 2010)
- How the proposal may impact on equality of opportunity for those from groups defined by reference to any of the protected characteristics, and/or on good relations between persons of such groups
- How the proposal may impact on social cohesion and social inclusion
- How any negative impacts can be removed or reduced
- The extent that any negative impacts cannot be eliminated, whether and how such impacts may be justified

4.12 EAs have 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. EAs have informed the proposals put to EMT ,and have been used to help decision making throughout.

4.13 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.

4.14 Lead officers for equality and community engagement have reviewed all of these EAs relevant to the budget savings proposals. This has helped in terms of maintaining quality, consistency and ensuring that due consideration has been given to meet our legal responsibilities. Feedback was given to directorates and this quality assurance will continue as the EAs develop through the consultation period. As appropriate, savings proposals will be further considered following further and ongoing consultation and the results of the developing EAs.

4.15 The quality assurance process has provided a central overview of all proposals and their potential impacts upon groups. This led to more detailed assessments on a series of 'cross-cutting' themes incorporating key areas.

4.16 Whilst the Council regularly monitors the social impact of the recession and social cohesion, an essential part of the Council's EA process is the public consultation on the Business Plan and Budget.

4.17 The corporate public consultation on the 2013/14 budget proposals began on 6th December 2013 and closed on 6th January 2013. A number of methods were used. (Please see Part 3).

4.18 In addition, individual Directorates are conducting detailed consultations around their specific proposals. Views expressed during the budget consultation have been fed into these individual Directorate consultations. These views will also feed into the legally required equality assessments of the proposals that are currently underway. There is also a consultation process taking place with Council staff and their trade unions.

4.19 We conducted an online survey of the budget and revisited the themes and questions during the public and more targeted meetings allowing for some comparability with the survey results. The public meetings allowed opportunities to explore the meaning and impact of the savings proposals. However, while the turnout at the public and other discussion meetings was lower than the quantitative surveys, they did provide more opportunities to explore the meaning and impact of the savings proposals than can be available through an online and postal questionnaire.

4.20 The consultation referred to over £70m of *new* savings required in the coming 2013/14 financial year and the longer term financial challenge that would mean that by 2016/17, the Council would have to make savings since 2010/11 of around £600m - about half of its controllable expenditure. Previous years' savings proposals have already been the subject of equality analysis and consultation and the responses and results have been taken into account in decisions made.

The consultation asked for views in the following three broad areas:

- The Council's priorities and principles upon which to base budget decisions.
- The options for the level of Council Tax in 2013/14.
- The detailed savings proposed in the Council's 2013/14 Budget.

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.

As in recent years, the Council has had to prepare a future year's business plan and budget in a difficult financial climate, with it having to make savings of £101.7m.

This section has provided an overview of some of the main equality considerations arising from the "Council Business Plan & Budget 2013+". These reflect corporate consultations already undertaken, the outcomes to date of directorate consultations which are still underway and the equalities impact assessment work undertaken with reference to the equality characteristics as defined in the Equality Act 2010.

The Council recognises that this overview, and the more detailed equalities assessment work undertaken by each Directorate on which this is based are part of an ongoing process, with directorate consultations still underway. 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 would need to put in place in order to progress the savings proposals on which it is consulting. 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.

Given the approach taken by the Council to consultation and equalities assessments, as described above, and the consequent resultant mitigations and budget changes made and incorporated into this budget, it is considered that 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 put forward here, any such changes might reasonably be expected to be of a magnitude which could and would be addressed within the framework of this Council Budget.

The Council’s level of compliance with the legislative requirements for both consultation and equalities assessments are therefore sufficient to enable the Council’s Director of Finance (s.151 officer) to be satisfied, when taken in conjunction with his wider assessment of the Budget’s composition, that the budget proposals now before the Council are based on robust estimates.

The initial assessment carried out by directorates on each of the main budget savings proposals are detailed in Appendix 2. Consultation, where relevant, is ongoing on the proposals and as part of that consultation the Council will review the effectiveness of the mitigations listed in reducing the risks identified.

PART 5 – Our Employees 2013

Birmingham City Council's leadership wants people to work for and with the Council to build a brighter and successful future. In these difficult financial times, the challenges for local government require imaginative, courageous, innovative and bold people. The Council has reduced its workforce by c7,500 people between April 2010 and March 2013. It will continue to face significant efficiency and funding challenges over the forthcoming years. In 2013, it expects to see around 1,000 people or c850 full time equivalents less posts. The Council has managed the reductions in a measured and planned way, which has seen less than 10% of this reduction being achieved through compulsory redundancy.

The people who work for and with the Council are at the forefront of our ambition to deliver the best possible services to our customers.

The Council wants its employees to help drive up standards and actively lead the necessary service remodelling to meet a new era of change. It seeks to promote behaviours and working practices that recognise and respect the differences between people and help them to fulfil their potential.

To provide transparency around the pay for non-schools employees within the organisation, the Council now publishes a Pay Policy Statement as part of the requirements of the Localism Act 2011. The Council is obliged under the legislation to review this annually and make the statement available for the public from April of each year. This will be the second statement and, for 2013/14, it highlights the reduction in the pay multiple from 16.8:1 down to 14.5:1 between the highest and lowest paid employees, having been influenced by the implementation of the Living Wage from July 2012. The full statement is attached at Appendix 3

People must be able to do an excellent job. They must be equipped with the skills and necessary development to succeed and where possible have career pathways that give more freedoms to maximise potential. Making sure that people do what they do best and use their strengths to their fullest potential is uppermost in this strategy.

The Council is committed to involving all our employees in our Fresh Start engagement programme. Fresh Start is an innovative approach to the engagement relationship that exists between employer and employee (often termed the psychological contract). It is a key part of the recipe to form a productive and inclusive culture at Birmingham, with a leadership that listens and is open to new ideas in order to deliver on the unprecedented financial challenge the organisation faces. Fresh Start is already taking a fresh approach to the Council's core values of Belief, Excellence, Success and Trust – enabling our workforce to be accountable for maintaining and improving outcomes and improving lives of the people who live in Birmingham.

The Fresh Start programme aims to influence:

- Employee engagement levels;
- Levels of sickness and absence and employee health;
- Levels of stress across the Council;
- Employee commitment to and pride in Birmingham City Council;
- Staff managing work / life demands to improve quality of life and capacity to deliver a sustainable service;
- Levels of morale and motivation and job enjoyment (taking personal responsibility as well as organisation);
- Employee productivity, quality and customer responsiveness levels - making a difference to service delivery;
- Improving staff and organisational capacity, capability, resilience and performance; and
- Making a clear link between employee morale and productivity and making a difference to the lives of the people in Birmingham.

The leadership is committed to:

- Implementing the Living Wage;
- Expanding My Birmingham Rewards employee benefits;
- Devising new communication channels and improving existing ones;
- Reviewing the conduct of Performance Development Reviews including simplifying scoring and supporting mechanisms;
- Developing a feedback mechanism for employees to give feedback on their managers;
- Developing a leadership academy with development opportunities for all employees;
- Working on raising levels of staff health and well being;
- Conducting a whole council ’workforce diagnostic’ survey in 2013; and
- Having a genuine staff suggestion scheme including social media tool.

In this climate, having a clear People Strategy that supports the Council Business Plan is of paramount importance. The Business Plan sets a clear business vision and sitting at the heart of this is our People Strategy.

Our People Strategy Priorities

There are four workforce priorities, which form the strategic themes in the forthcoming year and onwards:

- Improving morale and motivation
- Organisational change
- Organisational compliance
- Organisational performance

Priority 1: IMPROVING MORALE AND MOTIVATION

The Fresh Start programme recognises the importance of employee voice and recognition. The Council, through its workforce, wants to change outcomes and improve opportunities for the people who play an important part in the prosperity of Birmingham. This programme will: develop clear leadership and management standards; invest in employee health and wellbeing; and put performance development and reward at the heart of business objectives. The Council will implement the Living Wage, reviewing the organisational and financial implications on an annual basis prior to changing the payment rate.

Birmingham will:

- Build a shared expectation of working for the council;
- Encourage staff to volunteer and build civic pride in the city;
- Reward our people for taking risks and finding better ways to solve problems; and
- Ensure that within organisational priorities, staff have the opportunity to shape their own work and direction of services.

Priority 2: ORGANISATIONAL CHANGE

Having visionary and effective managers / leaders who are able to lead and engage people through the transformational changes is fundamental to helping empower people.

Managers will need to be able to manage the changes effectively, involving staff in shaping the changes and influencing how services will be run in the future. Managers / leaders will need to develop teams that are agile, flexible and committed, and will themselves need to be agile in order to adapt to changes in their role and be able to manage effectively across different teams and with larger spans of control.

The Council will ensure that manager / leaders are developed and supported to fulfil their roles, engage staff and develop a culture of innovation and strong performance whilst being supported to assess and manage risk effectively.

Birmingham will:

- Have effective managers / leaders who are able to provide direction, build trust in what we do and engage their teams;
- Encourage a culture of innovation and managed risk taking, working in close collaboration with partners using organisational design principles; and
- Provide opportunities for all of staff to enhance their skills and talents.

Priority 3: ORGANISATIONAL COMPLIANCE

The Council needs to operate in the most economically efficient and effective way. Key to this is having people management policies and processes that are lean and effective. Ensuring that managers and staff can access the right advice through Human Resources (HR) services at the right time and in the right way is paramount.

Birmingham will:

- Continue to enhance its People Solutions HR intranet services based on customer feedback;
- Ensure fair employment terms and conditions including the Living Wage and Equal Pay;
- Have job families that evolve with service redesigns and different models of delivery; and
- Plan the future workforce requirements, address transition matters fairly and continue to foster social inclusion and a diverse workforce base.

Priority 4: ORGANISATIONAL PERFORMANCE

At a time of reducing resources and rising customer expectations, it will be increasingly important for all employees to adopt a performance culture in which high performance is valued and sustained and underperformance is actively addressed. It is important to focus staff in their areas of strength so that they can be deployed in roles that maximise their personal contribution and performance.

Birmingham will:

- Build a high performance culture, with Performance Development Reviews being a mechanism where managers can actively support individuals to improve their performance;
- Ensure that staff are clear about how their work contributes to the delivery of their service and know what is expected of them; and
- Receive regular feedback and recognition where staff have excelled.

Achieving this People Strategy will be the key to delivering the Community Strategy and vision so that the Council plays an important role in the heart of this vibrant city and in the lives of the people who live in, work in and visit Birmingham.

WORKFORCE PLANNING

The council has a robust method which forecasts and plans the workforce requirements needed to meet the demands of our citizens, ensuring that the council has the right people, in the right place, at the right time with the right skills. This allows for effective service reorganisations and planned and managed headcount reductions. The council has a well-developed employee performance management process which monitors and controls the levels of necessary staffing, employee costs, diversity profile, absence rates and performance levels. This is reported to the management teams on a monthly basis.

EQUALITIES

Diversity and equality matters are at the heart of the employee strategy. The council recognises and celebrates staff groups which are part of the statutory nine protected characteristics. The council has a robust equality assessment framework which is embedded into the business planning processes. This is designed to illuminate, minimise or balance any potentially discriminatory or negative consequences of any proposed policy decisions.

PART 6 - 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. Appendix 4 summarises the asset and capital strategies of major service areas.

2 GENERAL STRATEGIC AIMS

2.1 In recent years a significant proportion of the Council's property assets have been progressively changed to support business plan strategy. 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.

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.

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. General themes include;

- Potential for co-location/integration of Council 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.
- Potential to fully utilise space – ensure space in buildings is fully utilised at all times.
- 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 and asset intensive.

2.2 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	Number
Adult Education Centres	9
Allotments (leisure gardens and small holdings)	115
Car Parks incl Multi-storey	16
Cemeteries	9
Cemetery & Crematorium	3
Central Administration Buildings (CABs)	40
Children & Family Residential homes	26
Church Yards	24
Community Centres / Halls	63
Community Day Nurseries	18
Council dwellings	64079
Depots	23

Education Establishments (schools)	456
Day Centres – children, elderly and learning disability	12
Environmental Residential Centres	10
Golf Courses	7
Leisure Centres incl sports halls and pools	44
Libraries	39
Markets	3
Museums & Arts	13
Offices	45
Parks (inc public open space, play areas and recreation grounds)	597
Roads (in km)	2536
'Sure start' Properties	10
Youth Centres	34
Youth Offending Team	7
Let to third parties	3101
Held for charitable purposes	13

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.

3.3 Resources are constrained, and services are having to make hard choices on expenditure. Future service delivery models will have implications for the assets needed to support those services, and this will be reflected in the review of the City Council's Asset Management Plans. Energy efficiency is expected to impact upon investment and disinvestment decisions, although other factors are taken into account. 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 Excellence in Facilities Management programme, in terms of both costs and service delivery, which will help services to manage constrained revenue budgets in terms of the property that they use.

OVERALL PROPERTY AND ASSET STRATEGY

4 SUPPORTING COUNCIL STRATEGIC OUTCOMES

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

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. Most recently, the establishment of the new Local Services Directorate has led to the setup of new Quadrant based “Think Tanks” to redesign future delivery of local services and potential for innovative property solutions.

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 operational property estate.

6 SERVICE RATIONALISATION AND ASSET MANAGEMENT PLANNING

Most services have undergone substantial service reviews during recent years and their service asset management plans have been updated as a result. Those plans are directly attributable back to the service delivery plan. 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, whether in simply tackling issues of condition, modernisation to meet corporate and national initiatives, or expansion to meet service demand.

However, with the projections of further reductions in central government funding these plans will be subject to further ongoing review and redesign.

The ability of services to disinvest is hampered by the current state of the market. However a disposal strategy is proposed which seeks to reinforce the linkages between service planning and asset rationalisation.

The use of shared service Hubs is a developing and innovative approach that is becoming an increasingly important area of work for the future. Early 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).

7 STRATEGIC USE OF ASSETS

The Council will use its assets strategically to support service realignment as appropriate. For example, approximately £15m of property has been transferred to different services to support Birmingham Municipal Housing Trust proposals. The council will use its assets appropriately in support of major regeneration projects, for example Paradise Circus and Icknield Port Loop.

8 SUPPORTING COMMUNITY INVOLVEMENT

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 owned property. Associated with the Localism Act there is now a “community right to bid” for property, which does not compel the Council to sell or sell at lower than market value. 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.

9 GREEN ISSUES

The Council is developing its carbon strategies and energy management strategies. In the development of its new 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.

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.

Energy bills have risen substantially over the past few years driven by external world factors and there is no view that these will drop back. Even in the current recession where demand for energy is weak worldwide those prices have not reduced by any significant amount. The view is more that as energy supplies get tighter and energy sources become scarcer demand will outstrip supply and prices will continue to rise as a result.

This places a greater and greater emphasis on needing to put in place appropriate measures to contain such budgetary pressures. Such measures can include voltage optimisation, automatic half hour meter readings, biomass boilers, automated lighting, 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

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.

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, asbestos management etc.

11 EQUALITIES ISSUES

Equality issues around property mainly focus on access to services where 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

The City Council maintains an Asset Management Plan (AMP) 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. As service plans are produced these will feed into the corporate Asset Management Plan.

13 FACILITIES MANAGEMENT

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. Following the establishment of Acivico (a City Council wholly owned company) the excellence in Facilities Management business transformation programme is progressing the standardisation of facilities management services for the corporate estate. 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 7 FINANCIAL PLAN

Chapter 1 – Executive Summary

1. Introduction

1.1 This Financial Plan sets out the financial implications arising from the Council's on-going provision of services for the people of Birmingham, within the context of the approach and policy priorities described in Part 2 of this Business Plan.

1.2 The Financial Plan has three principal components, covering:
- Revenue expenditure on day-to-day services (Chapters 2 – 6)
- Capital expenditure on assets and other investments (Chapters 7 – 9)
- Treasury management – arrangements for the management of the Council's debt and investment portfolios (Chapter 10)

1.3 The City Council's financial plan continues to be set in the context of significant reductions in Government grants, which are expected to continue for another 5 years.

1.4 The Council continues to adopt a medium-term and long-term approach to the planning of services and finances, thereby taking a strategic approach to the design of future service provision. The long-term financial plan is regularly updated as new information becomes available and the impact of decisions can be assessed.

1.5 A key component of the Council's ability to spend money on services and assets is the availability of Government resources. For this reason both the Revenue and Capital elements of the Financial Plan begin with a summary of the resource availability (Chapters 2 and 7). In each case, the financial strategy is then set out (Chapters 3 and 8) before the specific budget proposals, which flow from these strategies, are described in Chapters 4 and 9. The medium- and long-term revenue financial strategy is set out in Chapter 5, and proposals for Council Tax are described in Chapter 6.

1.6 The borrowing requirement of the Council is determined by the Capital Programme and the resources available. The Treasury Management Strategy in Chapter 10 describes the approach to the delivery of those elements of that programme which will be financed by borrowing, together with arrangements for the temporary investment of cash balances which may, from time to time, be held by the Council.

1.7 Each element of this Financial Plan is supported by detailed information, which is set out in Appendices 5 and 6 at the end of the document.

2. Revenue

2.1 The City Council continues to experience a significant reduction in Government grants which, when taken with increases in expenditure, will result in the on-going need for budget savings. Savings totalling over £600m for the six year period to 2016/17 are expected to be required.

2.2 After taking account of new expenditure expected to be met from additional specific grants received, there are expected to be net Government grant reductions of £26.7m in 2013/14 which will need to be accommodated in setting the revenue budget. When combined with budget pressures and changes in overall level of Council Tax income, savings of £101.7m in 2013/14 will be required. This includes £39.3m of existing savings plans, and new savings proposals of £62.4m, of which £31.1m are to replace those included in last year's plans, but which are no longer deliverable. A net revenue budget of £1,035.5m is proposed (gross expenditure £3,413.4m).

2.3 The need for savings increases in future financial years, with further savings of £213m expected to be required by 2016/17 in addition to those already planned. The City Council is developing a programme of service reviews over the next twelve months in order to address this challenge. These will includes assessing the value for money and contribution to priority outcomes of each service area. Differentiated service reviews will lead to fundamental change in how services are provided and how key priorities are delivered. The extent of the future challenge will fundamentally change local government and its relationship with its citizens throughout the country. We will have to review radically the role of the Council in the city, adapting and making changes to services where possible and in some areas, decommissioning services altogether.

3. Council Tax

3.1 There will be no increase in the City Council's element of the Council Tax for 2013/14, and the revenue budget has been prepared on that basis. The Council is able to take advantage of a time-limited Government grant (for two years) in order to freeze Council Tax at the same level as in 2012/13 at £1,113.67 for City Council services for a Band D property.

4. Capital

4.1 The City Council's three-year Capital Programme totals £1,028m. Like the revenue budget, the Capital Programme is being affected by the economic climate, resource constraints and changing grants. Proposals for the financing of Equal Pay payments are also included. In this environment the City Council will seek to maximise the generation of capital receipts and will exercise particular caution when considering spending plans for the future which use prudential borrowing.

5. Treasury Management

5.1 The Treasury Management Strategy sets out the City Council's approach to the management of its debt and investments, within the framework summarised in the Treasury Management Policy.

Chapter 2 – Government Resources

1. Summary

1.1 The financial year 2013/14 is the first year of a two-year Government Grant settlement that sees some of the largest changes in how local government is funded in the last twenty years. The Government has calculated that the City Council will receive general Government Start-Up Funding of £783.3m in 2013/14 – the City Council estimates this is a decrease of £31.5m (3.9%) compared with 2012/13 on a "like-for-like" basis. This is in addition to a 17.4% cash reduction across 2011/12 and 2012/13. Furthermore, the Government has calculated that the City Council will receive £711.2m Start-Up funding in 2014/15 – a further 9.2% reduction.

1.2 Under a new financial regime for councils, the City Council will receive its Start-Up Funding via three streams:

- Locally retained business rates
- Top Up Grant
- Revenue Support Grant (RSG)

1.3 The City Council also receives resources through specific grant streams, although a significant number have now been rolled into formula funding and therefore is part of the Start-Up Funding received. The Council will receive a £4.8m increase in 2013/14 corporate specific grants, giving an overall £26.7m cash reduction (on a like for like basis) in corporate grant funding.

1.4 There will also be an increase of £25.0m of directorate specific grants, but these are matched by a corresponding increase in expenditure. Therefore, although there will be a net reduction of £1.7m in government grants overall, after taking account of associated expenditure announcements, there will be a cash reduction of £26.7m on a like-for-like basis.

1.5 The Government has calculated that the City Council's spending power has reduced by 0.9%. This reduction is not sufficient for it to receive any Efficiency Support Grant.

1.6 In addition to these figures, the resources for schools and some central education services are provided for through the Dedicated Schools Grant (DSG). In 2013/14 DSG has been split into three strands:

- Schools block (reception to year 11)
- Early Years block; and
- High Needs block

The total estimated level of DSG, including funding for academies, is expected to be £1,057.5m, subject to final pupil numbers. The level of DSG attributable to maintained schools (based on the expected number at April 2013) and central provision is £837.2m.

1.7 In addition to DSG the City Council will also receive additional schools funding through the Pupil Premium. This allocates additional funding to schools that have pupils who are eligible for free school meals, are looked after by the City Council or have parents who are currently serving in the armed forces. The provisional level of Pupil Premium in the city will be £67.9m, subject to final pupil numbers. The level of pupil premium attributable to maintained schools is expected to be £51.5m.

1.8 With regard to the Council's Housing Landlord function, the current financial framework for the provision of council housing established by the Local Government and Housing Act 1989 (specifically Schedule 4) was amended by a new devolved self financing framework introduced from April 2012. The Housing Revenue Account (HRA) ring- fence remains, as well as the duty to set a balanced budget and preventing a deficit arising on the HRA. Local authorities now retain all rent income raised locally, the housing subsidy system has been discontinued, and authorities have taken on the debt attributable to the housing stock.

2. General Government Funding including Business Rates

Introduction

2.1 The Spending Review, announced on 20 October 2010, provided clear indications of how public sector spending generally and local authority funding specifically would change over the medium term. Overall, local authority funding was expected to fall by 28% in real terms, 20% in cash terms, between 2010/11 and 2014/15. As part of this, the City Council received cash reductions of Formula Grant of 10.2% and 7.2% in 2011/12 and 2012/13 respectively. Additionally, the Chancellor made further announcements in his 2011 Autumn Statement that public sector inflationary pay rises would be capped at 1% in 2013/14 and 2014/15 and the Spending Review control totals would be adjusted appropriately. Furthermore, the Chancellor's 2012 Autumn Statement requires local authorities to deliver a further 2% reduction in funding in 2014/15 and this is reflected in the 2014/15 figures in this chapter.

Start Up Funding - Short Term

2.2 The Government has calculated that BCC will receive £783.3m start-up funding in 2013/14. Start-Up Funding is the new equivalent of what was previously called Formula Grant. Table 7.2.1 gives a breakdown of how the Government calculated BCC's Start-Up Funding allocation. However, our calculation is different in certain respects because the Government had not taken all reductions into account. We have calculated that the

Council's like-for-like funding allocation is £815.0m. Therefore, BCC will suffer an estimated £31.5m reduction (3.9%) in its funding going into 2013/14. This compares with the Government's calculation of a 2.2% cash reduction.

Table 7.2.1 - Start Up funding Calculation

	2012/13 adj BCC	2012/13 adj CLG	2013/14 CLG	% Change BCC est	% Change CLG est
Formula Funding	618.589	620.201	610.013	-1.4%	-1.6%
Council Tax Support Discounts	89.512	80.745	79.487	-11.2%	-1.6%
Council Tax Freeze - 2011/12	8.305	8.305	8.305	0.0%	0.0%
Early Intervention Grant	59.529	52.435	45.636	-23.3%	-13.0%
Homelessness	1.250	1.084	1.084	-13.3%	0.0%
Lead Local Flood	0.157	0.157	0.157	0.0%	0.0%
Learning Disability and Health Reform Grant	37.610	37.684	38.623	2.7%	2.5%
Start Up Funding	**814.952**	**800.611**	**783.305**	**-3.9%**	**-2.2%**

2.3 In calculating Start-Up Funding the Government has used the existing Formula Funding methodology and other grant elements included are being distributed according to different assessments to determine the overall need based amount that the Council should receive.

2.4 The Government guarantees a maximum level of formula funding decrease for all local authorities. After formula funding allocations have been calculated some local authorities would receive a greater reduction. Therefore the Government adjusts upwards the level of formula funding for these authorities so that they do not receive less than the guaranteed level. Those authorities that receive decreases of less than the maximum amount must fund the adjustment by having their calculated formula funding reduced (damped).

2.5 The City Council continues to be categorised as an authority that relies heavily on Government support. Despite this, however, the City Council will still lose funding to help other authorities who would otherwise be below the "floor", with its gross start up funding being scaled back by £18.6m. Table 7.2.2 shows the floor contributions BCC will make in 2013/14.

Table 7.2.2 Damping Contributions

	2013/14 £m
Previous Year	646.520
Adjustments[1]	168.432
Re-stated Base for Previous Year	**814.952**
Change	(13.083)
Start-Up Funding - pre damping	**801.869**
Less Damping	(18.564)
Start-Up Funding Allocation	**783.305**
Annual Percentage Change	**-3.9%**

[1] *The base position has been adjusted by the City Council to reflect a number of transfers of responsibility to or from the Council Start-Up funding. The relevant Directorate budgets have been adjusted to reflect these technical changes where appropriate.*

2.6 The City Council has never received its full entitlement through this process and will have contributed £42.5m to authorities with lower levels of need over the period 2011/12 – 2013/14. In 2013/14 the £18.6m is equivalent to £81.06 in council tax for each Band D equivalent property.

2.7 An assessment of a council's resources, called its "Spending Power", is carried out by the Government. This assesses the total resources over which the Council can exercise discretion in how it can spend its funding, mainly consisting of Start-Up Funding, general grants and council tax. The Government provides a further grant, called Efficiency Support Grant, to provide additional resources to any authority whose calculated reduction in Spending Power is more than 8.8% in 2013/14. The Government has calculated that the City Council will receive an overall reduction in spending power of 0.9%. Therefore, this reduction is not sufficient for it to receive any Efficiency Support Grant.

2.8 From 2013/14 the Government has localised council tax benefit. The Government grant received by the City Council to meet the costs of discounts (formerly benefits) is awarded as part of Start-Up Funding from 2013/14, and reduced by 10% nationally, in Birmingham's case from £89.5m to £79.5m.

2.9 The Government has reduced EIG within Start Up Funding by £19.1m with the majority of resources being switched into schools funding to provide additional free nursery places for two year olds. After taking account of existing spending levels (£5.2m) which will also transfer, this has resulted in a like-for-like reduction of £13.9m giving a budget pressure that the Council has had to fund.

Business Rates Retention Scheme

2.10 The Government began a review of local government finance in March 2011. This involved a review of how the local retention of business rates can be achieved. The new Business Rates Retention Scheme will be introduced from 1 April 2013.

2.11 The City Council will receive this Start-Up Funding via three streams:

- the proportion of the business rates which will be retained locally;
- a top up grant recognising that the amount of business rates retained locally is not sufficient to meet the needs of Birmingham; and
- Revenue Support Grant (RSG).

2.12 While the introduction of local business rates retention is an initiative intended to incentivise councils to promote growth, the Government has announced that it will retain the first 2.2% of business rates growth to offset the amount of RSG it would otherwise distribute to councils. In effect, therefore, after taking into account the impact on RSG, only growth in excess of this will benefit councils. The business rates growth in key parts of the centre of Birmingham is being directed into our Enterprise Zone, a key part of the Big City Plan.

2.13 Although the Government has made an assumption, the City Council must make its own assessment of the level of business rates funding that it will generate in 2013/14, after making local assumptions about the level of appeals that will be successful (both new and historic), growth and collection rates. This is the first year that the City Council has had to make such estimates. The current assessment is that it will retain £191.7m from business rates. This is £0.1m more than the Government's estimate of Birmingham's individual business rates baseline.

2.14 The Government acknowledges that some local authorities generate more business rates than they would need to spend annually and similarly some generate less. Therefore the Government intends to "top up" authorities that generate less business rates than they require annually to meet their assessed level of spending need. This will be funded by charging each local authority that generates more business rates than required a "tariff". These top ups and tariffs will increase annually by RPI. The City Council will be a top up authority.

2.15 A "safety net" will be introduced that will ensure that a local authority's business rates income will not fall more than 7.5% below its Government calculated baseline position (inflated annually by RPI). The Government will fund this by charging local authorities a levy if they benefit from a disproportionate level of gain in their business rates income.

2.16 Revenue Support Grant is a grant that brings each local authority's funding in line with the Government's spending control totals.

2.17 Table 7.2.3 shows the Government's estimates of how the City Council will receive/generate its Start-Up Funding in 2013/14 including the adjustment required to reflect the local forecast of business rates income.

Table 7.2.3 2013/14 Distribution of Start Up Funding & Council Funding Forecast

	CLG £m	BCC £m	Adjustment £m
Locally Retained Business Rates	191.638	191.717	0.079
Top Up Grant	121.291	121.291	0.000
Revenue Support Grant	470.376	470.376	0.000
Total Funding	**783.305**	**783.384**	**0.079**

Start-Up Funding - Medium Term

2.18 The City Council has based its forecast resource levels on CLG estimates for 2013/14 and local estimates thereafter, including local knowledge of business rates income. The forecast levels (cash) of retained business rates, top up and RSG for 2014/15 and 2015/16 can be seen in Table 7.2.4.

Table 7.2.4 Medium Term Resource Forecasts

	2014/15			2015/16
	CLG £m	BCC £m	Variance £m	BCC £m
Locally Retained Business Rates	197.516	196.469	(1.047)	202.393
Top Up Grant	125.011	125.011	0.000	128.140
Revenue Support Grant	388.697	388.697	0.000	367.499
Total	**711.224**	**710.177**	**(1.047)**	**698.032**

2.19 There may well be significant changes to the economy, public finances and hence resources available to the Council over the next ten years. However, the Government is aiming to remove the structural deficit by mid way through the next parliament. The Chancellor has announced that overall reductions in public sector funding for 2015/16 will be 1.6% per annum in real terms. The City Council has assumed that, once again, local government will receive larger cuts than the average reduction that will be applied to the public sector. In the 2010 Spending Review period local government received, on average, more than three times the average funding cut. However, the City Council is currently anticipating that this pattern will continue in the next Spending Review Period and that local government will suffer a reduction of 2.5 times the average funding cut.

Long Term Start Up Funding Forecast

2.20 Whilst the Chancellor has also confirmed that austerity measures will continue for an additional year until 2017/18, considerable uncertainty remains around forecasting long-term resources. The long term resource forecast is an extension of the medium term forecast, assuming a further reduction in resources in 2017/18, followed by modest increases in resources in line with inflation.

2.21 A summary of the impact of the results of this analysis is shown in Appendix 5B.

3. Total Government Grant Funding 2013/14 and 2014/15

3.1 This is the first year of two years of grant allocations announced by the Government. Table 7.2.5 shows the level of grant funding that the City Council will receive for each grant stream in 2013/14 and 2014/15 with further details in Appendix 5A.

3.2 In addition to Start-Up Funding (see above) some of these grants are managed as corporate grants. These will increase by £4.8m.

3.3 Other grants are managed on a directorate basis. The net increase of £25.0m in total will be offset by an equivalent increase in expenditure.

Table 7.2.5 Grant Funding Received by BCC

Funding	2012/13 (adj) £m	2013/14 £m	Decrease/ (Increase) £m
Start-Up Funding Allocation	**814.952**	**783.384**	**31.568**
Corporate/Spending Power Grant Funding:			
Education Services Grant (LACSEG)[1]	19.626	19.078	0.548
New Homes Bonus	7.416	10.270	(2.854)
New Homes Bonus Expected Additional Allocation	0.000	2.652	(2.652)
NHS Funding to Support Social Care and Benefit Health	14.661	20.044	(5.383)
Council Tax Freeze	8.331	3.383	4.948
Public Health Grant	78.190	78.636	(0.446)
Housing and Council Tax Benefit Subsidy Admin Grant	11.975	10.904	1.071
Small Business Rate Relief	0.000	4.373	(4.373)
Subtotal Corporate/Spending Power Grant Funding	140.199	149.340	(9.141)
Of which:			
Corporate	**113.563**	**118.392**	**(4.829)**
Directorate	26.636	30.948	(4.312)
Other Directorate Grant Funding:	88.870	109.517	(20.647)
Total Directorate Grant Funding	**115.506**	**140.465**	**(24.959)**
Total Grant Funding	**1,044.021**	**1,042.241**	**1.780**

[1]2012/13 Education Services Grant has been transferred out of Start-Up Funding in 2013/14. The 2012/13 figures have been adjusted to reflect this.

Excludes DSG, EFA and HRA

Council Tax Freeze Grant

3.4 The Council is taking the opportunity to freeze Council Tax for the third year running by utilising the Government’s offer of £3.4m Council Tax Freeze Grant in 2013/14. The Council Tax Freeze Grant received in respect of 2013/14 is a two-year grant that will be received in 2013/14 and 2014/15. For these two years, this is greater than the extra Council Tax income (£2.8m) which the City Council would have received had its element of the Council Tax been increased by the maximum amount permitted without the requirement for a referendum (1.08%). However, as the Council Tax Freeze Grant is only for two years, overall income levels will be lower from 2015/16 onwards.

3.5 The funding that was received in 2011/12 is now received through Start-Up Funding and is a permanent uplift in the resources that the Council will receive. The £8.3m received in 2012/13 was a one-off grant and will no longer be received.

New Homes Bonus

3.6 The City council expects to receive £12.9m of New Homes Bonus grant in 2013/14. This is a general grant based on the net increase in all types of housing in the city. The City Council uses the grant as a general resource to help fund all of the Council's services. Included within this is an affordable housing element of New Homes Bonus of £0.6m. The Council treats this element of the grant as a specific grant to be reinvested in the Council's housing services.

Small Business Rates Relief Grant

3.7 In his Autumn Statement the Chancellor announced that small business rates relief would be extended for 2013/14. This will result in a loss of locally retained business rates income. However, the Government has acknowledged that this imposes a burden on local government and will provide a compensatory grant. The City Council is forecasting that the Government will provide a grant of £4.4m in 2013/14.

Public Health Funding

3.8 On 1 April 2013 the City Council will become responsible for providing a range a public health services previously managed by the Birmingham PCTs. The main services that will transfer include sexual health, smoking cessation, drugs and alcohol abuse and promoting healthy lifestyles. The funding is coming to the Council as a ring fenced grant and will be overseen by the Health and Wellbeing Board. Most of the transfer will be spent on services commissioned from NHS Trusts, Primary Care contractors, the 3rd sector and the Council. Cabinet approval for the proposed contracts in 2013/14 will be sought in March.

3.9 The Leader's Policy Statement to Council on 12 June 2012 set out the Council's key priorities, the first of which is to tackle inequality and deprivation, promote social cohesion across all communities in Birmingham, and ensure dignity, in particular for our elderly and safeguarding for children. The transfer of public health responsibility provides resources for the Council to eliminate health inequality between the rich and poor and working through the Health and Wellbeing Board to achieve this, making Birmingham an exemplar of Health and Wellbeing.

3.10 The Department of Health announced the Public Health Grant allocations for 2013/14 and 2014/15 on 10 January 2013. The amounts provided to Birmingham for the provision of Public Health services will be £78.6m in 2013/14.

3.11 The grant is ring-fenced and can only be used on public health related activities set out in a range of legislation 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 avoid a loss of funding in the future.

Public Health Funding – Medium and Long Term

3.12 The City Council will receive £80.8m Public Health Grant in 2014/15. Allocations for 2015/16 and beyond are uncertain but it is assumed in the LTFP that the Council will receive funding to fully cover the cost of the service.

Adoption Reform Grant

3.13 The Government has announced that £150m of the funding top sliced nationally from Early Intervention Grant will be redistributed to local authorities to assist in the process of the adoption of children and incentivise recruitment of adopters. The Government has not yet announced funding allocations for 2013/14. As no specific allocations have been announced by the Government, the associated expenditure and income is not yet incorporated into this business plan. The City Council could receive £4.5m to £7.5m in 2013/14, depending on the distribution formula. The release of these resources will be based on a business case to be considered by the Cabinet.

PFI Grants

3.14 Additionally the Council will continue to receive funding for Private Finance Initiative (PFI) projects of £65.1m - £50.3m for Highways and £14.8m for schools. However, this funding is for contractually committed payments and not for City Council expenditure generally. These resources are not available to meet City Council expenditure generally.

Weekly Collection Support Scheme Grant

3.15 The City Council will also receive £6.8m in 2013/14 and £20.3m in 2014/15 from the Government to assist in maintaining weekly bin collections over the next five years.

Other Revenue Grants

3.16 In addition to the main grant funding streams, smaller specific grants continue to be received from the Government. Services will need to manage within the level of grant that they receive.

4. Dedicated Schools Grant (DSG) and the Pupil Premium 2013/14

4.1 2013/14 sees the introduction of major changes to the national school funding system. The overall amount of DSG per pupil allocated to Birmingham will be the same as for 2012/13, but the grant for 2013/14 has been allocated in three blocks, each calculated differently:

- Schools block (covering provision in mainstream schools from Reception to Year 11): The funding rate per pupil for 2013/14 is

£5,212.28, giving a total allocation of £833.7m inclusive of academies. The funding is based on the October 2012 pupil census data in line with the funding reforms (under previous arrangements January 2013 data would have been used). Current estimates indicate that of this total, £190.3m will be retained by academies, and the balance of £643.4m will be available for maintained schools.

- Early Years block (covering nursery schools, nursery classes and private and voluntary providers (PVIs)): The funding rate per pupil for 2013/14 is £5212.79, giving a total indicative allocation of £61.291m. The indicative funding is based on January 2012 pupil census data and will be updated in accordance with January 2013 and January 2014 data. A further £18.1m has been allocated to address the new statutory duty to provide free early education for 2 year olds with effect from September 2013, plus £1.6m transitional protection for a change in funding arrangements for 3 year old education.

- 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 2013/14 indicative allocation is £112.8m. This will be revised to reflect final data in respect of growth in numbers of school places. The allocation includes post 16 high needs provision up to the age of 24 in recognition of the Council's new responsibilities in this area. 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 will be met from the Council's High Needs block.

4.2 In addition to splitting the DSG into 3 blocks the funding reforms have placed an increased emphasis on reducing the amount of budgets that can be retained centrally within the Schools and Early Years blocks and maximising delegation to schools. In total the amount delegated to Primary and Secondary Schools (within the Schools block) will increase by £27.2m (from £776.8m to £803.9m). Of this £5.8m is to fund a net increase in pupil numbers. The balance has been funded by a reduction in budgets managed centrally. In some cases it has meant a transfer of responsibility for funding commitments directly to schools (such as maternity costs of staff), while in others the transfer of funding to schools has resulted in reduced local authority provision for areas such as school improvements and integrated family support. Decisions on the centrally managed budgets in the Early Years block are still in the process of being finalised.

4.3 In addition to DSG, the following funding streams will also apply:

- Pupil Premium grant estimated at £67.9m (£50m in 2012/13). 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 (£900 per pupil)
2. Looked After (£900 per pupil)
3. pupils whose parents are serving members of the armed forces (Service Children) (£300 per pupil)

For groups 1 & 3, allocations will be calculated on the basis of the January pupil census (as for DSG). Group 2 allocations will be calculated on the basis of the Children in Need census carried out on 31 March 2013. The City Council's internal estimate of the level of funding that will be received for children eligible for free school meals (group 1) is £66.7m, with £1.2m across groups 2 and 3. The level of pupil premium attributable to maintained schools is expected to be £51.5m.

- A new Education Services Grant (ESG), which replaces LACSEG, which has been estimated at £19.1m. This replaces funding removed from the Council's Formula Funding for services that Local Authorities provide centrally to maintained schools but which Academies must secure independently. Funding has been reallocated by the Government based on a national formula between the City Council and Academies in Birmingham in an attempt to show the transfer of costs between the two. However, a large number of these cost transfers are not readily achievable by the Council. Therefore, the additional reduction of £0.5m in 2013/14 has led to a cumulative budget pressure of £6.8m which the Council has had to fund.

Dedicated Schools Grant – Medium Term

4.4 Announcements have been made that guarantee front-line schools spending will continue to receive real terms increases over the Spending Review period. The Council is planning on the basis that its total DSG allocations will remain at least static, and possibly increase in real terms over the Spending Review period, subject to any grant transfers for Academies. The current economic climate makes any more detailed analysis of future levels of DSG unreliable.

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

4.6 The current assumption in the LTFS and LTFP is that services funded by DSG will manage within their grant allocations at whatever level this may be.

Dedicated Schools Grant – Long Term

4.7 There is no confirmation that front-line schools funding will be protected beyond the Spending Review period. Therefore, there are no clear signs of what the implications for schools funding and DSG are over the long-term. The current assumption in the LTFS and LTFP is that services funded by DSG will manage within their grant allocations at whatever level this may be.

5. Education Funding Agency 2013/14

5.1 In 2012/13 the City Council budgeted to receive £25.2m from the Education Funding Agency (EFA) to fund education and training of 16-19 year olds in sixth forms within schools. It is estimated that the City Council will receive a grant from the EFA of £20.6m in 2013/14. This reduction of £4.6m reflects secondary schools that have converted to Academies during 2012/13.

Education Funding Agency – Medium and Long Term

5.2 It is assumed in the LTFP that the Council will receive funding to fully cover the cost of the service.

6. Housing Revenue Account 2013/14

6.1 With regard to the Council's Housing Landlord function, the current financial framework for the provision of council housing established by the Local Government and Housing Act 1989 (specifically Schedule 4) was amended by a new devolved self financing framework introduced from April 2012. The Housing Revenue Account (HRA) ring- fence remains, as well as the duty to set a balanced budget and preventing a deficit arising on the HRA. Local authorities now retain all rent income raised locally, the housing subsidy system has been discontinued as authorities have taken on the debt attributable to the housing stock.

6.2 The key components of the new framework include:

- dismantling of the national HRA Subsidy System
- introducing a devolved self financing system that is sustainable and affordable in the long run for local authorities. This includes the local retention of all rent income in exchange for a reallocation of debt between central government and local authorities (£336.1m additional debt to the City Council)
- adequate resources to continue to maintain properties to the current condition
- retention of the HRA ring-fence – a principle most valued by Members and tenants
- establishing a debt ceiling for each local authority (based on current debt and new debt allocated or debt written off)

6.3 Further details of the proposed HRA Budget for 2013/14 can be seen in Part 7 Chapter 4 and has been compiled based on the HRA Self Financing Business Plan 2013+ (as reported to Cabinet on 11 February 2013), a summary of which can be seen at Appendix 5C.

6.4 The HRA Self Financing Business Plan 2013+ considers the Medium Term (2014/15 to 2015/16) and the Long Term (2016/17 to 2022/23) and is not expected to be affected by national resource allocations.

7. NHS Funding to Support Social Care 2013/14

7.1 In 2013/14 the Council will receive a Section 256 transfer from the NHS of £20.0m which has been included in the Adults and Communities Directorate budget. This is an increase from £14.7m in 2012/13. In addition to the 2013/14 grant allocation, shown in Appendix 5A and included in the gross expenditure estimates of Appendix 5G, it is also expected that there will be an additional £14.0m of unspent Section 256 transfers from prior financial years brought forward from 2012/13 to support adult social care.

NHS Funding to Support Social Care – Medium Term 2014/15 – 2015/16

7.3 There is uncertainty about the total level of funding that will be available in the medium term. The Council estimates that it will receive £18.0m in 2014/15 and £17.0m in 2015/16. When firm allocations are announced, spending will be restricted to the level of resources available.

NHS Funding to Support Social Care – Long Term

7.4 There is even less certainty that this funding will continue following the Spending Review period. As in the medium-term, spending will be restricted to the level of resources available.

8. New/Further Government Grants

8.1 Individual directorates have assessed the likelihood of continuing to receive other grants based on Government announcements and other data gathering. Services will need to manage within the level of grant that they receive.

9. Enterprise Zones

9.1 The Government has reaffirmed that growth in business rates income within Enterprise Zones will be retained for a period of 25 years. The intention is to provide a higher degree of certainty around future levels of income available towards investment and regeneration in these zones.

Chapter 3 – Long-Term Financial Strategy

1. Introduction

1.1 In combination, the statements of priorities and approach in Part 2 of this Business Plan, the Long-Term Financial Strategy (LTFS) and annual budget provide a clear path as to how the City Council has developed strategic plans to deliver:

- The corporate priorities (detailed in Part 2);
- Asset management plans (detailed in Part 6);
- Service developments (detailed in Part 7, Chapter 4, Appendix 1 and Appendix 5D); and
- The savings programme (detailed in Part 7, Chapter 4 and Appendix 5E and 5F)

Having a 10 year LTFS allows strategic planning to be carried out in a more effective way by considering resource availability, efficiency savings and service priorities that help the Council to achieve its goals.

1.2 In order to complement the LTFS, a Long-Term Financial Plan (LTFP) has been developed that identifies the known pressures that the Council will face in future years and the forecast level of resources that the Council will have to meet these pressures. The LTFP takes the analysis of the impact of the economic situation and combines this with the strategy developed to show the financial impact of the Council's plans and how these will be financed.

1.3 In common with other local authorities the Council continues to receive substantial reductions in the level of resources that will be received from the Government following the announcement of the local government finance settlement and forecast reductions inferred from the Spending Review and Autumn Statement. The Business Plan 2012+, and the LTFS and LTFP within it, adopted a proactive approach to planning its services and finances for 2013/14 with the recognition that a more radical approach to service provision would be required from 2014/15 onwards. However, after taking account of reviewing the planned savings, service pressures and priorities, the City Council has had to update its LTFP and develop further savings plans to meet the significant challenges that they have produced in 2013/14.

2. Contextual Background

2.1 The current financial climate has had significant impact on the LTFP. Large reductions in the forecast levels of Start-Up Funding from the Government have been heavily front loaded and are anticipated to continue into the next parliament. There are a number of factors that will have a strong influence on the level of resources that the Council will have available to direct funding towards its priorities. These continue to combine to produce an ongoing challenging outlook for the public sector finances generally and the Council's finances specifically.

Level of Financial Certainty

2.2 The local authority finance settlement announced fixed two-year allocations of Start-Up Funding for local authorities for the period 2013/14 to 2014/15. 2013/14 is the first year of the fixed settlement and as a result there are two years of financial certainty of the level of grant that will be received from the Government. However, the 2012 Autumn Statement has clarified that the Government will need to make further spending reductions between 2015/16 and 2017/18 in order to remove the deficit.

2.3 From 1 April 2013 the business rates retention scheme comes into effect:

- The annual "top up" grant that will be received by the City Council will increase annually by RPI.
- There will, however, be financial uncertainty surrounding the forecasting of the growth in locally retained business rates income.
- In order to conform with spending control totals the Government also allocates Revenue Support Grant to ensure that all local authorities will receive the level of Start-Up Funding they would otherwise have received under the old system. There remains a significant level of uncertainty around forecasting this resource beyond 2014/15.

2.4 The LTFS and accompanying LTFP run from the period 2013/14 to 2022/23. Therefore all estimates of resources included within the LTFS after 2013/14 have a degree of uncertainty surrounding them, the extent of uncertainty increasing after 2013/14.

Economic Performance

2.5 The state of Britain's economy is still relatively weak and its emergence from a double dip recession is fragile. Inflation reduced during 2012 but is still above target. Inflation levels will need to be kept under review. The increasing strain on the Council's resources at a time when the level of external funding is reducing, places increasing importance on the use of the LTFS and LTFP in helping to prioritise resource allocations and plan for future resource pressures to help the Council achieve its "Birmingham 2026" vision.

2.6 The number of unemployed people and other economic pressures are expected to continue to lead to strong demand for certain council services.

3. LTFS Approach

3.1 The Council has considered its priorities in developing the LTFS. The Council's LTFS considers three aspects of resources and spending:

- Revenue
- Capital and
- Treasury Management.

3.2 This chapter summarises the Council's revenue financial strategy, in particular covering low Council Tax levels, savings and reserves and balances.

The strategy set out in the HRA business plan is also summarised.

3.3 Chapters 8 and 10 cover the Capital and Treasury Management Strategies respectively.

4. Spending Challenge

4.1 The City Council is facing a significant challenge over the coming years in the amount of cuts that will be required. After six years, from 2010/11 to 2016/17, it is forecast that total Government grant to Birmingham City Council will have reduced by £300m per annum. Next year, the Council is experiencing further corporate grant cuts of at least £26.7m after taking into account spending commitments.

4.2 At the same time the City Council will need to pay for unavoidable cost increases, due to the following:

- Inflation
- Changing needs in the City's population
- Changes in legislation
- Financing costs
- Equal Pay payments

These are expected to cost around £315m per annum by the end of 2016/17.

4.3 The combined impact of grant reduction and rising local costs means the City Council will have to make savings and service cuts of around £615m by 2016/17.

5. Service Priorities

5.1 In order to operate within the constraints of Government cuts the Council will have no alternative but to significantly reduce expenditure on services.

5.2 The way the City Council will do this will be based on our vision of an inclusive city, seeking at all times to work for a better future for Birmingham and its citizens despite these difficult financial circumstances. The Policy Framework being adopted is set out in Part 2 of this Business Plan, and based on the following approach:

- Putting fairness at the heart of our decision making – targeting resources to those most in need.
- Early intervention to prevent more costly problems occurring later on.
- Working co-operatively with other public agencies and enlisting local people, community organisations and the business community to tackle local issues.
- Getting real value in commissioning by paying for services that deliver the right results, encouraging social responsibility in business and valuing the contribution of community ,voluntary organisations and social investors.
- A smart city – using new technologies – crucial to Birmingham's future jobs and prosperity in a global market.

6. Council Tax

6.1 An increase in the rate of Council Tax of 2.0% per annum is assumed for financial modelling purposes only within the LTFP each year from 2014/15 onwards.

6.2 This increase is not enough on its own to maintain a balanced budget once the forecast reduction in other resources is also taken into account. Consequently, whilst focusing on its priorities, the City Council must also progressively reduce its level of expenditure in real terms.

7. Approach to Savings and Service Cuts

7.1 Like most other local authorities, the City Council is facing a wide range of pressures and challenges to improve the way in which it functions, including changes to implement new central government policies, managing the increasing proportion of both younger and older residents in the City, and addressing the ever-increasing expectations for services to improve whilst, at the same time, reducing costs.

7.2 We are therefore responding to the challenge in the following ways:

- Reviewing the saving plans that were assumed in the LTFP 2012+. Some of them do not accord with the new policy priorities. In the case of others, we do not now feel that they can be implemented in the way that was originally proposed.
- The City Council is extending some of the previous savings proposals.
- We have developed a range of specific new proposals for 2013/14 (as detailed in Appendix 5F).
- In recognition of the fundamental changes the City Council will be required to make over the medium term, we will be conducting a thorough review of Council services (see below).

Value for Money and Service Reviews

7.3 The City Council is developing a programme of reviews over the next twelve months which includes assessing the value for money and contribution to priority outcomes of each service area. Each service review will have a clear brief and targets which will lead to fundamental change in how services are provided and how key priorities are delivered, and some services may be de-commissioned.

7.4 Three planned "tranches" of reviews are in outline:

- Tranche 1 (Jan – July 2013): support services across the council (including Service Birmingham) and strategic reviews of the largest service areas (Adults social care and CYPF other than social care) – followed by further consultation early summer 2013
- Tranche 2 (Apr – Oct 2013): Local Services and Development & Culture services.
- Tranche 3 (Aug – Dec 2013): Children's social care and any remaining areas not covered to date.

7.5 The first tranche of reviews covers four areas as follows:

- Adult social care: around £300m of controllable spend by the Council
- Children's educational services: around £200m of controllable spend by the Council outside schools' budgets.
- Support services: reviewing all Corporate Resources support areas and further common functions (eg policy, research, performance management, analysis) across the council.
- Service Birmingham: delivering savings from the ICT service provided by Service Birmingham.

7.6 Each of the tranche 1 reviews is developing a detailed terms of reference built around a common approach which includes understanding the service context, demand management, and testing of a range of innovative approaches to service design and delivery.

7.7 In addition to these three tranches of service reviews, there will also be a fundamental review of the capital programme, building on the recent review undertaken. This is necessary to ensure that the Council identifies all funding opportunities to meet the cost of Equal Pay payments.

7.8 An overarching “Programme Board” of Cabinet Members and chief officers has been established, chaired by the Council Leader, to ensure efficient and effective delivery against the challenging timetable.

8. Revenue Reserves and Balances

8.1 The Council’s General Fund (non-schools) reserves are relatively modest for an organisation of its size; the balance at the end of the 2012/13 financial year is expected to be of the order of £156.3m specific reserves and £17.9m non-earmarked reserves. Indeed, the Council’s external auditor has consistently expressed concern at the low level of reserves. This partly reflects the strategic use of reserves in previous years, and borrowing to smooth out the impact of invest-to-save costs and debt rescheduling. The LTFP includes provision to re-build these reserves on a planned basis.

8.2 As in recent years the Council’s strategy is to continue to build unearmarked reserves by making planned contributions of £1.5m per annum. The strategy is, therefore, to increase general balances to £28.1m by 31 March 2017.

8.3 After taking account of planned contributions to and from reserves and balances, including those within the budgets for specific service areas, the position is expected to be as follows:

Table 7.3.1	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
Corporate Unearmarked Reserve	22.1	23.6	25.1	26.6	28.1
Directorate Carry Forward Balances	(4.2)	(2.8)	(1.4)	0.0	0.0
Total Unearmarked Reserves	**17.9**	**20.8**	**23.7**	**26.6**	**28.1**
Highways PFI Grant gross[1]	64.1	77.5	84.4	85.8	86.4
Less temporary borrowing	(13.8)	(36.6)	(53.7)	(60.0)	(60.9)
Highways PFI Grant net	50.3	40.9	30.7	25.8	25.5
Reserves for budgets delegated to Schools	81.7	84.0	87.8	93.1	100.2
Treasury Management	5.3	6.9	6.9	6.4	5.0
Insurance Fund	11.0	21.0	21.0	21.0	21.0
Other including portfolio reserves	8.0	12.2	12.1	12.2	12.3
Total Earmarked Reserves	**156.3**	**165.0**	**158.5**	**158.5**	**164.0**
Overall Total	**174.2**	**185.8**	**182.2**	**185.1**	**192.1**

[1]It should be noted that there is a difference in timing between the receipt of PFI grant and expenditure under the contract, and all grants will be required to fund expenditure over the life of the contract. Any PFI balance in reserves is only on a temporary basis.

8.4 Directorate balances overdrawn decrease as a consequence of £4.2m of Districts overdrawn balances having already been addressed in 2012/13 and the remaining balance being repaid, as already planned in the LTFP, in future years.

8.5 The Schools reserves are shown to increase due to the Council's repayment of monies borrowed to fund CYPF Business Transformation costs. Similarly the Insurance Fund is restored, as planned, to its level of a couple of years ago.

8.6 Again the Highways PFI Grant reserve will be used to smooth the one-off costs of redundancies. It will also be used to part fund the cost of Equal Pay settlements in 2013/14. Both these temporary borrowings are factored in to be repaid before they are required to meet PFI costs.

8.7 In summary, the level of the Council's earmarked reserves is programmed to continue to improve, and the level of portfolio overdrawn balances is forecast to drop. Un-earmarked reserves are forecast to stay relatively stable although the extent of internal temporary borrowing from the Highways PFI reserve continues to increase.

8.8 The localisation of both Business Rates and Council Tax Discounts (formerly Benefits) in 2013/14 increases the significance of Council reserve levels as these are new variables on both Council income and expenditure.

9. Housing Revenue Account

9.1 The HRA Self Financing Business Plan 2013+ was considered by Cabinet on 11 February 2013 and sets out the long term financial strategy. This is based on a clear Asset Management Strategy, Local Housing and Estate Services, Rent Strategy, Treasury Management Strategy and a Fiscal Control Framework.

9.2 The strategy is also based on ensuring the continued maintenance of our stock to the current improved condition, provision of new affordable housing and maintaining strong financial management to promote long term affordability and sustainability. This includes the retention of unearmarked balances, setting aside adequate provisions for potential bad debts, continued delivery of efficiencies and a long term debt reduction plan with debt repayments commencing in 2015/16 and debt outstanding reduced to £492m by 2025/26.

9.3 The HRA Self Financing Business Plan and financial strategy will be subject to annual review and approval. The ten year financial projections are set out in Appendix 5C.

Chapter 4 - Revenue Budget 2013/14

1. Summary

1.1 The net General Fund revenue budget for 2013/14 totals £1,035.5m.

1.2 In order to accommodate these resource losses and to meet the costs of addressing budget issues, the overall challenge facing the Council to balance the General Fund budget totals £101.7m. This includes £39.3m of savings to replace those planned last year.

1.3 The indicative schools' funding for 2013/14 is £909.3m. The Housing Revenue Account budget, set under the self-financing framework for 2013/14, is balanced with gross expenditure and gross income both £289m.

2. Revenue Budget Allocations for 2013/14

2.1 The budget for 2013/14 allows for the following items:-

- Decisions taken in previous years' financial planning
- Grants rolled into core funding
- Budget issues
- Changes in external levies
- Capital financing costs
- The Savings Programme
- Dedicated Schools Grant budget allocation for schools
- Changes in the HRA financial regime

Resources

2.2 After taking into account new grants, the total reduction in Government funding for 2013/14 is £1.7m, compared with 2012/13. Further details are set out in Chapter 2.

Additional Budget Allocations

2.3 The budget for 2013/14 allows an extra £48.0m to address budget issues and to fund new investment in priority services. Further details of these are set out in Appendix 5D.

Inflation

2.4 There has been no general provision for inflationary increases in either expenditure or income budgets in 2013/14. Services will therefore have to address any inflationary costs not directly recognised as a pressure from within their existing budgets. Growth in income will be available to services to assist in addressing any budget issues. An inflation contingency of £15.9m is being held, the majority of which relates to allowance for a 1% pay award, energy costs and superannuation.

Financing Costs

2.5 The revenue effects of capital expenditure have been reviewed in the context of the Capital Programme set out in Chapter 9 of this report, and expectations of movements in interest rates. As a consequence, the budget for financing costs increases by £14.8m compared with 2012/13, predominantly due to Equal Pay.

General Balances

2.6 The Council's strategy for building up general balances in the medium-term is to make planned contributions of £1.5m per annum.

Reserves

2.7 In 2013/14, £18.8m of prior year temporary borrowing will be repaid, including a pre-planned repayment of £11.6m temporary borrowing to support previous years budgets; and the £4.2m repayment of the 2012/13 approved used of reserves to reduce the Districts' opening overdrawn balances. The costs of redundancies in 2013/14 (£11.4m) will be smoothed by the use of reserves, as in recent years. To part finance Equal Pay payment costs in 2013/14, £10.7m will be used from the Capital Fund and £11.5m will be borrowed (and in later years repaid) to the PFI Reserve.

2.8 These movements can, therefore, be summarised as follows:

Table 7.4.1 – Movements in Corporate Reserves	**Contribution to/(from)**		**Movement**
	2012/13 £m	**2013/14 £m**	**£m**
Use of reserves	(10.000)	(10.700)	(0.700)
Sub-total Use of reserves	(10.000)	(10.700)	(0.700)
Borrowing for redundancy	(7.130)	(11.384)	(4.254)
Borrowing for Equal Pay		(11.500)	(11.500)
Other repayment/(borrowing)	0.457	18.847	18.390
Total reserves movement	**(16.673)**	**(14.737)**	**1.936**

There will also be planned movements to and from reserves within the budgets of specific service areas.

Savings

2.9 Initially, the savings forecast was £110.6m, which required new savings of £61.5m in addition to initiatives already underway. The new proposals that made up this figure were put to public consultation between December

2012 and January 2013. The Council's response to the comments made in consultation are set out in Part 3.

2.10 Following the finalisation of spending plans and the announcement of Government grants, the Council faces a financial challenge of £101.7m in 2013/14, composed as shown in Table 7.4.2 below.

Table 7.4.2	**December Figures £m**	**Final Figures £m**	**Change £m**
Spending Pressures	84.5	86.4	1.9
Council Tax Income	(15.7)	(11.4)	4.3
Government Grant Reductions	41.8	26.7	(15.1)
Financial Challenge	**110.6**	**101.7**	**(8.9)**
Specific Savings Proposals	(100.8)	(100.8)	0.0
Service Reviews	(9.8)	(0.9)	8.9
Total New Savings	**(110.6)**	**(101.7)**	**8.9**

2.11 The change in Government grants reflects the announcements in the Local Government Finance Settlement, together with expected additional grant under the Government's New Burdens doctrine, to reflect the extension of Small Business Rate Relief and also the Council Tax Freeze Grant. Revised Council Tax income levels take account of the proposal to freeze the level of Council Tax, as well as the impact of the final taxbase figures. The spending pressures have been amended to take account of a variety of corporately funded issues.

2.12 The approach to the achievement of the level of savings needed (all subject to consultation and Equality Impact Assessments) has had a number of components:

- Any planned step-up in savings set out in the Business Plan 2012+ in February 2012 has been reviewed and amended where necessary.
- Services have needed to implement further savings in order to compensate for local budget issues.
- The impact of grant reduction/fallout is to be borne by the service concerned, either through a reduction in the expenditure previously funded by grant, or by compensatory savings.
- Further savings targets were set for all directorates, with proposals being presented in the context of the council's policy priorities and individual service development plans
- Revision of proposals by Members of the Executive in the light of policy priorities, legal requirements, equality impacts and consultation responses.

2.13 Details of the £100.8m of directorate savings in 2013/14, are set out in Appendix 5E and Appendix 5F.

2.14 The implementation of the organisational change necessary to secure delivery of this significant level of savings will require effective management. Progress will be closely monitored, with particular attention being given to areas that have been assessed as representing the highest risks.

Income

2.15 Income generation plays a major part in the Council's finances, with over £194m being generated from external sources (excluding schools).

2.16 Much of this relates to services where the Council must set its charges on a cost recovery basis, and it is important to ensure that our accounting includes all associated costs. Other charges are limited by statute, where the Council can only levy charges at a specified level, and it will continue to engage with government if these levels are inadequate to cover costs. However the Council has discretion in the setting of fees and charges for a range of other activities.

2.17 As noted in para 2.4, no corporate assumption has been made for an increase in 2013/14 income budgets. Any growth in income will be available to services to assist in addressing any budget issues, such as offsetting any inflationary increases in expenditure as no corporate provision has been made for such increases.

3. The City Council's Net Revenue Budget for 2013/14

3.1 It is proposed that the City Council net budget for 2013/14 will be £1,035.5m.

3.2 The components of the budget reduction when comparing the revised Base Budget 2012/13 with the 2013/14 budget can be summarised as follows:

Table 7.4.3 - Movement in Net Budget	**£m**	**£m**
Base Budget 2012/13		979.738
Re-presentation of Base Budget 2012/13 for comparative purposes:		
Learning Disability and Health Reform Grant	37.684	
Early Intervention Grant	59.529	
Education Services Grant	(19.626)	
Local Lead Flood Authority Grant	0.157	
Homelessness Prevention	1.084	78.828
Revised Base Budget 2012/13 (For like for like comparison with 2013/14)		**1,058.566**
Changes in corporate Government Grants		
Council Tax Freeze Grant 2012/13 Falling Out	8.331	
Council Tax Freeze Grant 2013/14 (estimated)	(3.383)	
Education Services Grant	0.548	
Small Business Rate Relief (Estimated)	(4.373)	
Public Health Grant	(0.446)	
New Homes Bonus	(5.506)	
		(4.829)
Cost of Service Changes:		
Budget issues and Policy Priorities		47.984
Corporate Adjustments:		
Movement in use/borrowing of reserves	1.936	
Cost of Organisational Change	7.966	
Inflation provision	10.791	
Financing Costs	14.813	35.506
Savings:		
Previous decisions	(39.291)	
New proposals	(62.448)	(101.739)
Base Budget 2013/14		**1,035.488**

3.3 The budget for 2013/14 includes an allowance of £57.1m in respect of the Integrated Transport Authority Levy (based on a £0.6m reduction in the City Council's share of the levy including an adjustment for the Council's relative population share) and £0.3m for the Environment Agency Levy.

Corporately Held Budgets

3.4 These budgets contain £72.2m comprising:

Table 7.4.4	**£m**
Redundancy costs	12.161
Pay and grading appeals	2.315
Equal Pay Funding	33.800
Balance of CCTV resources	0.049
Loss of income from car park closures	0.350
Management Capacity for Change	1.000
Building Schools for the Future potential abortive costs	0.497
Carbon Reduction Commitment	0.794
Inflation Allowance	15.931
Living wage	0.398
Provision for Impact of Conversion to Academies on Business Rates	1.000
ICT Strategy	1.000
Service Reviews	(0.952)
General Contingency	3.857
Total	**72.200**

3.5 The unallocated General Contingency of £3.9m provides risk cover in the overall delivery and management of the budget in 2013/14.

Budgetary Control Framework

3.6 Other than the resources identified to meet specific areas of spending, Directorates are required to cover spending issues, grant reductions, other budget commitments and changed responsibilities within the level of resources summarised in Appendix 5G-5I.

3.7 The main elements of each directorate's budget movements from 2012/13 to 2013/14 are shown in Appendix 5J. As well as the overall budget movements summarised in Table 7.4.3, this Appendix also picks up the impact of other technical changes which do not have an impact on the Council's overall budget, but which reallocate resources between directorates. The analysis also picks up any internal organisational changes.

3.9 The Council's approach to budget management means that any unresolved overspending at the end of the 2012/13 financial year will be carried forward to 2013/14 by the relevant directorate(s), being temporarily funded from reserves at the end of 2012/13.

Schools' Budgets

3.10 For 2013/14, there are major changes to the national school funding system (see Chapter 2, sections 4 and 5). Dedicated Schools Grant (DSG) has been allocated in three blocks:

- DSG Schools Block of £643.4m (exclusive of academies)
- DSG Early Years Block an indicative allocation of £81m,
- DSG High Needs Block, with an indicative allocation of £112.8m.

3.11 In addition, the following funding streams will also apply:

- Post-16 grant estimated at £20.6m (paid directly by the EFA to maintained secondary schools with post-16 provision)
- Pupil Premium with an internally estimated figure of £51.5m for maintained schools
- Education Services Grant of £19.1m for central services to maintained schools

3.12 The Schools block also includes an amount paid directly to academies. Based on current estimates the amount will be £190.3m and if further schools become academies during 2013/14 the amount will increase and the amount taken from DSG for maintained schools.

3.13 Several of the amounts are subject to confirmation of pupil numbers during 2013/14. This means that the final allocation of grant may be higher or lower than currently projected and budgeted for. Adjustments may, therefore, need to be made during 2013/14 to reflect any amendment.

3.14 Final schools' budgets will be adjusted accordingly and authority to do so has been delegated to the Strategic Director of Corporate Resources, in consultation with both the Strategic Director of Children, Young People and Families and the Cabinet Member for Children and Family Services.

Housing Revenue Account Budget 2013/14

3.15 The HRA Budget for 2013/14 is based on the HRA Self Financing Business Plan 2013+ (as reported to Cabinet on 11 February 2013). The budget strategy for 2013/14 is consistent with the overall City Council Budget Strategy and the key principles are set out below:

- ensuring adequate resources to meet our statutory obligations and key priorities for investment and maintenance of properties
- provision for pay and price inflation at 1% (and any appropriate contractual obligations, e.g. repairs and maintenance contracts)
- absorbing service issues within the approved cash limits
- delivery of planned efficiencies and improving service performance e.g. rent collection.
- a balanced outturn for 2012/13 (in line with the projections)

- retention of minimum balances as recommended by the External Auditor

3.16 A balanced HRA budget for 2013/14 is proposed with gross expenditure of £289m with an equivalent gross income of £289m. The major variations compared to 2012/13 are set out below in Table 7.4.5.

Table 7.4.5 – HRA Budget 2012/13 to 2013/14	
	£m
Changes in Costs (provisions for arrears to reflect the Welfare Reforms, reducing contributions from the Supporting People Programme)	**3.0**
Revenue Contributions (to fund capital expenditure including new affordable homes)	**9.0**
Potential Equal Pay Liabilities	**10.0**
TOTAL COST INCREASES	**22.0**
Additional Income (rent/service charges after stock loss for sales/demolitions and void rent loss)	**(12.0)**
Use of Reserves to Meet Equal Pay Liabilities	**(10.0)**
TOTAL INCOME INCREASE	**(22.0)**

3.17 HRA Reserves

The HRA Reserves at the end of 2012/13 are estimated to be £13.5m. Of these £10m will be applied to fund equal pay payments in 2013/14.

4. Section 151 Officer Statements

Level of Reserves and Balances

4.1 The scale of savings requirements over 2013/14 and the medium term increases the focus on the adequacy of the Council's reserves and balances. As referred to in the accompanying Risk Assessment, the timely and effective implementation of the Council's savings programme is essential. In addition it must be recognised that the budget for 2013/14 is being set in a period of national economic uncertainty, which may potentially have significant, but as yet unidentifiable, further negative effects on the City Council and its financial position. The Council must also be able to address any additional costs arising from the introduction of the new Council Tax Discount scheme, and any shortfall in forecast Business Rates growth. These give rise to a more uncertain context in which to determine the appropriate level of reserves and balances for the Council.

4.2 Nevertheless given the level of earmarked reserves, the continued progress in building additional balances in the medium term, the rigorous arrangements for the prompt and regular monitoring of budgets, and the risk management measures set out in Part 8 (which are set in the context of the City Council's overall approach to risk management), **the formal view of the Director of Finance, in accordance with Section 25 (i) (b) of the Local Government Act 2003, is that the level of reserves and balances for 2013/14 is adequate, but that this needs to be kept under regular review.**

4.3 The revenue budget also includes centrally held budgets of £72.2m in 2013/14. This includes specific provision for known items, together with a general allocation of £3.9m. Further details are set out in paragraph 3.4 above. In order to further strengthen the robustness and deliverability of the 2013/14 Budget and the subsequent years financial strategy, the Council will continue to review and challenge the additional funding of the budgetary issues described in this report. Directorate budgets will also continue to be closely reviewed with a view to establishing directorate based contingencies from any further savings identified.

Assessment of Budget Estimates

4.4 Forecasts of available resources have been updated and, where necessary, revised. Base budget reviews by services have resulted in the identification of a range of budget issues, which have been addressed. Proposals have been developed by services to deliver the required savings with due regard to consultation and equalities assessment requirements. Management arrangements are in place to mitigate any residual risks. The expected costs of Equal Pay payments have been incorporated into the Revenue Budget, Long Term Financial Plan and Capital Programme as appropriate. There are contingencies and reserves/balances which could be made available if necessary.

4.5 Taking into account, therefore, the comprehensive business and financial planning process (involving Cabinet Members and Committee Chairmen, service managers and finance staff across all directorates), as set out in this document **the Director of Finance (as s151 Officer) is satisfied that the budget proposals are based on robust estimates.**

Chapter 5 – Medium and Long-Term Financial Plan

1. Medium-Term Financial Plan – 2014/15 to 2015/16

1.1 The Council's medium-term financial plan runs from 2014/15 to 2015/16. 2015/16 moves into the next spending review period. However, the Chancellor has given indications of how funding will continue to fall in 2015/16 (see Chapter 2).

1.2 In considering the pressures that the Council faces in 2013/14, the impact of these pressures in future years has also been estimated, enabling the Council to forward plan its delivery of services. Current estimates are shown in Appendix 5D.

1.3 As the Council is anticipating continued reductions in funding, it is important that the Council focuses on service reviews (see Chapter 3, paragraph 7.3-7.8) and targeting scarce resources at those services which most strongly support the City Council's priorities. The Council's current medium-term savings plans can be seen in Appendix 5E and 5F, and this will be updated in subsequent LTFP reviews.

1.4 The medium-term financial plan can be seen in Appendix 5B as part of the LTFP. The LTFP will be refreshed periodically to take account of new information and changing circumstances.

1.5 The projections make the following principal assumptions:

- Council Tax rise of 2.0% in each year and the taxbase continuing to increase at its historic average. This is only a planning assumption, and the actual level of increase for future years will need to be considered in due course.
- Future inflationary pressures of general expenditure inflation of 2.0% per annum, pay awards of 1.0% for 2014/15 and 2.5% per annum thereafter, and an expectation that income will be increased by 2.0% per annum.
- Provision for the employer's increased pension costs following the last actuarial revaluation.
- Funding to meet budget issues as set out in Appendix 5D.
- The requirement to make the savings which are summarised in Appendix 5E and 5F.
- Extra capital financing costs based on the capital budget, with any net revenue costs resulting from further borrowing within the "prudential framework" to be met from within directorate cash limits unless specifically approved otherwise, for example relating to Equal Pay payments.
- Other than the above, directorate budgets continuing at the same level as in 2013/14.

1.6 Council Tax levels are currently assumed in the LTFP to increase by 2.0% annually for financial modelling purposes only. However, Table 7.5.1 shows the effect on available resources if an annual council tax increase of other than 2.0% is applied. This assumes that the Government will not issue further funding to compensate local authorities for freezing council tax in future years.

Table 7.5.1 - Change in Resources Available from Alternative Council Tax		
Annual Council Tax Increase	**2014/15 £m**	**2015/16 £m**
0.0%	(5.111)	(10.345)
1.0%	(2.554)	(5.197)
2.0%	0.000	0.000
3.0%	2.556	5.250
4.0%	5.113	10.552
5.0%	7.667	15.903

NB: larger increases are likely to require approval through a referendum

2. Long-Term Financial Plan – 2016/17 to 2022/23

2.1 Whilst long-term implications for expenditure and funding are less certain, by creating a plan that looks at the longer-term that is constantly updated to reflect new information, the Council will be in a stronger position to approach future challenges proactively rather than reactively.

2.2 Long-term indicative cost pressures have been identified between 2016/17 and 2022/23. These have been included in the LTFP to give indicative future expenditure figures, shown in Appendix 5B.

2.3 The LTFP assumes that the Government will have closed its budget deficit by 2017/18. It is anticipated that the Government will then stop making real terms reductions to local government resources over the longer-term. Therefore estimates begin to slow the level of reduction in formula grant and then increase at a rate of 2% per annum from 2018/19 over the longer-term.

2.4 These projections are based on the same assumptions as the medium-term financial plan.

2.5 Council Tax levels are currently assumed to increase by 2.0% annually. Table 7.5.2 shows the effect on available resources if a council tax increase other than 2.0% is applied.

Table 7.5.2 - Change in Resources Available from Alternative Council Tax Increases							
Annual Council Tax Increase	**2016/17 £m**	**2017/18 £m**	**2018/19 £m**	**2019/20 £m**	**2020/21 £m**	**2021/22 £m**	**2022/23 £m**
0.0%	(15.704)	(21.193)	(26.813)	(32.566)	(38.456)	(44.488)	(50.663)
1.0%	(7.928)	(10.754)	(13.671)	(16.686)	(19.799)	(23.016)	(26.335)
2.0%	0.000	0.000	0.000	0.000	0.000	0.000	0.000
3.0%	8.087	11.074	14.217	17.523	20.998	24.647	28.478
4.0%	16.335	22.479	29.001	35.922	43.261	51.034	59.268
5.0%	24.741	34.214	44.361	55.223	66.839	79.251	92.507

Change in resources is calculated assuming council tax changes follow from 2015/16 position in Table 7.5.1.
NB: larger increases are likely to require approval through a referendum

2.6 The current LTFP can be seen in Appendix 5B and shows the long-term level of savings and service cuts that will be required to balance the budget in future years under current assumptions – to be achieved through Service Reviews. By identifying at this early stage the level of resources that will be available, the City Council is in a position to plan ahead in order to make these savings.

Chapter 6 - Council Tax

1. Summary

1.1 After taking account of the level of income from Business Rates, Revenue Support Grant and Top Up Grant the City Council will receive, as set out in Chapter 2, section 2, the total Council Tax for 2013/14 depends on:

(a) the City Council's net budget;
(b) any estimated Collection Fund surplus or deficit to be brought forward from 2012/13;
(c) the taxbase for the setting of the Council Tax;
(d) the precepts of the Fire and Rescue Authority and the Police Authority; and
(e) the precept levied by any parish council (the City Council currently has only one parish, that of New Frankley in Birmingham).

1.2 There will be no increase in the City Council's element of the Council Tax for 2013/14, and the budget has been prepared on this basis.

1.3 The Council has chosen to accept a Government grant to freeze Council Tax at the same level as 2012/13 (see Chapter 2). The total Council Tax in Birmingham, including precepts, can be seen in Appendix 5K.

2. Budget

2.1 The City Council's budget for 2013/14 is £1,035.488m as set out in Chapter 4.

3. Collection Fund

3.1 It is estimated that the Council Tax Collection Fund will have a deficit at the end of 2012/13 of £3.4m largely as a result of addressing the need for an increase in the provision for doubtful debts. The City Council's share of this is £3.0m. In future years the Collection Fund is forecast to be balanced.

4. Taxbase

4.1 The taxbase to be used for setting the 2013/14 Council Tax was agreed by the Cabinet at its meeting on 14 January 2013. The taxbase consists of 229,025 "Band D equivalent" properties, after allowing for a collection rate of 97.1%. This taxbase is now fixed for the purposes of setting the 2013/14 Council Tax.

4.2 The taxbase has reduced by 70,183 band D equivalent properties compared with 2012/13. The main reason for the reduction has been because the Government has removed Council Tax Benefit and replaced this with council tax discounts which are awarded in line with the City Council's locally adopted scheme.

4.3 The City Council adopted its Council Tax Support Scheme at its meeting on 8 January 2013. A discount of up to 80%, dependant on the income and circumstances of the claimant, will be applied in general to those of working age with a low income. However, a discount of up to 100%, again dependant on income and circumstances, will be applied to the following categories of people with low incomes:

- Pensioners (as prescribed by legislation)
- Parents of dependant 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

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

4.4 Had the City Council offered a more generous 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 2013/14. The City Council determined that, on balance, the approved Council Tax Support Scheme represented the appropriate way forward.

5. Council Tax for City Council Services

5.1 It is proposed that the City Council council tax for City Council services will be £255.1m calculated as follows:

Table 7.6.1 - Council Tax Requirement	
	£
Gross City Council Expenditure	3,413,413,000
Less: Estimates City Council Income (excluding Formula Grant and Council Tax)	(2,377,925,000)
City Council Net Budget	**1,035,488,000**
Less:	
Business Rates	(191,716,768)
Revenue Support Grant	(470,376,572)
Top Up Grant	(121,290,983)
Collection Fund (Surplus)/Deficit	2,954,025
City Council Council Tax	**255,057,702**

5.2 Dividing this by the tax base of 229,025 Band D equivalent properties gives a Band D Council Tax for City Council services of £1,113.67. This figure is the same as 2012/13 and, being unchanged for the third year, the movement is once again below the rate of inflation.

Fire and Rescue Authority and Police Authority Precepts

5.3 The Police and Crime Commissioner approved his budget and precept amounts on 13 February 2013, and the Fire and Rescue Authority met on 18 February 2013, to agree the precept on the City Council.

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

Table 7.6.2 – Major Precepts

	£m
Fire and Rescue Authority	12.096
Police Authority	23.459
Total	35.555

5.5 For the Fire and Rescue Authority, the Band D precept is £52.82.

5.6 For the Policy Authority, the Band D precept is £102.43.

Parish Precept - New Frankley in Birmingham

5.7 The New Frankley in Birmingham Parish Council agreed its precept on 28 January 2013. The precept for the parish in 2013/14 is £46,823 (2012/13: £85,120). The tax base for the New Frankley in Birmingham Parish is 1,131. The effect of the parish precept on the level of Council Tax for a Band D property is £41.40. This represents an increase of 2.0% in the Band D parish precept compared with 2012/13.

5.8 Following the introduction of the localisation of council tax support, New Frankley in Birmingham's taxbase has reduced by 46.8%. The Government has estimated that the Council Tax Support Allowance to be paid to the City Council will include approximately £20,000 relating to the Parish but, in order to ensure that those who pay the Parish Council Tax in New Frankley were not impacted with a disproportionate Council Tax increase, the City Council is paying New Frankley in Birmingham a grant of £40,899.

6. Council Tax Requirement

6.1 Legislation specifies the way in which the City Council must calculate its "council tax requirement".

6.2 It is proposed that the City Council council tax requirement will be £255.1m calculated as follows in accordance with Section 31A of the Local Government Finance Act 1992:

Table 7.6.3 - Council Tax Requirement	
	£
Gross City Council Expenditure	3,413,413,000
Parish Precept	46,823
Less: Estimates City Council Income (excluding business rates, RSG, Top Up Grant and Council Tax)	(2,377,925,000)
City Council Net Budget	**1,035,534,823**
Less:	
Business Rates	(191,716,768)
Revenue Support Grant	(470,376,572)
Top Up Grant	(121,290,983)
Collection Fund (Surplus)/Deficit	2,954,025
City Council "Council Tax Requirement"	**255,104,525**

6.3 Dividing this by the tax base of 229,025 Band D equivalent properties gives a notional Band D Council Tax across Birmingham of £ 1,113.87. This will remain unchanged from 2012/13 and, therefore, enables the City Council to be eligible for the Council Tax Freeze Grant.

7. Council Tax Referendum

7.1 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 exceeds 2.0%.

7.2 However, this is based on a special calculation which needs to be undertaken for these purposes only and excludes both Parish Precepts and levies (ITA and Environment Agency). Therefore, this is not the same as the change in the actual Council Tax levels of the authority. As significant changes have taken place in the calculation of the taxbase due to the introduction of localised Council Tax Support schemes, the Government has issued the City Council with an Alternative Notional Amount for the 2012/13 level of relevant basic amount of council tax of £858.24. The details of this can be seen in table 7.6.4.

Table 7.6.4 - Calculation of relevant Basic Amount of Council Tax for Referendum Purposes						
	Based on Council Tax Freeze			Based on Referendum Limit		
	2012/13 Adj £	2013/14 £	Variance %	2012/13 Adj £	2013/14 £	Variance %
Council Tax requirement	333,303,418	255,104,525		333,303,418	257,860,076	
Less:						
Precepts	85,120	46,823		85,120	46,823	
Subtotal City Council Requirement	**333,218,298**	**255,057,702**		**333,218,298**	**257,813,253**	
Levies	57,907,113	57,324,768		57,907,113	57,324,768	
Special Adjustment for Council Tax Support Allocation	80,745,424	0		80,745,424	0	
Notional Council Tax Requirement	**194,565,761**	**197,732,934**	**1.6%**	**194,565,761**	**200,488,485**	**3.0%**
Divided by Taxbase	226,704	229,025	1.0%	226,704	229,025	1.0%
Relevant Basic Amount of Council Tax for Referendum Purposes	**858.24**	**863.37**	**0.6%**	**858.24**	**875.40**	**2.0%**

	Council Tax Freeze		Council Tax at Referendum Limit
City Council Council Tax Requirement (£)	255,057,702		257,813,253
Taxbase	229,025		229,025
Band D 2013/14 (£)	1,113.67		1,125.70
Band D 2012/13 (£)	1,113.67		1,113.67
Variance %	0.00%		1.08%

7.3 The above **notional** calculation shows the City Council intends to increase the relevant basic amount of Council Tax by 0.6%, which is therefore not excessive in relation to the Government criterion and results in a freeze in the level of Band D Council Tax of £1,113.67.

7.4 The City Council could have increased its relevant basic amount of council tax by up to 2% before a referendum would have been required. As the table above shows, this would have resulted in the City Council's element of Band D council tax increasing by 1.08% to £1,125.70.

Chapter 7 - Capital Resources

1. Summary

1.1 The low level of land disposals in the current market means that capital receipts are expected to remain below their peak of previous years. Many Government grants will be reduced from previous expectations. However, the Government is continuing to support some major investment programmes. Prudential borrowing is planned to be at a prudent and affordable level in the context of the Council's overall Long Term Financial Plan.

2. Capital Resources

2.1 Resources of £1,028.1m have been identified to fund the City Council's Capital Programme from 2013/14-2015/16. These are summarised in table 7.7.1 below, and can be divided into specific resources and corporate resources.

3. Specific resources

3.1 Specific capital resources total £235.6m over the three years and represent funding which has been obtained by services for a particular purpose - e.g. specific government grant and developer contributions. These projects are added to the capital programme on a rolling basis, as the resources are awarded to the City Council.

3.2 The City Council is budgeting to receive £134.8m of Government grants and £100.8m of other capital contributions for specific projects. Constraints on public sector spending are affecting the level of grant funding available, but the Government will continue to support some major investment programmes in local authority assets. For the City Council this includes grants for New Street Station, additional primary school places and Building Schools for the Future projects. These programmes will form a significant part of the capital investment undertaken by the Council in the next few years. The government also supports capital investment in the Highways Maintenance and Management PFI, which is not part of the capital resources shown in table 7.7.1 below.

4. Corporate resources

4.1 Corporate capital resources total £792.5m 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. The main sources are general or un-ringfenced capital grants from the Government, borrowing in accordance with the Prudential capital system, and capital receipts from asset sales.

4.2 The Government allocates un-ringfenced capital grants annually to the City Council for major capital programmes in schools and transport, and a smaller sum for adults and children's social services. These will be added to the Capital Programme when the allocations for 2013/14 are known. Although these are technically un-ringfenced grants which may be spent on any local authority purpose, Government Departments have clear expectations about how most of this will be spent. Due to the reduction in these grants and the substantial expenditure needs which exist in the associated services, it is proposed to allocate these grants in accordance with Government expectations in 2013/14, as in previous years.

4.3 The economic downturn is affecting the level of capital receipts and this is expected to continue for the next few years. However, the City Council will seek to identify and dispose of surplus assets actively with a view to securing good value for money. Capital receipts are expected to be used to finance equal pay settlements as described in Chapter 9 paragraph 2.5 below.

4.4 The proposed Capital Programme includes £494.7m of borrowing over the Capital Programme period. This Budget proposes a prudent policy in relation to future borrowing, as set out in the Capital Strategy Chapter below.

4.5 A review of the capital expenditure programme has been carried out as part of the business planning process to seek improved value from the council's limited capital resources and ensure that resources are directed to the Council's key priorities. This includes responding to equal pay costs and unavoidable capital costs such as health and safety and other legal requirements. The review has identified £7.8m of savings from 2012/13 onwards which have been removed from the capital budget to support the corporate resources position.

4.6 HRA revenue contributions of £252.9m and HRA capital receipts of £44.9m have been identified 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.

5. Total Resources

5.1 Total capital resources assumed in this Budget are therefore as follows. Further details of prudential borrowing are in Appendix 6B.

Table 7.7.1
FINANCING THE CAPITAL PROGRAMME

	2013/14 £m	2014/15 £m	2015/16 £m	Total £m
Government Grants	78.9	22.3	7.0	108.2
Government Revenue Grants	0.0	26.6	0.0	26.6
Contributions	43.5	51.9	5.4	100.8
Total Specific Resources	122.4	100.8	12.4	235.6
Prudential Borrowing	307.4	92.1	95.2	494.7
Un-ringfenced Government Grants(1)	0.0	0.0	0.0	0.0
HRA Revenue Resources	98.8	87.0	67.1	252.9
HRA Capital Receipts	12.9	25.3	6.7	44.9
Total Corporate Resources	419.1	204.4	169.0	792.5
Total Resources	**541.5**	**305.2**	**181.4**	**1,028.1**

(1) Government un-ringfenced grants for Transport, Education and Social Care will be included in the revised capital budget when they have been announced.

Chapter 8 - Capital Strategy

1. Summary

1.1 The City Council's Capital Strategy for the next few years is expected to be dominated by the effects of Government financial austerity on revenue resources and service provision, and by the need to finance substantial equal pay settlements. Service capital plans and asset strategies have been accordingly revised in the context of the Council Plan priorities and their future operating models. Major Service Asset and Capital Strategies are summarised in Appendix 4. Further development of the service capital and asset strategies will be required in the coming year, to enable strategic choices to be made and achieve best value from investment decisions, in the context of the challenging outlook for service needs and available resources in the next decade.

1.2 The Capital Strategy also sets out financial policies for distributing capital receipts, distributing un-ringfenced government grant allocations, prudential borrowing, revenue provision for the repayment of borrowing, and lifecycle asset maintenance.

2. General Strategic Principles

2.1 There are some general strategic principles underlying capital planning for all services. These are to:

- Integrate capital planning into the Council's overall strategic planning, both in general and as part of the Council Plan and the Long-Term Financial Strategy;
- 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;
- Procure the use of capital assets by affordable means which deliver 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 or with the community) whilst retaining clear lines of accountability and responsibility;
- Relate capital resources and expenditure planning to asset planning;
- Maximise the availability of resources to meet the costs of equal pay settlements.

3. The Strategic Capital Planning Process

3.1 The strategic capital planning process produces a view of asset use and investment need consistent with the Property and Physical Assets

Strategy in Part 6 of this Business Plan, responding in particular to the overall need for service change and delivery over the next ten years.

3.2 Capital and asset strategies for individual services (attached at Appendix 4) seek to identify the main areas where progress is required in order to implement plans for strategically aligned and affordable asset use and capital investment.

3.3 The Property and Other Physical Assets Plan in Part 6 above sets out the Council's overall asset strategy, and Appendix summarises the asset strategies of major services.

3.4 Services are expected to find the revenue resources to maintain the assets they use and ensure they are suitable for their use. For major capital investment in particular, services will set aside resources into a cyclical maintenance reserve for future cyclical maintenance and replacement needs. Some properties which are currently used for service delivery or back office support may be closed and sold, with services being provided differently or in replacement buildings.

4. Prudential Borrowing and Debt Policy

4.1 Borrowing under the 'Prudential' system for local authority capital finance will be used by the City Council as a tool for delivering policy and managing its finances. Borrowing is also influenced by Government policy (for example the £336m additional Housing debt resulting from the reform of housing finance in 2012). Local authorities may borrow to finance capital expenditure and must set a balanced revenue budget. The affordability of debt is the key constraint, and the Council sets and monitors prudential indicators (including local indicators) to manage its debt exposures.

4.2 Debt (including PFI liabilities) is forecast at £3,540.0m by the end of 2012/13. Of this, £1,135.8m is HRA debt and £2,404.2m is General Fund debt. Use of prudential borrowing in the next few years will be constrained by the 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 must meet the costs of all prudential borrowing they propose from within their current and forecast net revenue budget.

4.3 In 2011, the City Council obtained credit ratings from Moody's and Standard and Poor's (S&P). Both agencies have maintained their ratings in their latest reviews: Aaa (negative outlook) from Moody's (published January 2013) and AA+ from S&P (published in November 2012). These ratings give the City Council access to more sources of borrowing at potentially cheaper rates, and also provide an independent assessment of the Council's credit worthiness taking account of the level of its debt and other factors. The ratings also reflect the close financial relationship to central government and the Government's own credit rating.

4.4 The Capital Programme, Chapter 9 below, considers the Prudential Borrowing limit, and Appendix 6D and 6E set out the full Prudential Indicators.

5. Debt Repayment Policy: the Annual MRP Statement

5.1 Local Authorities are required by law to make prudent provision for the repayment of debt. Government Guidance requires the full Council to approve a statement of its policy on debt repayment (known as "Minimum Revenue Provision" or MRP). The City Council's policy is attached at Appendix 6C.

5.2 The City Council will maintain a strong debt repayment policy. This is key to managing debt liabilities and generating headroom for new borrowing if required. The General Fund revenue repayment provision in this Business Plan amounts to £126.5m in 2013/14 rising to £136.9m in 2015/16, which represents the repayment of 6.6% of General Fund loan debt.

6. Facilities Management Financial Policy

6 .1 The City Council's financial policies for facilities management facilitate a co-ordinated approach to planning and spending facilities management budgets, and an increase in planned as opposed to responsive repair and maintenance. The main policies are:

- Facilities management revenue budgets are corporately ringfenced, with year end underspends contributed into an earmarked reserve for the directorate's future facilities management needs.

- For major new capital investment requiring future maintenance funding, annual revenue contributions will be made by services into a Cyclical Maintenance Reserve (with some exceptions). This will generally be 2.4% p.a. of the capital construction cost, unless other prudent arrangements specific to the project have been made. Detailed arrangements will be made by the Strategic Director of Resources.

7. The Approved Capital Budget and Business Case Appraisal

7.1 Projects included in the Capital Programme will not proceed to spend until a Business Case report has been approved for the project under the Council's 'Gateway' appraisal and approval process. The Business Case will take account of relevant considerations including the results of consultation and equalities analysis.

7.2 Additions to the Capital Programme will be treated as 'Provisional Capital Allocations'. When a specific Business Case approval to spend the allocation has been obtained, the project resources will be shown as 'Approved Capital Budget' and released for spending.

8. Asset Sales and Capital Receipts Policy

8.1 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.

8.2 The general presumption is that any new receipts will be used to meet Equal Pay costs. However, any already agreed incentive shares or earmarking of planned capital receipts will remain, where the use of the receipt is included in this capital budget and planned Disposals Programme. The detailed application of this policy will be determined by the Strategic Director of Resources.

8.3 The Council has supported the objectives of the Quirk review of community assets, to encourage community cohesion and participation. In support of this and in accordance with the terms of the Localism Act 2011, the Council may be prepared to sell Council assets at less than best value to third sector organisations. However, this must be strictly limited in the Council's current circumstances because it reduces the capital resources available to the Council. Cabinet has approved a policy for Community Asset Transfers which sets a limit to the level of discounts granted in total on such sales, in order to ensure that scarce resources are allocated in line with Council priorities. The limit will be £1m per annum for 2013/14 to 2015/16.

9. Un-ringfenced Capital Grants Policy

9.1 The Government provides capital resources to local authorities via a mixture of 'ringfenced' and 'un-ringfenced' capital grants.

9.2 Un-ringfenced capital grants are in theory available for the Council to spend in accordance with local priorities. However in practice the Government Departments which still issue these un-ringfenced grants expect them to be used largely to achieve their targets and objectives for their services.

9.3 For 2013/14, the City Council will use these un-ringfenced grants in line with the Government department assumptions.

Chapter 9 - Capital Programme

1. Summary

1.1 The Council continues to have an extensive multi-year Capital Programme which totals £1,028.1m, of which £541.5m is budgeted in 2013/14.

1.2 Given the continuing constraints on capital resources (and especially the constraints on corporate capital resources), the emphasis this year is therefore on consolidating the existing Programme and seeking external funding where possible for new initiatives.

1.3 Previous chapters have set out the forecast capital resources available over the next three years and the strategic framework and financial policies for capital resources and investment. This chapter sets out the proposed Capital Programme in this context.

2. Development of the Capital Programme

2.1 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. Capital expenditure funded from specific grants and contributions amounts to £235.6m in this Budget. Further announcements of major un-ringfenced grants for Transportation and Education are expected shortly. Given that further corporate funding is unlikely to be available, the primary focus will be on obtaining external funding.

2.2 The proposed Capital Programme includes £494.7m financed from borrowing over the Capital Programme period. This includes major commitments from earlier decisions including funding for the Library of Birmingham, Southside, NEC Group facilities and other service projects. It also incorporates the borrowing proposals set out in the approved Enterprise Zone Investment Plan, the cost of which will be supported from projected business rates growth in the Enterprise Zone area. Such borrowing will be regulated in accordance with financial principles set out in the Investment Plan. Additional borrowing of £23m (over and above £8.9m of corporate resources already in the programme) is also proposed by this budget to part fund the introduction of the new fleet and waste management operating model including the move to wheeled bins. Government revenue grant of £26.6m will also support this capital investment, subject to development of the Full Business Case.

2.3 Borrowing will be contained within the prudential limits set out below and in Appendix 6D. Statutory Regulations require the Council to make ‘prudent provision’ for the repayment of debt. The proposed level of repayment provision is in accordance with the City Council’s ‘MRP’ policy at Appendix 6C.

2.4 Due to the expected low levels of corporate capital resources, there are no new general allocations of other corporate capital resources in this Business Plan. However, £2.1m is proposed to be allocated to enable the Environment Agency to proceed with £23m of flood control measures for the River Tame.

2.5 Working in conjunction with the DCLG, the Council has identified the funding for its anticipated 2013/14 Equal Pay payments, subject to confirmation of £100m Borrowing Approval from the DCLG and the agreement of any associated conditions. The other 2013/14 funding sources are capital receipts, general revenue reserves and HRA balances. In support of this, it is proposed that the Council will develop proposals for further disposals of property and other assets. The financial implications of the funding of Equal Pay settlements in 2013/14 have been included in this Budget, and in the Long Term Financial Plan in relation to later years. This takes account of borrowing costs and loss of income or other costs arising from asset sales. The Council expects to make significant further Equal Pay payments in 2014/15 and later years. It will therefore develop its capital receipts strategy, further review its future years capital expenditure plans and maintain its close dialogue with the DCLG.

3. Total Capital Programme

3.1 The proposed Capital Programme has been prepared having regard to the Council's policy priorities set out in Part 2, the Property Strategy in Part 6 and the Capital Resources and Capital Strategy in Part 7. The programme by Directorate is therefore as follows:

Table 7.9.1 - Capital Programme by Directorate

Capital Expenditure	**2013/14**	**2014/15**	**2015/16**	**Total**
	£m	**£m**	**£m**	**£m**
Adults & Communities	9.0	-	-	9.0
Corporate Resources	144.8	30.5	2.8	178.1
Children, Young People & Families	44.9	0.5	-	45.4
Local Services				
- Non- Housing	74.6	35.2	3.3	113.1
- Housing HRA	126.6	120.7	76.3	323.6
- Housing Private Sector	6.0	5.1	5.2	16.3
Development				
- Planning & Regeneration	30.4	36.8	88.8	156.0
- Transportation	105.1	76.4	5.0	186.5
- Culture & Commissioning	0.1	-	-	0.1
Total Programme	**541.5**	**305.2**	**181.4**	**1,028.1**

3.2 Appendix 6A provides a summary of the projects in the above Programme.

3.3 The Capital Programme excludes amounts accounted for as capital expenditure by contractors under proposed PFI schemes. PFI contracts currently in progress include Building Schools for the Future and the Highways Maintenance and Management PFI. The funding of these projects has been allowed for in the Prudential Limit as required by the Prudential Code.

4. Prudential Code and Indicators

4.1 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. Appendix 6D and 6E provides the Prudential Indicators which result from the above capital budget.

4.2 The Capital Strategy Chapter above sets out a controlled policy for prudential borrowing. Total debt will only increase by a relatively limited £102.5m over the three year period to March 2016. This is because of the planned £494.7m additional borrowing to finance capital expenditure in the three year plan period, together with other cashflows and PFI liability adjustments, is offset by sums set aside annually for debt repayment, totalling £426.6m over the same period.

4.3 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 the revenue costs can be met from additional income or savings, and to ensure the Council has some resources for essential capital works and key priorities.

4.4 Based on these plans, the Council's forecast gross debt (including PFI and finance lease liabilities) is expected to rise from an opening £3,540.0m in March 2013 to £3,642.5m by March 2016. It is important to note that this includes HRA debt of £1,135.8m in March 2013 and £1,104.9m in March 2016. The cost of financing the interest and repayment of the Council's planned borrowing is included in the revenue budget and the Long Term Financial Plan. An analysis of prudential borrowing undertaken since the regime started in 2004 shows that 52% of new debt over the period up to 2011/12 had borrowing costs funded by income or savings generated by the associated projects. Similarly a further 14% of debt was government supported borrowing, leaving 34% to be funded by mainstream General Fund resources.

4.5 The Authorised Limit for Debt represents the statutory prudential limit for the City Council, which should 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 2013/14 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 other long term liabilities, mainly a planned increase in Highways Maintenance PFI liabilities. The overall limit is therefore built up as follows:

Table 7.9.2 - Forecast debt and Authorised Prudential Limit, based on the current capital programme

	2013/14 £m	2014/15 £m	2015/16 £m
Forecast opening loan debt (gross)	3,168.2	3,315.2	3,313.8
Capital expenditure financed from borrowing	307.4	92.1	95.2
Other cash flows	-33.9	38.7	-26.0
Less loan debt repayment provision	-126.5	-132.2	-167.9
Forecast year end loan debt	3,315.2	3,313.8	3,215.1
PFI and other long term liabilities	417.9	439.2	427.4
Forecast year end debt (incl. PFI etc)	**3,733.1**	**3,753.0**	**3,642.5**
Allowance for planned cashflows, day-today fluctuations and other potential borrowing	366.9	347.0	457.5
Authorised Prudential Limit for Debt	**4,100.0**	**4,100.0**	**4,100.0**

Chapter 10 – Treasury Management Policy and Strategy

1. Summary

1.1 The first part of this chapter sets out the Council's proposed Treasury Management Policy. This sets the overall framework and risk management controls which are used in carrying out the Council's borrowing, lending and other treasury activities.

1.2 The second part of this chapter, from section 3, sets out the proposed treasury management strategy for 2013/14 given the interest rate outlook and the Council's treasury needs for the year.

2. Treasury Management Policy

2.1 Statutory Guidance

In setting out the City Council's policy framework for the conduct of its treasury management this document addresses the requirements 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 Guidance within the City Council.

2.2 The City Council's Treasury Management Objectives

2.2.1 The City Council's treasury management objectives and activities are defined as:
The management of the organisation's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

2.2.2 The successful identification, monitoring and control of risk are the criteria by which the effectiveness of the City Council's treasury management activities will be measured. Accordingly, analysis and reporting of treasury management activities will focus on their risk implications for the organisation.

2.2.3 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.[1]

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1 Paragraphs 2.2.1 to 2.2.3 and the final sentence of 2.3.3 are required by the CIPFA Treasury Management Code

Attitude to Treasury Management risks

2.2.4 More particularly, 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.

2.2.5 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 Council is exposed to include:

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

2.2.6 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.

2.2.7 The Council's approach to the management of treasury risks is set out in the rest of this Treasury Management Policy. The Strategic Director of Resources and the Director of Finance hold regular meetings with senior staff to monitor market conditions and review planned activities and performance.

2.3 Setting limits to manage treasury management risks

Interest rate exposures

2.3.1 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 7.10.1
Prudential limits - interest rate exposure

	% of loan debt (net of investments):		
	2013/14	**2014/15**	**2015/16**
upper limit on net fixed rate exposures	130%	130%	130%
upper limit on net variable rate exposures	30%	30%	30%

It is not anticipated that variable rate exposure would be near 30% except possibly for very short periods. The currently planned variable rate exposure is set out in the Treasury Management Strategy.

Table 7.10.2
Prudential limits - maturity structure of fixed rate borrowing

Forecast

	lower and upper limits:	**Year end 2012/13**
under 12 months	0% to 30% of gross loan debt	10%
12 to 24 months	0% to 30%	3%
24 months to 5 years	0% to 30%	5%
5 to 10 years	0% to 40%	8%
10 to 20 years	5% to 55%	23%
20 to 40 years	10% to 60%	29%
40 years and above	10% to 60%	22%

2.3.2 The City Council will have regard to forecast Net Loan Debt in managing the maturity profile. In particular, the effect of forecast cashflows especially MRP (minimum revenue provision for debt repayment) will be taken into account.

Policy for borrowing in advance of need

2.3.3 Government guidance requests 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 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.

2.3.4 The 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 Council takes a consolidated view of its treasury risks, 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.

Investment Policy for temporarily surplus cash

2.3.5 The City Council's cashflows and treasury management activity will result in 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.

2.3.6 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 2.3.10 below.

2.3.7 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. The main criteria and processes which deliver this are set out in the following paragraphs.

Specified Investments

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

Table 7.10.3 Lending Criteria

'Specified' short term investments	FITCH Short term rating	FITCH Long term rating	FITCH viability and support rating	Individual Lending Limit
Banks (including overseas banks) and Building Societies	F1+	A-	aa-,2	£25m
	F1+	A-	a-,2	£20m
	F1	A-	a-,2	£15m
UK company Commercial Paper	F1+	A-	a-,2	£15m
Money Market Funds (stable net asset value type)	The highest possible rating from Fitch, Moody's or S&P			£40m
Local authorities	n/a	n/a	n/a	£25m
UK Government (incl. DMO, T-Bills and gilts)	n/a	n/a	n/a	none
UK Nationalised Banks	n/a	n/a	n/a	£25m

Two new categories of investment are proposed in the table above. UK nationalised banks (such as Lloyds and RBS groups currently) are subsidiaries of the UK Government and are therefore considered appropriate. UK company commercial paper may also allow some diversification of investments providing the credit rating is strong enough, as set out in the table.

2.3.9 Money may be lent to the City Council's own banker, in accordance with the above lending limits. However, if the Council's banker does not meet the above criteria, money may only be lent overnight (or over the weekend). Money may also be lent to the National Exhibition Centre Ltd as long as it is controlled by the City Council.

2.3.10 Credit ratings are monitored on a real-time basis on information from the Council's Treasury Management advisers, and the 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.

Non-specified investments and limit

2.3.11 The Council will not invest more than £400m in non-specified investments, 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 100% of non-specified investments.
2. Certificates of Deposit (CD) or Commercial Paper (CP) with a maturity of less than three years, subject to a long-term credit rating of not less than AA (in addition to the restrictions in 2.3.8 above). CD or CP shall not exceed 25% of long-term investments (i.e. those maturing in one year or more).

2.3.12 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

2.3.13 Temporary 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 7.10.4
Prudential limits on investing principal sums for over 364 days:

1-2 years	£200m
2-3 years	£100m
3-5 years	£90m

2.3.14 In making investments in accordance with the criteria set out in 2.3.6 to 2.3.13 above, the Director of Finance 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.

2.3.15 The 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 of Resources.

2.4 Policy for HRA loans accounting

In accordance with the Government reform of housing finance, local authorities need to determine their method for attributing debt and debt revenue consequences to the HRA. The City Council will use the 'two pool' method set out in the CIPFA Treasury Management Code. This method attributes a share of existing 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 will be maintained by the Director of Finance.

2.5 Reporting and Delegation

2.5.1 A Treasury Management Strategy report is presented as part of the annual business plan to the Council before the start of each financial year. Monitoring reports are presented quarterly to Cabinet, including an Annual Report after the year end.

2.5.2 The City Council has delegated to the Strategic Director of Resources the management of borrowings, loans, debts, investments and other assets in accordance with this Treasury Policy Statement. The Director reports during the year to Cabinet on the decisions taken under delegated treasury management powers.

2.5.3 In exercising this delegation, the Strategic Director 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 Council's borrowing, treasury investments, or other treasury instruments.

2.5.4 The Strategic Director of Corporate Resources 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

2.6 Training

2.6.1 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 Council's Performance and Development Review process, and in accordance with Treasury Management Practice 10. Briefings for councillors are also held from time to time.

3. Treasury Management Strategy

3.1 Summary

3.1.1 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 a substantial amount of fixed rate borrowing to obtain a fixed interest cost while fixed rates are low. This strategy recognises the risk trade-offs between short and long term borrowing costs, and the balance between short and long term funding will be kept under review by the Director of Finance.

3.1.2 In this Strategy, debt and investments are expressed at nominal value, which may be different from the amortised cost value used in the statutory accounts. The 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.

3.2 Objectives of Treasury Management

3.2.1 The Treasury Policy Statement (above) sets the City Council's objectives and provides a management and control framework for its Treasury Management activities.

3.2.2 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.

3.2.3 These objectives must be implemented flexibly in the light of changing market circumstances. The Strategic Director of Resources and the Director of Finance hold meetings with senior staff to monitor market conditions and review planned activities and performance. Reports monitoring treasury activities are presented to Cabinet quarterly and at outturn.

3.3 The City Council's loan debt

3.3.1 The City Council's loan debt portfolio at 31st March 2013 is forecast to be as follows:

Table 7.10.5 – Forecast loan debt portfolio at 31 March 2013

		Debt £m
Short term and variable rate debt		315.1
Fixed Rate:	Under 5 years	255.1
	5-9 years	241.8
	10-19 years	732.4
	20-39 years	916.8
	40+ years	707.0
Gross loan debt		**3,168.2**
Investments		(40.0)
Forecast Net loan debt at 31 March 2013		**3,128.2**
Representing:	HRA loan debt	1,135.8
	General Fund loan debt	1,992.4
		3,128.2

Since the HRA Finance Reform in April 2012, the HRA has a separately identified loans portfolio from the General Fund. This means that the City Council's overall treasury strategy has two distinct elements.

3.4 City Council Borrowing Requirement

3.4.1 The proposals in this Business Plan are expected to result in an increase in the City Council's net loan debt to £3,175.1m over the coming three years to 31 March 2016. Planned borrowing to finance proposed capital expenditure will be partially offset by the amounts set aside each year for debt repayment (i.e. Minimum Revenue Provision) and other cashflows, as follows:

Table 7.10.6 – Forecast net loan debt

	2013/14	2014/15	2015/16
	£m	£m	£m
Net loan debt 1 April	3,128.2	3,275.2	3,273.8
In-year net cashflows:			
Capital financed from borrowing	307.4	92.1	95.2
Provision for debt repayment:	(126.5)	(132.2)	(167.9)
Day-to-day variations in cashflow	(33.9)	38.7	(26.0)
Net loan debt 31 March	3,275.2	3,273.8	3,175.1

3.4.2 The Council has borrowed £206.9m 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 £187m (£56.9m in 2013/14, £30m in 2014/15 and £100m in 2015/16) of these options have the potential to be exercised during the coming three financial years. This would significantly increase the City Council's draft refinancing needs, but is considered unlikely to happen in the current market environment.

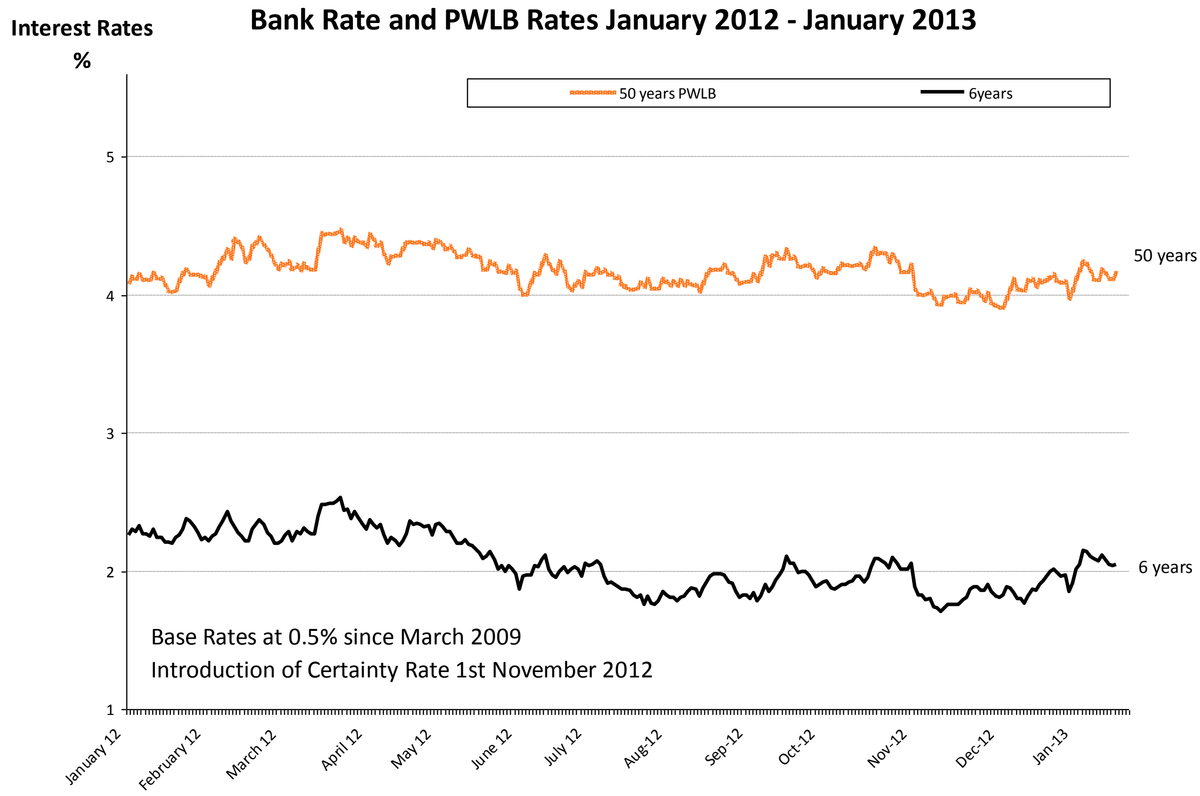
3.5 Interest Rate Outlook

3.5.1 The outlook for the world and the UK economy continues to be very uncertain. UK growth is expected to remain low at best, whilst public spending cuts continue and the Eurozone economies remain weak. In this context, many commentators expect base rates to remain at 0.5% for the whole of 2013 and 2014.

3.5.2 Long term interest rates may rise due to continuing above-trend inflation, and a more positive outcome for the Eurozone sovereign debt crisis encouraging a "risk-on" investment attitude by financial markets. With gilt yields remaining at historically exceptionally low levels (albeit higher than the low of 1.4 in August 2012), the scope for long term rates to rise is much greater than their scope to fall. It is therefore likely to be in the Council's long term interests to take substantial long term funding in the coming year or so.

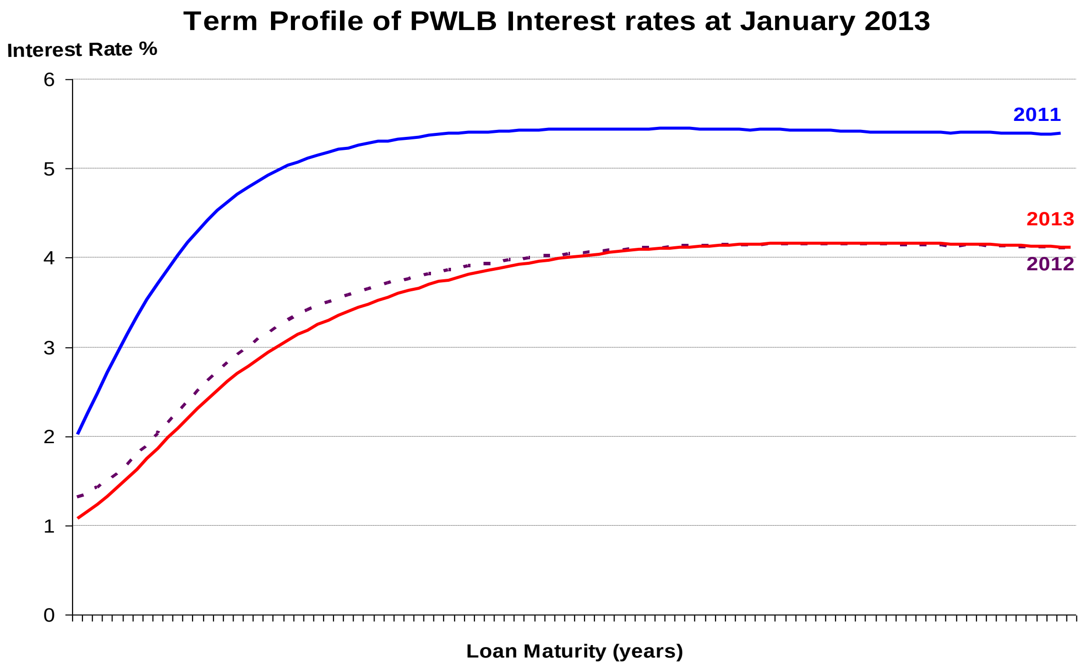
3.5.3 Table 7.10.7 below shows how base rates and long term PWLB rates have moved since January 2012 – although past performance is, of course, not necessarily a guide to the future.

Table 7.10.7



3.5.4 Table 7.10.8 shows PWLB loan rates in early January 2011, 2012 and 2013. The cost of fixed rate borrowing continues to increase steeply from 1 year rates at 1.3% to ten year rates at 3.0%:

Figure 7.10.8



3.6 Sources of borrowing

3.6.1 The City Council is able to borrow from the PWLB at its recently-introduced ‘certainty rate’ at approximately 0.8% above gilt yields. Slightly cheaper borrowing may be available from the PWLB for Enterprise Zone projects.

3.6.2 Little long term fixed rate borrowing has been available from banks for some time, although this will remain an option under consideration. This leaves a capital markets (or bond) issue as the main alternative to the PWLB. This may include a listed bond issue, a private placement, or a bilateral loan agreement. The Council will consider using any of these if the terms are suitable.

3.6.3 Large scale borrowing from the European Investment Bank is also a possibility if the interest rate and other terms are competitive.

3.6.4 Sources of short term and variable rate borrowing are also limited. Again, very little is available from the banks. The cheapest short term borrowing has been from other local authorities, but the future availability and cost of this is uncertain. The City Council has therefore developed the potential to issue Commercial Paper. These are short term loan notes totalling £100m or more, which can be traded by investors, who include Money Market Funds and capital market investors. This option will be progressed if advantageous to the Council.

3.6.5 Bond issues and Commercial Paper generally require credit ratings to achieve the lowest interest rates on a bond issue. The City Council currently maintains credit ratings of Aaa (negative outlook) from Moody’s and AA+ (stable) from Standard and Poor’s (one notch down from the highest rating). As well as facilitating potentially cheaper borrowing, credit ratings have value as an independent assessment of the Council’s credit worthiness, taking account of its debt levels, financial management and other relevant factors. The other factors include external influences, most importantly the Aaa credit rating of the UK Government itself, without which the Council’s rating is unlikely to be maintained.

3.6.6 PWLB loans do however retain significant advantages, especially the ability to borrow at any size across a wide range of maturities, and the ability to borrow easily at short notice to lock in to attractive rates. It is likely therefore that PWLB borrowing will continue to be a significant part of the Council’s borrowing strategy, and may remain the main source of borrowing if bond margins are not sufficiently attractive relative to the PWLB.

3.7 2013/14 Strategy

3.7.1 The HRA inherited a largely long term fixed rate debt portfolio in 2012, and its debt is capped in accordance with statutory HRA debt limits. From 2015/16, its debt is planned to start reducing significantly in accordance with the HRA Business Plan. There is therefore no need for long term borrowing for the HRA.

3.7.2 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 rates, whilst taking a substantial amount of fixed rate long term borrowing to obtain a fixed interest cost while fixed rates are low. The budget assumes new fixed rate borrowing of around £400m by the end of 2013/14. This takes advantage of the low long term fixed rates currently available, and reduces the impact of future interest cost increases. However, taking fixed rate funding during 2013 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 long term costs in the long term.

3.7.3 The City Council's exposure to short-term and variable interest rates inaccordance with the strategy above is as follows (identifying the HRA and General Fund separately):

Table 7.10.9 - Forecast Variable Rate Exposure based on the proposed borrowing strategy

(taking account of debt maturities and proposed long term borrowing)	**2013/14 £m**	**2014/15 £m**	**2015/16 £m**
Housing Revenue Account			
Year end net exposure to variable rates	15.1	47.7	27.5
Closing HRA net debt	1,135.8	1,135.8	1,104.9
Variable exposure % of debt	1.3%	4.2%	2.5%
General Fund			
Year end net exposure to variable rates	257.1	314.0	59.6
Closing General Fund net loan debt	2,139.4	2,138.0	2,070.2
Variable exposure % of debt	12.0%	14.7%	2.9%
Year end variable interest rate assumption provided for in the budget	1.5%	2.6%	3.8%

The variable rate exposure shows that a 1% rise in variable rates would cost the General Fund around £2.6m in 2013/14. However the variable interest rate assumption provided for in the budget is considered to be prudent in this context.

The Policy Statement sets a limit for exposure to variable rates of -30% to +30%. These figures show that variable rate exposure is forecast to remain within these limits for the next three years, even if no further long-term fixed rate borrowing is taken.

3.7.4 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 of Resources and the Director of Finance will keep the strategy under close review during the year, in the light of the Council's financial position and the outlook for interest rates.

3.8 Treasury Management revenue budget

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

Table 7.10.10 - Treasury Management Budget

	2013/14 budget £m	2014/15 forecast £m	2015/16 forecast £m
Net interest costs	147.3	158.1	154.8
Revenue charge for debt repayment	126.5	132.2	167.9
Other charges	3.5	3.1	2.5
Total	277.3	293.4	325.2
met by the HRA	57.3	56.9	87.2
met by other service budgets	96.5	102.2	112.0
met by corporate treasury budget	123.5	134.3	126.0
Total	277.3	293.4	325.2

3.8.2 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.

3.9 Risks and Alternative Strategies

3.9.1 The main risks to interest rates in 2013/14 relate to the development of national economies in the context of the banking and Eurozone crises, and the fiscal and debt measures implemented by the US.

Upward pressure on interest rates:

- Substantial fiscal union and other indications of recovery in the eurozone, encouraging a "risk-on" attitude by financial markets
- Marked indications of UK or eurozone economic recovery
- Increasing concerns about inflation
- Investor debt concerns spread to UK Sovereign debt

Downward pressure on interest rates:

- Eurozone sovereign debt crisis re-emerges
- Further weakness in UK and international economies
- Disorderly resolution of the eurozone crisis e.g. partial break-up of the currency
- Continued financial market difficulties and lack of bank lending

3.9.2 The Treasury Management Strategy must be flexible to adapt to changing risks and circumstances. The strategy will be kept under review by the Director of Finance in accordance with treasury management delegations.

3.10 Investments

3.10.1 Since the banking crisis, the City Council's approach has been largely to avoid direct lending to banks and to use the AAA rated 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.

3.10.2 Since the financial market turmoil of 2008/09, the Director of Finance has been using a very restricted list of banks within the overall policy. During the continued Eurozone crisis of 2012, exposure to the banking sector was further reduced, and a larger proportion of deposits were placed with the UK Government and Money Market Funds. The greater Eurozone financial stability since late summer has enabled a little more use of direct lending to financial institutions meeting the Investment Policy criteria, and it is proposed to widen the criteria to include nationalised banks and corporate commercial paper of high credit quality (paragraph 2.3.8 above). However, some temporary restrictions within the Council's general policy are likely to continue during 2013/14, and will be kept under review in the light of financial market circumstances.

3.10.3 In managing investment risks the City Council will give a high priority to the security of capital, accepting that this may mean choosing investments with a lower interest rate. This may include investments in the UK Government which earn very low interest rates.

3.11 Other Treasury Management exposures

3.11.1 The City Council is guaranteeing the repayment of £73m of NEC (Developments) plc stock, due in 2027. The intention is that this will be refinanced at maturity, and options for managing the treasury risks will be kept under review.

3.12 Advisers

3.12.1 Sector Treasury Consultancy Services provide 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.

3.13 Prudential Indicators for Treasury Management

3.13.1 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 6D.

Part 8 - Risk Management

1. Council Business Plan 2013+ Summary Risk Register

1.1 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 the priorities of the Council. By managing risk proactively we can take full advantage of opportunities and better use the resources available.

1.2 We have applied this approach to the production of this Council Business Plan and the following summary risk register has been compiled following an assessment of this Plan. The register records what risks or issues have been anticipated as potentially having an adverse effect on the Council in its delivery of its planned outcomes and priorities. The register also includes what action is currently being taken by management to prevent or reduce the likelihood and impact of such risks or issues occurring. The definitions of likelihood and impact are detailed at the end of this register. Further information regarding our approach to risk management can be found on the Council's website.

1.3 This summary risk register is supported by the Corporate Risk Register, and risk registers held by the Directorates, which are used by managers to help deliver services.

Risk / Issue		Council Action	Residual risk	
			Likelihood	Impact
Our Priorities				
1	Need for on-going improvement to children's safeguarding and social care	The Council will shift its profile of spend and develop our work with partner agencies to provide more effective early support that enables children and young people to stay safe, cared for and protected in their family and community settings. This in turn increases the likelihood that more dangerous situations are identified, with the risks reduced and averted. Children that do come into care will be supported by motivated, experienced and well-trained staff - we will put in place an effective recruitment and retention strategy, with improved team management oversight and supervision quality	Medium	High
2	Need to reduce inequality and deprivation, promoting social cohesion	Tackling inequality is central to the administration's priorities. The Council has established a new Cabinet post for Social Cohesion and Equalities. Four commissions have been established, one of which is directly related to addressing disadvantage and inequalities and another is related to promoting social cohesion: The Birmingham Commission on Youth Unemployment and The Social Inclusion Process. In addition, there have been two scrutiny reviews: one by the Social Cohesion and Safety Scrutiny Committee on What it Means to be A Brummie, and a current scrutiny enquiry into the health of the Third Sector. The Council has also established a Social Cohesion Forum in addition to a Faith Round Table. The Community Cohesion Strategy is being refreshed to bring it in line with the current administration's objectives.	Medium	High

Risk / Issue		Council Action	Residual risk	
			Likelihood	Impact
3	Need to deliver foundation for a prosperous city.	The City Council is working across a variety of programmes and with partners, including via the Local Enterprise Partnership, to unlock investment and promote growth. We are working closely with businesses to ensure that we provide an education for our children that will properly prepare them to gain employment and to become active in the economy.	Medium	High
4	Need to effectively collaborate across public agencies to achieve key long-term common priorities and deliver cost effective, fit for purpose services	We will continue to develop effective collaborative working practices and innovate in commissioning new models of service delivery, developing client–side expertise regarding commissioning services and in monitoring contracts. We recognise the need for strong governance processes and accountability to manage the quality of service, including robust complaints processes. The City Council is demonstrating its commitment to collaboration e.g working with the Local Enterprise partnership and developing the Business Rates Pool.	Medium	Significant
5	Need for smooth transition to different models of service delivery.	Robust plans are in place to ensure service provision continues during the fundamental changes being made. Service reviews are in progress, and guidance is being developed regarding moves towards BCC commissioning services.	Medium	Significant
6	Need capacity to respond to major changes in national priorities / legislation	Through its budget, service and workforce planning, the Council responds to those priorities and these should take account of national priorities and legislation. Planning and performance management processes monitor	Medium	Significant

Risk / Issue		Council Action	Residual risk	
			Likelihood	Impact
		the Council's priorities and respond accordingly.		
7	Need to demonstrate compliance with requirement of Equality Act and single equality duty.	Corporate Guidance has been established on Equality Assessments (EAs). In addition, Equalities and Social Cohesion is an important element in the Corporate Guidance on Business Planning. An Equalities Champions Group has been established with representation from across all City Council Directorates. A weekly monitoring system is in place for all high risk EAs and monitoring of this system is reviewed at the Council's monthly Governance Group, led by the Chief Executive. The Council has established a Cabinet post for Equalities and Social Cohesion, and the Cabinet Member ensures that all relevant cabinet reports are scrutinised for equality implications; all cabinet reports are required to include EAs. The Equalities Division provides guidance and support to all directorates on Equality issues	Medium	High
Consultation				
8	Need to effectively communicate, consult and involve regarding the choices made by BCC to change services.	Extensive corporate and directorate public consultation has taken place, using a variety of different approaches and in order to reach a wide range of people. The responses have been clearly communicated on the Council's website. Guidance has been provided to service planners and some Directorate consultations on potential service developments are on-going at time of setting the budget, and will need to be taken into account before final	Low	Significant

Risk / Issue		Council Action	Residual risk	
			Likelihood	Impact
		decisions are made to implement individual actions. Communication and consultation has taken place with staff via a number of different routes, including included 'global' emails to staff, core brief and managers' briefings, the intranet, formal corporate Trade Union meetings, local Directorate Trade Union meetings and other localised consultation activity		
Property and other physical assets plan				
9	Addressing shortage of capital resources to maintain physical assets	Directorate Plans include capital asset plans. A review of property assets and the on-going rationalisation of buildings to match future service provision and capital receipts requirements are taking place. Non-essential property will be disposed of and the community asset transfer process will be used where appropriate. We will work in partnership with other public and private sector agencies to lever in external investment.	High	Medium
10	On-going need to refresh and maintain the advancement of Information Technology for effective service delivery.	The City Council's ICT Strategy provides the plan for delivering the information technology and information services which are required to support effectively the work of the Council. To achieve this, it needs to balance both current and future needs. The strategy proposes the most effective way of maintaining current infrastructure and services while providing the maximum flexibility in responding to future council initiatives. The basic principles underlying the ICT strategy are: 1)The maintenance of a highly reliable infrastructure and basic corporate systems for both	Medium	Significant

Risk / Issue		Council Action	Residual risk	
			Likelihood	Impact
		current and future requirements. 2)The traditional model of a 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.		
Financial Plan				
11	Need to achieve necessary savings	Implementation of savings is subject to rigorous project management, governance arrangements and review and monitoring processes. Service Reviews that have regard to the value for money of services and current policy priorities are currently underway and will be implemented during 2013/14	Medium	Medium
12	Achieving income budgets and income streams maximised	We are working with partners to ensure appropriate funding arrangements. For example, working through the LEP we have obtained funds to enable further economic development in the city.	Medium	Medium
13	Budget pressures exceed the amount provided for in the budget.	Known pressures are included within the budget following a corporate and directorate review. All budgets are monitored proactively from the start of each financial year. Early management response where necessary. Some contingency provision is included in budget.	Medium	Low
14	Preventing overspending in 2013/14	Continued action to manage budgets and contain overspendings, with regular reporting to senior managers and Cabinet Members. Any residual overspending will need to be carried forward.	Medium	Low
15	Potential on-going equal pay and	Pay and grading practices with potential equal pay implications are being addressed.	High	High

Risk / Issue		Council Action	Residual risk	
			Likelihood	Impact
	related litigation.	On-going equal pay claims against the Council are being managed.		
16	Changes in funding regimes or amounts for specific government grants.	Known changes have been reflected in directorate budgets. Funding opportunities are being maximised wherever possible. The response to changes in specific funding regimes from 2014/15 will be planned when more information becomes available.	Medium	Medium
17	Need to secure funding for Equal Pay payments	Subject to finalising the detail with DCLG, a funding strategy is in place for 2013/14. Future years will require substantial additional receipts, the tight control of capital expenditure and an ongoing engagement with the DCLG. There will be major challenges in generating adequate capital receipts to meet Equal Pay payments for future years.	High	High
18	Capital projects being delivered within approved programme	Robust project management controls and rigorous project assessment are in place, including risks and affordability. Regular programme monitoring.	Low	Medium
19	Security of investments and liquidity	Risk management arrangements are set out in the Treasury Management Strategy and Policy.	Low	High
20	Minimising borrowing cost increases	Our borrowing strategy is set out in Chapter 10 of Part 7 of this plan. Debt financing costs are included in the LTFS, projects are subject to rigorous assessment, most debt is at fixed rates and with staggered maturity profiles.	Low	Low

Risk / Issue		Council Action	Residual risk	
			Likelihood	Impact
21	Adequate reserves, balances and contingencies	Resources have been reassigned where appropriate to address pressures and policy priorities. Contingencies have been provided. Reserves have been assessed as being at an acceptable level and a medium-term strategy is in place to build general balances. The budgetary position will be closely monitored.	Medium	Medium
22	Avoiding clawback of grant following audit work, incl. from City Council as Accountable Body.	Careful management of projects in line with grant conditions, including requirement for business cases. Projects are kept under close review, and corrective actions identified where necessary. In future, most grants will not be ring-fenced and will not have specific conditions.	Low	Medium
23	Managing the impact of changes in pension arrangements	The funding of long-term changes is not certain, but prudent assumptions have been made about continuing increases in contribution levels. Funding to address the impact of retirements has been agreed with the West Midlands Pension Fund and built into financial plans. Implications of the next actuarial review will be taken forward in our forward planning when known.	Low	Low
Our Employees				
25	Loss of knowledge, experience and capacity as workforce is down-sized	Continuing Council-wide workforce planning and talent management activity is taking place to ensure the required number, configuration and skilled workforce is available when needed. HR expertise is available to support managers with the scoping, planning and implementation of workforce change initiatives. Managers are supported to	Medium	Medium

Risk / Issue		Council Action	Residual risk	
			Likelihood	Impact
		develop their capability to manage transformed services.		
26	Negative impact on staff morale, motivation and performance due to accumulative effect of staff reductions and attendant 'narrowing' of traditional career development opportunities.	Good engagement / communication with staff regarding changes has been taking place. BCC continues its outplacement and career review schemes. Development of job enrichment / enlargement opportunities and secondments is ongoing.	Medium	Significant

key:

Measures of likelihood:

Description	Example Detail Description
High	Almost certain, is expected to occur in most circumstances. Greater than 80% chance.
Significant	Likely, will probably occur in most circumstances. 50% - 80% chance.
Medium	Possible, might occur at some time. 20% - 50% chance.
Low	Unlikely, but could occur at some time. Less than 20% chance.

Measures of impact:

Description	Example Detail Description
High	Critical impact on the achievement of objectives and overall performance. Critical opportunity to innovate/improve performance missed/wasted. Huge impact on costs and/or reputation. Very difficult to recover from and possibly requiring a long term recovery period.
Significant	Major impact on costs and objectives. Substantial opportunity to innovate/improve performance missed/wasted. Serious impact on output and/or quality and reputation. Medium to long term effect and expensive to recover from.
Medium	Waste of time and resources. Good opportunity to innovate/improve performance missed/wasted. Moderate impact on operational efficiency, output and quality. Medium term effect which may be expensive to recover from.

Description	Example Detail Description
Low	Minor loss, delay, inconvenience or interruption. Opportunity to innovate/make minor improvements to performance missed/wasted. Short to medium term effect.

PRIORITY ACTIONS AND SERVICE REDESIGNS – SUMMARY OF DIRECTORATE PLANS

INTRODUCTION TO APPENDIX ONE

As set out in the Introduction (Part 1), the Leader's vision for Birmingham is clear:

> *An inclusive city, in which many more people can play their part – a fair chance for everyone in Birmingham.*

This vision is underpinned by three key priorities:

- Tackle inequality and deprivation, promote social cohesion across all communities in Birmingham and ensure dignity, in particular for our elderly and safeguarding for children;
- Lay the foundations for a prosperous city, built on an inclusive economy; and
- Involve local people and communities in the future of their local area and their public services.

The vision drives the Council's direction, and the policy is implemented through six work programmes:

- Jobs and prosperity, education and skills;
- Crime and police;
- Health and social care;
- Housing;
- Localisation; and
- Reinventing the Council.

The work on these programmes is delivered by the Strategic Directorates. The Council is comprised of five Strategic Directorates:

- **Adults & Communities**, which provides social care services that help adults in Birmingham to live as independently as they can and to be part of their local communities;
- **Children, Young People and Families**, which provides early help and support to those children and families who need it and, working together, will ensure that every child has the belief, aspiration and support to be their best;

- **Corporate Resources**, which has a leading role in driving the Council's direction supporting decision making, implementation of decisions, managing external relationships and providing effective business intelligence;

- **Development and Culture**, which stimulates economic growth and reduced income inequality, promotes social cohesion and supports a rich and diverse cultural scene for residents and visitors; and

- **Local Services**, responsible for the delivery of a wide range of services that will support all the citizens of Birmingham, primarily delivered through the new District Committees.

Each of these Directorates will be responsible for the implementation of the Leader's Policy Statement and the Council's contribution to the achievement of the Birmingham 2026 Sustainable Community Strategy outcomes:

- Succeed economically

- Stay safe

- Be healthy

- High quality of life

- Make a contribution

- Public service excellence

In order to work effectively towards these goals, each Directorate has their own high-level action plans, which are set out in summary below. These plans describe the visions and strategic intentions of each Directorate, clearly setting out how they will respond to the challenges we are facing in Birmingham.

ADULTS AND COMMUNITIES DIRECTORATE

Vision and context

We have known for a number of years that the traditional approach to adult social care was flawed and contained unaffordable pressures. This is why we set out on a journey of Transformation in 2009 and now have in place the things that the draft Care and Support Bill advocates - preventing, delaying or reducing people's needs for care and support through access to enablement services, and better information and advice so that they can plan ahead for their needs.

Our original 2009 Transformation plan looked forward to achieving £230m of benefits by 2017/18. Having taken note of our achievements to date and the future demands upon us, we have now stretched that target to achieve £419m by 2017/18.

We have consulted you on our detailed proposals before and you have told us what is important to you and we have given our commitment to continue to:

- Always meet your assessed unmet eligible needs;
- Increase or decrease, as necessary, your Individual Budget to ensure your unmet eligible needs can be provided for; and
- Meet your needs as detailed in your Support Plan, until it is changed either by re-assessment or review.

Strategic Intent

For 2013/14 our proposal is clearly 'to do more of the same', but we have had to propose a number of 'one year only' proposals, such as using reserves held for pension payments and building refurbishment, alongside changes to the way we pay for services such as Telecare. We are already asking very serious questions of ourselves through this approach – next year we are planning that Telecare alone will bring in over £5m of savings. Few other councils are being this ambitious in their approach, and we are focussed upon achieving this ambitious target. Stretching the targets yet further however is not a reasonable option.

The task before us from 2014/15 means that we have to work more closely with partners, such as GPs and the wider NHS to make the changes that will bring the necessary savings across the social care and health economy in the way envisaged by the Leader's Policy Statement.

For 2013/14 **our priorities** – in accordance with the Leader's Policy Statement and the Community Strategy – will be:

- To deliver services to citizens who are assessed as having either 'substantial' or 'critical' unmet needs;

- To safeguard all vulnerable people and continue to improve our safeguarding practice;

- To embrace our new Public Health role and promote wellbeing through the work of the [Shadow] Health & Wellbeing Board;

- To focus upon how to meet the challenges ahead in 2014 and beyond; and

- To take an early role in the review mechanism being developed by the Council to determine its future operating models.

Adults and Communities - Summary of High Level Actions

Delivering services to citizens who are assessed as having either ‘substantial’ or ‘critical’ unmet needs

In the face of increasing budgetary pressures, we will continue to deliver services by:

- Finding new models of care which are affordable and sustainable;
- Looking for ways in which we can offer ‘peace of mind’
- Shaping a single health and social care system, based on the long term collective interest
- Promoting personalisation and working with our partners to make Birmingham a great place to live and grow old in
- Working with partners and GPs to extend Telecare, early intervention and prevention activities
- Helping people recover from substance misuse addictions
- Increasing the number of people benefiting from enablement services
- Providing vulnerable people with choices of appropriate living accommodation and supporting them to remain independent and safe within the community
- Tapping into the resourcefulness of the cared for and their carers to find solutions to the issues that we face

Safeguarding all vulnerable people and continuing to improve safeguarding practice

- The Birmingham Adult Safeguarding Board will continue to raise awareness of adult safeguarding issues within the city
- Work is underway to strengthen links between safeguarding and wider wellbeing strategies and partnerships including the Safeguarding Children Board, Community Safety, Domestic Violence, [Shadow] Health & Wellbeing Board and the Local Enterprise Partnership
- Work is on-going to improve the involvement of service users in the safeguarding process, including defining outcomes and ensuring that safeguarding outcomes are integrated with dignity, patient safety and domestic violence outcomes
- Process will be further enhanced by the launch of a pan-West Midlands Policy & Procedure

Embracing our new Public Health role and promoting wellbeing through the work of the [Shadow] Health & Wellbeing Board.

- The Board will work across organisations, with representatives from health, the Council and the Local Involvement Network, to improve the health and wellbeing of people living in Birmingham
- The Board will focus on the areas where new ways of working together will have the greatest impact on people's health and wellbeing, implementing the Health and Wellbeing Strategy for Birmingham – which will set out how the Board will help as many people as possible to live equally healthy and fulfilling lives
- We will work closely with the NHS, especially Clinical Commissioning Groups, and the voluntary sector to develop and implement a strategy that addresses the critical issues such as smoking and obesity, as well as feeling safe, independent and part of the community

Focusing upon how to meet the challenges ahead in 2014 and beyond.

The challenge of 2014/15 onwards is even more significant than the one we have faced to date.

- We will need to develop a support, care and health approach across communities, which applies the same principles that have underpinned our Transformation to date. We recognise that many people using care and health services have advocated such an approach for some time, but that it's complexity and challenge to long held professional and organisational boundaries has proved too much in the past
- We will be particularly focussed upon how to meet the challenges ahead in 2014 and beyond. We are already looking at these issues with our partners in the NHS and with providers of care services
- We will continue to review and develop proposals and confirm at this stage our continued commitment to working with partners to create the new system needed

Taking an early role in the review mechanism being developed by the Council to determine its future operating models.

- As a result of these serious concerns about the future viability of the care system in Birmingham from 2014, the service will be an early priority for the review mechanism being developed by the Council to determine its future operating models

CHILDREN, YOUNG PEOPLE AND FAMILIES DIRECTORATE

Vision and context

The Children, Young People and Families Directorate has a critical role to play in creating an economically thriving city, in ensuring that people have the education and skills to make the most of job opportunities and that the population is healthy and able to live well in cohesive communities. This work begins before birth and continues through all the major developmental phases and transition points of the 0-19 age range. Within the Directorate, Children's Services has legal responsibilities to support children and families in need and to protect children at risk of harm.

The Directorate sees itself as taking the lead in developing effective partnership arrangements and collaborative working to improve the outcomes that we seek for children and young people so that, as adults, they are prepared and enabled to succeed economically, be healthy and contribute to safe neighbourhoods.

The Directorate has taken a strategic approach in identifying areas of the highest priority that will require funding in future. The scale of the savings compared with controllable expenditure, however, means that we cannot avoid some extreme reductions in services. We aim to avoid the continued funding of some services which may no longer be of sufficient priority so that we can focus our attentions on the most vulnerable.

All existing services have been subject to work to deliver greater efficiencies and have already been the subject of spending reductions. These proposals seek to identify the most important priorities and take into account the City Council's overall priorities and available evidence in relation to impact and value for money.

In light of the ongoing Council Improvement Notice with regard to safeguarding and the recent Ofsted inspection findings, including the need to keep focused on improvements, front-line social work, child protection and fostering teams will be the primary areas for protection from further spending reductions.

Strategic Intent

The overarching vision for children's services is: *"Every child in every part of the city should achieve their potential. We will provide early help and support to those children and families who need it and, working together, will ensure that every child has the belief, aspiration and support to be their best".*

This will be realised and delivered through attention to six priority areas:

- Prevention
- Integration
- Aspiration
- Safeguarding
- Participation
- Excellence through partnership

Furthermore, the Leader's Policy Statement is clear that, in delivering Birmingham's future for young people, we will:

- Work to ensure safeguarding improves to a consistently excellent standard by ensuring we have high quality support services to allow children to be kept safely at home wherever possible.
- Where children do need to be looked after, provide care of the highest standard, with timely adoption and fostering placements used to provide an environment where children will thrive.
- Work with schools to develop a Birmingham Baccalaureate to ensure that learning and employability are at the centre of the curriculum; introduce an enterprise culture in all schools; create a new innovative Birmingham Co-operative Model to support collaboration across schools; build on children's centres; and ensure young people have the appropriate support as they make the transition from children's to adults' services.

Realising these priorities requires a "whole system" approach where the effectiveness of our work with partner agencies (including the health service and the police) in developing prevention and early help are critical. This requires a consideration of the impact of "targeted" preventive services on the subsequent need for more "acute" services.

Currently the majority of our resources (over £100m) are devoted to supporting around 1,930 children and young people in care where, in general terms, outcomes tend to be poorer than for those who are brought up by their own families or similar family settings.

Our aim is to provide more effective support in partnership with other agencies to enable children and young people to be better supported, cared for and protected in communities.

The services provided directly or commissioned by the City Council may be described as either "targeted" or "acute". Children in public care and children subject to statements of special educational needs are provided for within acute services. The remainder of our interventions are targeted at groups at particular risk – either of coming into care, repeat offending or heightened risk of child abuse. Simply to focus on acute services would in the medium term lead to increasing numbers of children in care experiencing poorer outcomes at higher costs. It would also lead to a growth in the numbers of children subject to child protection plans and those who are victims of abuse, while a move towards more targeted services increases the likelihood that those family situations which may prove dangerous to children are identified and risks reduced and averted.

In view of the high levels of benefit from targeted and preventative work we propose to shift the profile of spend over the next three years as follows:

- from 43% on acute services to 30%
- from 46% on targeted support to 69% (this includes those children and young people who are in need of protection and disabled children)
- from 12% to 1% to undertake our role for the general population of children and young people, ensuring they are included and have maximum life chances by supporting, monitoring and influencing partner agencies.

Children, Young People & Families - Summary of High Level Actions

Our Organisational Development Plan (ODP) provides detailed improvement actions necessary during 2013-14 to deliver our higher level aims and objectives. Whilst most of the actions are internal to the Directorate, many will be jointly delivered with or led by partners. The ODP consists of five cross-cutting themes:

- Supporting front-line staff
- Assuring excellent practice
- Workforce
- Leadership, governance and partnership
- Performance assurance.

These themes are key to driving up standards in Children's Services and are reinforced by the recent Ofsted report, following the unannounced inspection in September 2012. The Directorate will **safeguard vulnerable children**, **tackle inequality and deprivation** and address youth unemployment through apprenticeships and the Birmingham Baccalaureate, **laying the foundations for a prosperous city**.

Support to Front-Line Staff

- Social workers and front-line managers will spend more time in face-to-face contact with children and families
- We will promote a culture of excellence, in which everyone is skilled and engaged in delivering the best possible outcomes for children and young people
- Children will receive good quality care that meets their needs and enhances their life chances

Assuring Excellent Practice

- Children will move smoothly through the social care system, getting the right service and the right time, benefiting from good quality assessments and appropriate decision-making
- Children in care will receive high quality, supportive services which enhance their life chances – with actions are in place to mitigate the disadvantage of the care system
- We will improve the service to those children leaving care, supporting them to live independently and to achieve their potential
- All available children placed in employment, education or training, with more young people engaged in positive activity to help reduce youth offending
- The needs of children and young people with disabilities, special educational and complex needs are met and they are supported to have and achieve their aspirations
- Children with complex needs have access to appropriate educational placements and post-16 pathways
- Children, young people and their families will be supported to participate fully in the child protection process and to safely care for their children through high quality, outcome and quality-focussed, accessible child protection plans – with their feedback used to further develop service design
- Sufficient childcare provision is available across the city to support parents/carers in work/training and this contributes to the health and wellbeing of children, young people and their families
- Early years delivery will be based upon need identified via front-line service providers, implemented as part of a locality network, with targeted specialist provision and reduced duplication ensuring maximisation of reach, focus upon ‘core purpose’ services and improved outcomes for children

Workforce

- We will develop an effective recruitment and retention strategy to ensure more manageable caseloads. A key element of this is improved team management oversight and supervision quality, to ensure every worker is properly supported
- Staff working with children will be motivated, experienced and well-trained to meet the challenges head-on and inspire confidence in colleagues. Managers will demonstrate strong leadership and cooperation skills, setting the highest standards
- Delivering a quality Learning and Development offer is central to both staff recruitment and retention and to raising practice standards

Leadership, Governance and Partnership

- The local authority and its partners will deliver and undertake effective strategic and joint commissioning, informed by a robust and up-to-date joint strategic needs assessment that takes account of local need and the views and experiences of children, young people and their families
- Birmingham Safeguarding Children Board will take ownership of safeguarding in Birmingham and develop its capacity to act fully on and deliver these responsibilities, supported by a robust and effective Strategic Partnership Board and ensuring effective multi-agency arrangements for safeguarding and promoting the welfare of children
- Front-line services will be integrated, enabling them to offer early help and prevention – and supporting children to remain at home and in the community
- We will improve confidence in social work practice, reducing the amount of time children spend subject to family court proceedings
- We will reduce the number of victims of domestic abuse and sexual exploitation
- We will agree a School Improvement Strategy that supports the city partnership agenda, whilst delivering improved outcomes for children and young people across Birmingham's schools and children's centres – ensuring that young people leave school with the portable skills to meet employers' 'work ready' requirements
- We will ensure that our housing policies meet the needs of young people as they move to independent living and adulthood

Performance Assurance

- All staff will contribute to, understand and take ownership of service improvements. Children will experience consistently good services that are aligned to their needs in a timely fashion
- Placement savings and efficiencies will be achieved and continuous improvement in in-house services will be in place
- We will transform performance on adoption across children's social care to ensure best possible outcomes for children in an efficient and effective way

CORPORATE RESOURCES DIRECTORATE

Vision and context

Corporate Resources plays a leading role in driving the Council's direction, supporting decision-making and the implementation of decisions, managing external relationships, providing effective business intelligence and a clear policy steer. The Directorate provides a range of front-line customer services (e.g. Council Tax, benefits, payments to suppliers and property services) and corporate business support services (e.g. Corporate Strategy, Legal, HR, Procurement and Finance).

There are a number of national policy initiatives that will have an impact on the services delivered by the Directorate and in particular the following are highlighted:

- The introduction of the Welfare Reform Act 2012 and the new framework of Universal Credit (including the potential transfer of administration services to the Department for Work and Pensions)

- The Localism Act 2011 introduced new governance frameworks and a number of rights for citizens to manage assets, to direct the provision of services and to challenge Council Tax proposals

- The Autumn Statement by the Chancellor in December 2012 and the next Comprehensive Spending Review will set out the long-term financial allocations for the provision of local authority services

- The introduction of new financial policies e.g. Localisation of Business Rates

Strategic Intent

The Directorate plays its part in delivering the Leader's Policy Statement with regard to the Community Strategy by focusing on the following three areas:

Good Governance

Good governance is the essential platform for the Council. It means:
- staying focused on outcomes for the people of Birmingham
- supporting the taking of informed, transparent decisions and managing risk effectively
- guaranteeing good value for tax payers
- engaging all of our stakeholders and making accountability real

Corporate Resources is committed to continuous improvement, particularly around how we approach projects and programmes to ensure a single point of multi-disciplinary advice with fully joined up teams working to a common project aim.

Strategic Direction

As the driver of strategic direction, the Directorate will ensure resources are focused on activities that will have the most impact for the people of Birmingham. Corporate Resources will continue to reduce the centre's overhead costs by working closely with the other Directorates, whilst providing clear support to major projects such as New Street, Paradise Forum, Troubled Families, Public Health transition, Social Inclusion and Localisation.

The Directorate will also play a leading role in the development of future policy and strategy direction, in the light of national and local changes and challenges.

Supporting our Customers

We will ensure there is a customer service ethos that seeks to fully understand the needs of our customers and aims to meet them as efficiently and effectively as possible as a single coherent unit, ensuring improved decision-making and efficient and effective use of increasingly precious public resources.
Corporate Resources – Summary of High Level Actions

The Directorate will strive to achieve public service excellence by **reinventing the Council** and supporting the other Directorates to deliver the key priorities set out in the Leader's Policy Statement. This will be achieved by focussing on:

Good Governance

- Excellent Corporate Governance – starting with an in-depth "lean" review, leading to a radically streamlined and more cost-effective approach to decision-making across the Council

- Development of a clear "Future Council" model with the Executive team

- Feasibility testing of more joined-up and cost-effective arrangements for information and analysis; engagement and participation; policy and performance; and commissioning across the Council

Strategic Direction

- Provide intensive support for children's safeguarding improvement

- Deliver the "Fresh Start" staff programme Council-wide

- Ensure development and delivery of BEST actions around team building, communications and skills transfer within the Directorate

- Support to major physical projects and a clear improvement on project management

- Managing the programme of the immediate-term budget reduction programme Council-wide (in 2013/14)

- Developing the approach to delivering the medium-term budget reduction programme Council-wide (2014-17)

Supporting our Customers

- Significantly reduce the cost of the corporate centre through radical simplification of processes and savings from restructuring senior staff;

- Implement a single Corporate Resources “lead contact” for each of the Strategic Directorates, responsible for developing an integrated and effective response to each business issue requiring Corporate Resources expertise and planning the corporate support for their Directorate through the year

- Clarifying and reducing overhead costs through a transparent menu of services for Directorates, setting out the minimum and ‘paid for’ options

- Analyse and implement the outcomes of the review of Service Birmingham

- Deliver the change required to optimise outcomes from the Government’s review of welfare and benefits

DEVELOPMENT AND CULTURE DIRECTORATE

Vision and Context

The Directorate contributes to the City Council's policy priorities to:

- Improve economic growth, reduce economic inequality, tackle deprivation and increase employment opportunities

- Promote social cohesion by providing access to economic opportunity

- Support a rich and diverse cultural scene for residents and visitors.

The Directorate delivers major regeneration projects in the city centre and neighbourhoods, and mitigates the impact of climate change by promoting a low carbon economy and sustainable transport. Our vision is for Birmingham to be a continually surprising city, where the vibrancy and diversity of culture inspire the people who live in, work in and visit the city, bringing economic success and international recognition.

Much of the work of the Directorate is not funded through traditional City Council routes as it involves the private sector, sources of external public sector funding and the work of partners in the public and private sector. We are committed to creating, supporting and leading the private and public sector partnerships working together to deliver Birmingham's skills development, employment and enterprise agendas. These partnerships are bringing in funding, and working towards acquiring greater powers from Whitehall to focus on local priorities.

Strategic Intent

We are working to increase investment in the city and encourage growth and enterprise so that more people have access to wealth and employment. By making Birmingham the easiest place to start and grow businesses we can become Britain's enterprise capital, boosting women's enterprise, and growing a sustainable local economy. Education and skills are crucial to business growth and we are working with partners and local communities to raise levels of qualifications and support skill development across the city. Our position at the heart of Britain's transport network is an important strength and one we can use to attract investment and connect local people to employment and services.

Birmingham's rapidly expanding population means the city needs to plan for around 80,000 new homes and more than 100,000 new jobs by 2031. Meeting our housing challenge will not only address our housing requirements, but also encourage economic growth and make more areas of the city attractive places to live and work.

The Directorate is focused on making Birmingham a green and smart city using new technologies to transform our digital connectivity, drive down our carbon emissions and encourage the green supply chain. We recognise the importance of Birmingham's cultural scene as a way to encourage investment, create jobs and promote the city to visitors and we will encourage local people to take part in community arts activities. We will continue to work with our partners to improve the way we can "shout up for Birmingham" at home and abroad.

This will help us deliver growth and economic prosperity for the city which, in turn, reduces the reliance of citizens on services provided by other directorates and makes scarce public resources go further. This is an essential strategy in meeting the challenges we are facing.

We work in partnership to improve skills development, increase access to employment, make the city greener and create an enterprise culture to support economic growth and regeneration across the City Region.

The statutory planning function is integrated with regeneration activity to deliver an area based service supporting economic growth meeting the housing, economic and transportation needs of an economically vibrant city which is home to a million residents, with the population expected to significantly increase with a growing demand for homes and jobs. The emerging Birmingham Development Plan will set out the statutory planning framework that will guide decisions on development and regeneration over the period to 2031.

We are refreshing our vision for culture and creating a stronger citywide cultural team because we recognise that these industries can create wealth and improve quality of life for residents and visitors.

Development and Culture - Summary of High Level Actions

The Development and Culture Directorate's vision is for a prosperous, smart, sustainable city, built on an inclusive economy that promotes social cohesion. The Directorate is focused on boosting Birmingham's employment and prosperity, ensuring that the city **succeeds economically** and that the people who live and work here **enjoy a high quality of life**.

Becoming Britain's Enterprise Capital

- We will develop the Investment Plan and Financial Modelling that will guide investment decisions to deliver the Enterprise Zone and the two Local Development Orders that will facilitate economic, business growth and job creation

- We will boost Women's enterprise by piloting new women's enterprise hubs with a package of support to encourage start ups and enterprises to help women into work

- We will encourage significant investment and employment growth by delivering key development projects such as the six new "economic zones"

- We will continue to support the LEP's Strategy for Growth, which is based around the three components of People, Business and Place, including identifying priorities and establishing supporting structures and delivering activities, many of which are innovative and only possible via this new public / private partnership

Putting Education and Skills at the Heart of Business Growth

- We will address unemployment, worklessness and skills issues in the City through leadership, partnership working and using the Council's influence to capture opportunities for Birmingham's priority residents and disadvantaged groups. The Employment Access Team will be key to this strategy

Increasing Inward Investment

- We will review the concept of a revised mandate for Marketing Birmingham (including Business Birmingham), to ensure maximum benefit and maximum returns for the City based around focussed delivery of key priorities

- We will explore the feasibility of establishing a Tourism Business Improvement District, which will maximise the potential for partnership and securing investment from the private sector into the local economy

Making Birmingham a Leading Green City

- We will establish a new Green Commission, working with partners to create a Green Fund Programme, accelerate the Birmingham Energy Savers Programme, offer all Birmingham citizens a new Collective Energy Offer and create a Smart Waste Plan. We will also produce a new Vision Statement and Action Plan through the Green Commission. This will bring all existing Sustainability, Energy and Green Economy strategies together. Promoting delivery of sustainability and the provision of district energy systems within suitable locations. Finalising a new Supplementary Planning Document "Your Green City" which will drive a sustainable future and encourage green developments, jobs and investment

Making the Most of Birmingham's Situation at the Centre of the UK's Transport Network

- We will produce a radical integrated transport strategy and plan for the city centre that supports HS2; existing city rail, road, metro infrastructure, Enterprise Zone, other economic regional growth sites and connecting local people to employment and services

- We will continue to support the proposed High Speed 2 line to Birmingham by working with HS2 Ltd and regional partners. This will be by responding to the Safeguarding and Property & Compensation consultation published by the Secretary of State for Transport and working with HS2 Ltd and their consultants as the detailed design for HS2 progresses to both mitigate the impact and maximise the opportunities created. Providing support to HS2 Ltd to develop the design of the HS2 stations in the Greater Birmingham area to create high quality gateways into Birmingham. Work with HS2 Ltd and other partners such as Centro and Network Rail to enhance the connectivity of the proposed City Centre Station with the wider City Centre (including New Street Station) and prepare a Development Framework to guide the future development of land at Washwood Heath

- We will carry out local Safety Schemes at various locations around the city, education campaigns and enforcement at speed and safety camera sites. The target is now 'an average of 400 KSI casualties per year between 2011 and 2015', giving a quarterly average of 100 per quarter

Making Birmingham a Technologically 'SMART' City

- We are establishing a digital connectivity programme which includes a new SMART city commission, investing in digital connectivity and 4G opportunities, a new SMART city blueprint, support to strong Digital 'districts' stimulating growth in our high value businesses and the generation infrastructure transforming Birmingham's connectivity

- We will create an Open City where data and intelligence become one of the city's key assets used for job creation and economic growth

Creating a Stronger, Vibrant Cultural Scene

- We will work with the Creative City Partnership to create clear pathways for young people to develop and use their creative skills in the local economy, engage with the cultural sector as key international partners and integrate culture into the European and International Strategy

- We will create a new vision for culture in the city, including holding an Arts & Cultural Summit to bring together stakeholders and reinvigorate cultural planning across Birmingham, identifying clear priorities for future action

- We will test new models to improve responsiveness of cultural services to local neighbourhoods, increasing residents' stake and voice in their communities

- Create a strong new citywide cultural team and integrate cultural services into the new Development & Culture Directorate to create synergies with visitor economy, skills and planning

- Establish a clear cultural leadership framework including working with key partners under the Creative City Memorandum of Understanding

Meeting Birmingham's Growth Needs

- We will develop a new Birmingham Development Plan and take this forward to identify where housing and economic growth can be accommodated both within the city and in the wider city-region through collaborative working with partners in the GBSLEP and West Midlands Joint Committee

- We will continue to develop new homes for rent and sale across the city and create local jobs in the construction and supply chain industries

- We will deliver additional primary, secondary and special school places to meet demographic growth through the schools capital programme and carry out backlog maintenance to minimise school closures resulting from asset failure so that all young people can attend school. We will develop models for future provision that exploit the development potential of the estate and integrate education development with housing, leisure, public health and regeneration strategies. We will work with the full range of partners and providers to secure pathways and provision that support young people on their journey to adulthood

LOCAL SERVICES DIRECTORATE

Vision Statement

Local Services Directorate was created in October 2012 and will be responsible for the delivery of a wide range of services that will support all citizens of Birmingham. The services will be delivered primarily through the new District Committees but there will also be services that are delivered on a City-wide basis where this provides better value for money.

The total resources available to the Directorate for the delivery of services is estimated at £265m in 2012/13 and the major components of this include:

- Fleet and Waste Services (refuse collection, street cleaning and garden waste)
- Maintenance and management of Highways and Emergency Planning
- Regulatory Services (Registrars, Environmental Health, Licensing) and Trading Standards
- Provision of Services for Homelessness People
- Library Services including the Central Library of Birmingham and the District Community Libraries
- District Services (Neighbourhood Offices, Sport & Leisure, Youth Services)
- Parks and Nature Services

The Directorate will also be responsible for the provision of existing and new council housing and other services including Community Safety, Customer Services and Adult Education Services.

The services provided by the Directorate will make a major contribution to the Leader's Policy Statement and Vision for the Future. Some of these contributions are set out below:

Tackling Inequality and Deprivation

- Provision of existing and new affordable housing and preventing homelessness
- Community safety services including tackling anti social behaviour
- Regulatory and enforcement services including trading standards and registrars
- Improving access to services through our local neighbourhood offices and provision of independent legal advisory services
- Promoting long term improvement in the life time prospects for all citizens through our strategic and community library services, adult education services and provision of youth services
- Provision of essential services to support people during difficult times including bereavement services

Laying the Foundations for a Prosperous City

- Provision of well maintained highways and supporting transport infrastructure (in particular car parking)
- Minimising traffic congestion and promoting user accessibility
- Managing the non built environment to deliver a clean environment through refuse collection and street cleaning services and the management of a green infrastructure through efficient and effective grounds maintenance
- Provision of leisure and culture activities including world class sports & leisure events, local community events, award winning parks & nature services (all of these support the inward increase in tourism)
- Ensuring a safe environment through our emergency resilience planning services
- Supporting small and medium sized enterprises through our market services

Involving Local People and Communities in the Future of their Local Area

- Supporting District Committees with the delivery of key local services including housing management, youth services and adult services
- Establishing a new performance and scrutiny framework to allow District Committees to monitor the performance of delivery of services
- Setting up new tenant engagement and participation structures to support the delivery of council housing

Strategic Intent

The Local Services Directorate will focus on the following key priorities when planning services:

- Providing excellent services for the citizens of Birmingham to tackle inequality and deprivation, improving service standards to a level considered ‘best in class’ and higher than other major cities and urban authorities
- Focussing on efficiency and value for money, integrating services at a local level and re-commissioning them if they can be delivered better by partners
- Promoting the services provided by the Directorate that support new investment in the city and secure government funding, thereby laying the foundations for a prosperous City
- Working with our local communities to develop services that meet local needs, and to encourage active participation by all citizens by supporting volunteering and building community capacity and cohesion.
- Ensuring that our statutory service obligations are delivered in the most optimum manner

Local Services - Summary of High Level Actions

The size and remit of the Local Services Directorate means that we cover all of the six work programmes that implement the Leader's Policy Statement, as detailed below.

Jobs & Prosperity, Education & Skills

- Major investment in highway infrastructure, supporting the Highway Maintenance and Management Service to utilise local and national supply chain arrangements

- Develop the Sport and Physical Activity Summit, funding a 12-month programme of work with schools to develop a model to embed community use of schools and undertake pilot activity using sport and physical activity to work with troubled families in Shard End

- We will encourage people and businesses to live, work, visit and invest in Birmingham by enhancing and promoting our business service, creative and cultural assets

- We will produce a Green Living Spaces Plan to promote a green city

- We will ensure that consumers are confident to buy goods and services in the city of Birmingham

- We will create a world-class library service for the city through the opening and development of the Library of Birmingham and its learning services

- We will deliver new apprenticeships through repair and investment contracts, supporting the local construction industry through our housing investment programmes

- Through the Skills Funding Agency contract for Community Learning and Adult Skills, we will deliver an Adult Education Service that is aligned with training, learning and skills profiles of particular areas for particular groups

Crime and Police

- We will pilot a wheeled bin refuse and recycling collection service in two city wards to improve resident satisfaction, reduce waste and increase recycling

- We will decrease the amount of waste produced by the city and increase reuse and recycling, as well as explore ways of working with private and voluntary sector organisations to assist in the delivery of the Waste Strategy 2006-26, contributing to the Cutting CO_2 for a Smarter

Birmingham Strategic Framework

- We will develop and implement programmes to tackle crime and anti-social behaviour and improve perceptions of safety

- We will provide support for the Victims' Champion and promote and implement the Victims' Charter

- We will develop, launch and manage the Domestic Violence Zero Tolerance Implementation Plan

- We will support the development of Neighbourhood Tasking Groups, Neighbourhood Watches, Residents' Associations and other active community groups in the fight against crime

Health and Social Care

- We will be responsible for the delivery of the Public Health agenda, including implementation of the Alcohol Strategy Action Plan and the development of a drug strategy for Birmingham

- We will work with partners to develop and deliver key public health initiatives and promote healthy lifestyles across the city, encouraging more people to take up sport or active recreation through the Be Active scheme

- We will promote health and wellbeing, raising the profile of the contribution that parks and open spaces make to the physical and mental health and wellbeing of the community

- We will accelerate the Wise Move programme, enabling older tenants to move into smaller homes and reducing the impact of Government changes to benefits, and provide homes that are more suitable for them

Housing

- We will propose a New Deal for Council Tenants by properly integrating housing management and other services that are essential to the maintenance of local neighbourhoods, and will review the Council's Allocations Policy to ensure that access to Council homes is fair and easy to understand

- We will implement new tenant engagement and participation structures to support the delivery of Council housing

- We will complete the existing elements of and extend the Community Energy Savings Programme, providing external wall insulation to improve the energy efficiency of 1,300 hard to treat Council homes

- We will work with Birmingham Energy Savers and Green Deal providers to develop new energy efficiency solutions for Council tenants, commencing with the implementation of an innovative heating scheme to 3 tower blocks

- We will promote the efficient use of empty private properties in Birmingham with a programme of activity to bring them back into use

- We will seek to protect the interests of those hit hardest by the Government's reform of the Local Housing Allowance and wider benefit changes, providing assistance for the most vulnerable by building relations with the relevant support agencies and by tackling the root causes of homelessness

Localisation

- We will deliver the Localisation Project, developing the decision-making role of District Committees and implementing Quadrant Working Arrangements. As part of this project, we will agree a Neighbourhoods Framework Strategy

- We will encourage more local events to take place in parks, and will maximise and support the engagement of volunteers

Reinventing the Council

- We will improve our online functionality and support the uptake of Customer Accounts, reducing the volume of calls dealt with by the Call Centre

- We will support continuous improvement by re-launching Your Views across the Council, ensuring that Directorates learn from the complaints they receive

Equalities – Initial Assessments

APPENDIX 2 - THEMES AS A RESULT OF INITIAL ASSESSMENTS

ADULTS & COMMUNITIES – IMPACT ASSESSMENT RISKS

Plans for 2013/14 savings do not propose to alter the Directorate's core activity of:

- meeting all unmet assessed eligible needs (substantial and critical);
- moderating individual budgets up, or down, as appropriate to fund unmet assessed eligible needs; and
- not altering care packages without a re-assessment.

In addition, the majority of the savings proposals are linked to the Directorate's on-going Transformation Programme and have therefore been consulted upon previously and have longstanding Equality Analyses which the Directorate Management Team monitor periodically.

Increasing Effectiveness of Enablement Services - Savings target: £2.651m

In Adults & Communities' business plan they have made a commitment to developing and providing a service that supports people to learn or re-learn skills necessary for day to day living that they may have lost for example, if they have been in hospital, to enable them to remain as independent as possible and live in their own home. The directorate call this 'enablement'.

In helping people (c3,000 per annum) to remain independent in their own home through Enablement (a positive benefit), the Directorate is either seeking to delay people coming into mainstream care services (c40% of those undertaking enablement) or reducing their need for care (a positive benefit), thereby realising a further budget reduction**,** which would be a potential dis-benefit for suppliers (through reduced employment opportunities) of home care and residential care.

Bringing Forward the Benefits from Individual Budgets - Savings target: £1.743m

In promoting choice and control through Individual Budgets (a positive benefit), the Directorate is seeking to allow individuals (c7,600 individuals) to take real control over deciding what care they need and how that care might be received. Through imaginative Support Planning, based upon thorough assessment of eligible need and moderation where appropriate, we will arrange care which reduces the risk of the loss of an individual's independence as well as helping them to meet real outcomes for themselves.

Framework Contracts and Market Shaping - Savings target: £3.2m

The Directorate is implementing framework contracts for residential and homecare services. The frameworks set out terms and conditions under which specific purchases (call-offs) can be made. They are suited to Personalisation as they allow choice and control to citizens over who delivers their services (a positive benefit). The Council is seeking to make efficiencies and savings via mini competitions, which would take place under the framework. As there will be no contracted prices, providers will need to be competitive in terms of quality and price in order to 'win' bids for packages of care. It moves the Directorate away from Council set rates to market driven competitive prices, stimulates competition and allows new providers to enter the market at any time.

Supporting People Programme - Savings target: £1.492m and £4.706m

The Supporting People (SP) programme in Birmingham supports approximately 45,000 vulnerable people at any one time. The support delivery acts as a cost effective prevention programme which protects the local authority (as well as broader strategic partners) from higher statutory cost interventions such as registered care/homelessness/hospitalisation/prison. A strategic review of the programme in consultation with service users and providers has developed a plan to deliver the original savings target over three years. A contract management provision has been carried forward from 2011/12 to minimise the impact on services and allow £3.8m of the savings to be made as existing agreements expire. It is proposed that £0.9m will be saved by ceasing to fund the community alarms service, which will mainly impact on the Housing Revenue Account (HRA).

The directorate has carried out an initial screening and a full impact assessment will be completed after the current service consultation has been completed. Protected characteristics as defined in the Equality Act have been taken into consideration in the initial screening EA. It must be noted that there is a strong overlap between the protected characteristics and the client groups supported by the programme. However it is not possible at this stage to properly assess the impact on those with protected characteristics and further assessment will be carried out as part of the full impact assessment. Initial findings are set out below.

Potential risks identified by the initial screening are:

- Well-being of vulnerable people.
- Creating greater costs at a cross-directorate level as prevention services are reduced and service user needs increase, requiring higher cost interventions by statutory services such as adult social care and children's services.

- Sustainability of the level of reductions by service providers particularly given that a significant number of SP providers are small/local third sector organisations.
- Possibility of service users being required to pay for services at a time when other welfare reform changes are likely to have a negative impact on vulnerable clients.
- Creating greater costs for external strategic partners such as health, police & probation.
- Local job losses both for internal Council staff and external staff who work for local third sector providers, a significant number of whom are likely to live in Birmingham.
- Loss of goodwill and contract flexibility from service providers, which currently assists the local authority when crisis interventions are required.

Potential mitigating actions and remaining risks are set out below:

- That service users are aware of how to access statutory services should their care or housing needs escalate.
- That providers are aware of how to make referrals to statutory services.
- That referral protocols are in place to re-direct service users to health treatment partners (Drug and Alcohol Action Team, Community Psychiatric Nurse assessments etc).
- Possibly delivering some services in group sessions. This is a very limited option and could only be applied in a small number of cases; given the personal and confidential nature of needs, risk and support planning.
- Possibly delivering less support hours to service users. The possible residual risk identified – that this action could increase safeguarding incidents for the more vulnerable.
- Consider charging service users for services such as community alarms and scheme officer support services at sheltered housing schemes. The residual risk of this could be that vulnerable service users may not be able to afford to pay and opt out of these services thus increasing risks associated with health and safety.
- Consider closing access to new service users for a period of time until such time that existing service users move on from services. The residual risks identified that for some service users, not being able to access timely support services may find their needs escalate into statutory responses.
- Consider shorter support plans. However, the residual risk identified is that some service users are not sufficiently independent at the point of exiting of service and therefore they may re present at a later date either into the same service or into statutory services.
- Consider creating waiting lists for access to SP funded services whilst this will allow people to access the service as other service users exit the service. The residual risks identified are associated with

vulnerable people having to wait for a service and their needs escalating into higher tariff statutory emergency response services

Discussions relating to the mitigation actions and remaining or residual risks will form the subject of ongoing consultations with providers and service users through the Supporting People Business Development Groups and service user led Citizens Panel

CHILDREN, YOUNG PEOPLE & FAMILIES – PROPOSED SAVINGS/RISK FACTORS

In general terms, the proposed savings are likely to affect young people who are generally vulnerable and at risk. In a number of the areas the nature of the work is early intervention and to prevent the City Council having to deal with higher levels of need at greater expense.

Externally Provided Services – Savings Target £4.43m

This proposal concerns the removal of funding from or not renewing funding for a range of services for Children, Young People and Families. These services are predominantly commissioned from the public, voluntary and third sectors and include preventative, targeted and specialist services. This includes services for families and young people who are traditionally not engaged by mainstream services, e.g. young carers and young women at risk. An element of the proposed reductions relates to provision of short breaks to support parents/carers of disabled children. This is a legal duty and BCC is clear it is discharging its legal obligations through the Short Breaks Sufficiency Statement. In total the savings proposals will remove a service for approximately 5,500 young people. The affected organisations have been and are being consulted regarding the rationale for decision making, impact on service users and strategies for minimising the effect. A group of parents with disabled children were consulted on the impact of the reductions. The risks are that:

- A service to 5,500 children and young people will be removed.
- Children will be put at risk and the Directorate’s journey to ‘excellence’ will be impaired.
- The Directorate’s ability to deliver on other strategies is impaired e.g. Short Breaks, Early Help Strategy.
- Cuts to services to disabled children could lead to a disparity in the services provided to disabled children compared to non disabled, hence leading to inequality.

Potential mitigating actions are set out below:

- The review is a structured review of all providers and an assessment in relation to the delivery of priorities, value for money and added value
- The Directorate will take the advice of organisations and seek savings that have no impact on service before progressing these proposals.

- The Directorate will discuss with other agencies the potential of providing transition funding or alternate funding.
- Each decommission will be supported by an impact assessment and service users signposted to alternate services where these exist.
- The Directorate will support applications for third party funding where this is consistent with our understanding of need and priority.
- Some services may be commissioned through the Health and Wellbeing Board

All the commissioned services have been subject of review year on year for the last four years- as a result the services can be regarded as performing to a high standard in the delivery of a service identified as meeting a described need. However the need to make savings has prompted a further review and prioritisation of need this and the new model of service has informed the decisions made in relation to the services.

Home School Transportation Savings Target - £1.00m

This proposal concerns the extension of the policies approved by Cabinet on the 7th of January 2013. Cabinet agreed to pursue the proposal that these apply to new recipients of the services from September 2013. This proposal is that these apply to all current users from that date. Further in the case of the pupil guides employed to take care of children on transport – the current banding of hours will be removed and guides will be paid only for hours worked. The policy changes are as follows:

- The adoption of the statutory qualifying distances – up to 8 years old 2 miles, over 8 years old 3 miles.
- The removal of transport support based on parental choice of denominational school.
- Increased coordination via SEN Assessment and Review Service (SENAR) of the assessment and review of SEN pupils receiving specialist transport support – to identify changes in circumstances.
- Transport assistance for SEN pupils will only be considered to the nearest appropriate school as identified by the local authority; parental choice of a more distant school will not be supported.
- Post 16 Transport Policy - where the travel support provided consists of a taxi or specialist vehicle, the young person and/or his or her parents or carers will be required to contribute towards the cost of this. The amount that will be required is £600 per annum or £300 if the young person is from a low income family.

Risks:

- The contributions required of 16 plus pupils may disincline families from further education.
- The reduction in earning experienced by the Pupil guides may have an adverse effect on recruitment.

Potential mitigating actions are set out below:

- The policies broaden the range of options available to parents and pupils with Personal Transport Budgets and Individual Travel Training.
- The policies make provision for low income families.
- The changes to terms and conditions are required in order to address a potential equal pay claim.

Review of the Internal Residential Estate – Savings Target £1.6m

The proposal is to review the residential estate and linked services for children in care within the changing context of preventive services and statutory options for children.

Our intention is to support children at home wherever possible. If children's needs determine that they should be in public care, then for the majority of children placement with foster carers provides the best placement. We will retain some residential provision for those children who need it but successful delivery of our early help strategy and increasing provision of foster carers will mean that fewer residential places are needed in future.

This is based on the premise that children will be found foster/family placements. Such placements may not be easily available. Also, children coming out of these homes will be competing for places for foster/family placements with other children who have been assessed for care.

Risks:

Proposals to review the estate are premised on a reduction in demand achieved by the integration of support services and a policy change in respect of the accommodation of children in care to utilise more foster placements.

Any reduction in Children's Homes will affect the number of internal placements available.

Potential mitigating actions are set out below:

Reductions in residential placements will be mitigated by overall reduction of children in care numbers, increased foster placements for young children and development of preventive services designed to direct young people from care and reunite them with their families as quickly as possible.

Part of the process of consultation and development will be to identify which groups of young people we are best able to support and which groups will benefit more from care offered in the private and voluntary sector, for example smaller homes.

The recruitment of additional foster carers within the internal service, and the approaches being considered have the benefit of providing economic opportunities for the wider community, a potential income stream for the voluntary sector and a commercial opportunity for the private sector.

Consultation with a range of stakeholders is in process.

Any requirement for Voluntary Redundancy applications will be progressed via a corporate and directorate moderation process.

Youth Offending Services – Savings Target £0.4m

The current service is a multi agency partnership involving, Social Care and Education, Police, Probation and Health.

The service works with young people to:

- Reduce numbers of young people who commit offences
- Reduce numbers who are remanded into custody and
- Reduce re-offending rates

Risks:

A reduction in this service poses risk of increased youth offending rates. Reducing the number of operational sites will mean more travelling time for some young people with the possibility of them not complying with court orders;

The employee workforce analysis and plan needs to monitor whether any staff reductions could disproportionately affect staff within the Equality Act 2010 protected groupings.

Reduction in services runs the risk of impacting on public protection and perceptions about crime.

Reducing this resource will impact on other agencies who work in partnership with BCC to reduce youth offending.

Impact on the statutory duties of the service including providing assessments, reports and interventions to young offenders at bail, remand and sentenced stages.

Reduced engagement with, and delivery of services to victims of crime. Decrease of services to vulnerable groups – Looked After Children, those with Special Educational Needs and young people with emotional and mental health problems.

Potential mitigating actions are set out below:

Discussions will take place with key partners to ensure that implications of service reductions across the partnership do not impact significantly on services to young people.

The Youth Offending Service Board will review savings across the partnership and agree service priorities based on current service performance, needs and statutory duties.

It is proposed more young people will be supported through targeted early support projects. Resources are available from the Think Family project which will mitigate the immediate impact on young people.

Consultation is ongoing with all relevant stakeholders.

Children's Centres – Savings Target £3.00m

Children's centres (CC's) provide access to a combination of services for them to deliver the core purpose as defined by the DfE for families and children up to 5 years, increasing to age 11 where appropriate.

Although this proposal relates to seeking operating efficiency savings from the 73 children's centres supported by the Council, the policy is focussed on building on the existing children's centres services and developing a more integrated service offer that will increase the opportunity for children, young people and their families to be identified, assessed and then, if needed, to receive an early offer of support. The children's centres will continue to foster good relationships with parents, partners and professionals. The basis of the proposal is centred on the continuation of children's centres being a vehicle to deliver Universal Services as well as targeted services such as Education Welfare Service (EWS), Integrated Family Support Teams (IFSTs), Youth Services, etc.

It does emerge very clearly from this that the savings are predominantly about support functions, rather than frontline services.

Risks:

Service reductions may increase risk factors to children such as neglect, protection from harm and addressing health inequalities.

The children's centres proposals will enable centres to continue to deliver a full range of services in areas of high deprivation and to the most vulnerable children. There may be general reduction in service to those in areas of less disadvantage and need resulting in families having to travel further in the locality to access services.

Potential mitigating actions are set out below:

There will be a reduction in some of the universal services delivered directly by the centres, but mitigation will be sought by working with partners and joint commissioning of services with health partners. Priority will continue to be given to the most deprived under 5s in the city.

It is not expected that there be any loss of Birmingham City Council children's centres staff as children's centres will continue to provide services, especially family support. It is likely that the children's centres staff will be required to work in a more integrated way as part of wider teams within localities, building on the locality model that was implemented in 2012. The integration of the area management of children's centres and IFST's will support the integrated locality working. Integrated management processes such as supervision will produce consistency and quality assurance across the city and be part of robust activities that deliver against the Safeguarding Improvement Plan.

The intention of the integrated service model is to provide greater benefits for the wider community via a broader, more equitable service and increased multi-disciplinary working/service offer. Children's centres will develop integrated working with IFST's (often co-located) and this integrated service will have closer links with schools, health and other delivery partners across each locality.

Also, the further development of the Locality Model, where the children's centres have been arranged into 16 localities of: Hub, Spoke and Linked Sites (according to the needs of each community), will ensure that the 73 existing children's centres delivery sites and front line services are maintained.

Consultation is ongoing with all relevant stakeholders.

<u>Child and Adolescent Mental Health Service (CAMHS) – Savings Target £1.43m</u>

This service provides direct help to children and adolescents with mental health difficulties. The Local Authority did receive a grant for this service which was pass ported to the Children's Hospital to supply this service. This grant was however terminated in 2010 and responsibility for this service now rests with the NHS.

Risks:

The proposal will possibly directly reduce the number of staff working within CAMHS based at Birmingham Children's Hospital. As a result there will be fewer staff available to work with children and young people in care and fewer staff working within the community CAMHS.

The proposal will impact on the strategy for emotional health and sits alongside reductions in services that promote emotional health as a result of savings in the voluntary sector and care leaver services.

Vulnerable children and young people will feature disproportionately amongst service users facing the impact of this proposal.

Potential mitigating actions are set out below:

The Council recognises the potential impact on the CAMHS and will work with NHS Commissioners and the provider to mitigate the impact in order to limit the impact on children.

Inclusion of CAMHS and emotional health service delivery in the integrated model of service will provide a level of mitigation.

Consultation is ongoing with all relevant stakeholders.

LOCAL SERVICES

- A large number of the budget savings proposals relate to income generation and restructuring; the objective is to maintain a minimum impact upon frontline service delivery, e.g. Highways review to optimise current maintenance levels; income generation regarding Events and Parks nursery and floral services;
- The proposed Youth Service changes are being mitigated through a service redesign that will bring together both the Youth Service and Connexions service, following a transfer of both services to the Local Services Directorate. This model will see the co-location of Connexions staff in Youth Centres across the city away from their current city centre location enabling savings on premises to be invested back into the service. In addition, the service will proactively market a tailored service offer with schools building on its capacity to deliver careers advice, work with those Not in Employment, Education or Training (NEETS) and packages of support. Proceeds from, together with work undertaken to access external funding by setting up a Youth Trust, will be reinvested in the services. Following discussions on the budget proposals at EMT on 16 January 2013, consultation with the relevant parties will commence on the proposed operating model and service redesign.
- Community Development and Play will receive a phased reduction of commissioning with the retention of transitional funding in 2013/14 at 25% of current levels; with the development of capacity to provide external funding advice;
- The Fleet and Waste Management (FWM) proposed savings will be considered alongside the recent award of the government allocation to maintain weekly collections. A report was presented to Cabinet in December 2012 regarding this project. A consultation exercise will be undertaken in February with a view to launching a pilot in the spring;
- Initial Equality assessments have been carried out. Consultation and engagement is in progress across the Directorate regarding all of the proposed budget savings (including the above) and appropriate further Equality assessments will be carried out as necessary. The results of

those assessments and consultation will inform final decisions on these savings proposals.

DEVELOPMENT AND CULTURE

The new savings proposals for 2013+ that have been developed are the options that had the least adverse effect on economic inequality and deprivation. Where there is some uncertainty about whether there will be an equalities impact further work will be carried out to identify mitigating actions required. This relates to the changes to funding the Bridge programme and the discretionary service review which has to be further developed. The proposals relating to Shelforce and Forward 4 Work relate to the implementation of budget decisions taken in previous years and the equality assessments for these two proposals are continuing.

Shelforce Trading Activity - Implement Future Operating Model

Shelforce provides employment and support for disabled people, primarily through the Government’s Department for Work and Pensions (DWP) Work Choice programme, in the manufacture of uPVC windows, doors and curtain walling. Shelforce operates as a trading account. In view of the ongoing trading losses, a review of Shelforce’s operating model has been undertaken and a range of options considered as the basis of the future sustainable operating model for Shelforce. This involves significantly reducing the current operation to a level that is commercially viable and sustainable. The City Council has set up a Shelforce Consultation Task Group consisting of a range of internal colleagues from support services such as The Bridge Programme, In-Source and Forward 4 Work and representatives from external organisations such as Jobcentre Plus, Advanced Housing and Remploy, which will be meeting on a regular basis, to help put together an action plan to maximise all the possible sources of support to ensure positive employment outcomes for Shelforce employees, either by redeployment within the City Council, or with other employers.

The equality analysis of the Shelforce service redesign is ongoing from previous years and is addressing all relevant equality implications of the future operating model.

Forward 4 Work Service - Disposal of Lease of the Inkerman Street Buildings

Forward 4 Work supports people with health conditions and disabilities to secure and sustain employment. Forward 4 Work promotes equality of opportunity for disabled people to enter sustainable mainstream employment.

Implementation of this proposal should have a minimal impact on existing service users and will only be taken forward if the building is not required after the service redesign.

The proposal for the service redesign of Forward 4 Work was previously consulted upon as part of the 2012/13 Budget consultation process, and this further saving arises from the release of 6 Inkerman Street, Nechells, for leasing to third sector, private or alternative City Council uses to generate a rental income.

CORPORATE RESOURCES – REVENUES AND BENEFITS DIVISION

The relevant Government department (Department for Work and Pensions/Department for Communities and Local Government) has carried out initial screening Equality Analysis for all Welfare Reforms, albeit at a high level.

A summary of the main Welfare Reforms in Birmingham is as follows:

Council Tax Support Scheme

As part of the Welfare Reform Act 2012, Council Tax Benefit is abolished and replaced with a local scheme of Council Tax Support. The impact of this will be mainly on those citizens of working age who are not included in any of the protected categories within the Local scheme. The nature of the impact is mainly financial.

As part of the development of the local scheme which was agreed at Full Council on the 8th January 2013, a full Equality Analysis has been carried out.

Pay Policy Statement

1. Introduction and Purpose

This Pay Policy Statement sets out the Councils 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 2013/14 financial year and will be subject to review again for 2014/15 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 by full Council.

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, 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 has job evaluation process and grading structure that has been specifically designed for senior positions that determines the grade for senior officers as defined by the

Localism Act 2011. This is a 10 grade structure and progression within a grade is performance based on assessment through the Performance and Development Review (PDR) process. There has been no cost of living rise applied to the senior officer pay structure since April 2008. See appendix 1 for the senior officer pay structure.

Those employees working in senior positions do not receive overtime payment 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 (eg 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 staff who have worked on the relevant election.

3.1 Senior Management Positions

The posts falling within the statutory definition are set out below

a) Chief Executive -The head of paid service designated under section 4(1) of the Local Government and Housing Act 1989.

   The salary for this position 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) Director of Legal Services - Monitoring Officer designated under section 5(1) of that Act.

   The salary for this position falls within a range of 7 incremental points between £89,100, rising to a maximum of £99,000. This salary level is currently being reviewed.

c) Strategic Director (Children Young People and Families) - A statutory chief officer mentioned in section 2(6) of that Act..

   Strategic Director (Adults and Communities) - A statutory chief officer mentioned in section 2(6) of that Act.

   The salaries of posts designated as Strategic Director fall within a range of 7 incremental points between £138,135, rising to a maximum of £153,483.

Director of Finance – Section 151 Officer - A statutory chief officer mentioned in section 2(6) of that Act.

The salary for this position falls within a range of 7 incremental points between £105,300, rising to a maximum of £117,000.

d) Strategic Director (Corporate Resources) - A non-statutory chief officer mentioned in section 2(7) of that Act.

Strategic Director (Development) - A non-statutory chief officer mentioned in section 2(7) of that Act.

Strategic Director (Environment and Culture) - A non-statutory chief officer mentioned in section 2(7) of that Act.

The salaries of posts designated as Strategic Director fall within a range of 7 incremental points between £138,135, rising to a maximum of £153,483.

e) The positions in the table below are deputy chief officer as mentioned in section 2(8) of that Act

Position Title	Dir	Salary Range
Service Director - Policy and Commissioning	Adults and Communities	£89,100 - £99,000
Director - Health and Wellbeing Partnership	Adults and Communities	£89,100 - £99,000
Service Director - Joint Commissioning	Adults and Communities	£89,100 - £99,000
Service Director - Business Change	Adults and Communities	£89,100 - £99,000
Assistant Director - Finance CYPF	Children Young People and Families	£76,950 - £85,500
Service Director - Integrated Services and Care	Children Young People and Families	£105,300 - £117,000
Service Director - Education and Commissioning	Children Young People and Families	£105,300 - £117,000
Assistant Director - Financial Services	Corporate Resources	£76,950 - £85,500
Assistant Director - Development E&C	Corporate Resources	£76,950 - £85,500
Assistant Director - Shared Services	Corporate Resources	£76,950 - £85,500
Assistant Director - Performance and Information	Corporate Resources	£76,950 - £85,500
Assistant Director - Financial Strategy	Corporate Resources	£76,950 - £85,500
Assistant Director - Procurement	Corporate Resources	£81,000 - £90,000
Assistant Director - Property Services	Corporate Resources	£81,000 - £90,000
Assistant Director - Revenues and Benefits	Corporate Resources	£81,000 - £90,000
Assistant Director - Corporate Strategy	Corporate Resources	£81,000 - £90,000
Assistant Director - Public Law and Property	Corporate Resources	£89,100 - £99,000
Director - Human Resources	Corporate Resources	£105,300 - £117,000
Assistant Director - Investment Enterprise and Employment	Development and Culture	£76,950 - £85,500
Director - Planning and Regeneration	Development and Culture	£97,200 - £108,000
Assistant Director - Culture	Local Services	£76,950 - £85,500
Assistant Director - Sports and Events	Local Services	£76,950 - £85,500
Assistant Director - Finance	Local Services	£76,950 - £85,500
Director - Fleet and Waste Management	Local Services	£89,100 - £99,000
Service Director - Homes and Neighbourhoods	Local Services	£89,100 - £99,000
Interim Service Director	Local Services	£89,100 - £99,000
Assistant Director - Leisure/Support Services	Local Services	£89,100 - £99,000
Director - Highways and Resiliance	Local Services	£89,100 - £99,000
Service Director - Regulation/Enforcement	Local Services	£89,100 - £99,000

f) Although not required by statute for the policy statement the following are other senior officer positions within Birmingham City Council.

Position Title	Dir	Salary Range
Assistant Director - Finance Adults and Communities	Adults and Communities	£76,950 - £85,500
Assistant Director - Intergrated Services East	Children Young People and Families	£72,900 - £81,000
Assistant Director - Integrated Services South	Children Young People and Families	£81,000 - £90,000
Assistant Director - LAC Service	Children Young People and Families	£81,000 - £90,000
Assistant Director - Commissioning and Performance	Children Young People and Families	£81,000 - £90,000
Assistant Director - Intergrated Services North	Children Young People and Families	£81,000 - £90,000
Assistant Director - Integrated Services	Children Young People and Families	£81,000 - £90,000
Assistant Director - Education and Skills Improvement	Children Young People and Families	£81,000 - £90,000
Assistant Director - Children with Complex Needs	Children Young People and Families	£81,000 - £90,000
Head of Service Delivery	Corporate Resources	£72,900 - £81,000
Assistant Director - Human Resources	Corporate Resources	£81,000 - £90,000
Assistant Director - Human Resources	Corporate Resources	£81,000 - £90,000
Head of Equality and Diversity	Corporate Resources	£81,000 - £90,000
Director - Strategic Partnerships	Development and Culture	£76,950 - £85,500
Head of Service Reviews	Local Services	£72,900 - £81,000
Head of Service Integration	Local Services	£72,900 - £81,000
Head of Performance and Support	Local Services	£72,900 - £81,000
Assistant Director - FWM (Ops)	Local Services	£76,950 - £85,500
Assistant Director - FWM (Ops)	Local Services	£76,950 - £85,500
Head of Landlord Services	Local Services	£76,950 - £85,500

Since April 2012 there has been a reduction of around 7% in the headcount of senior officer positions and as a consequence of these reductions the roles of the remaining officers are more demanding due to increased responsibility. The senior 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 cuts faced by local authorities in general over the next few years.

3.2 Recruitment to Senior Management Positions

The Councils policy and procedures with regard to recruitment of senior managers is set out within the Officer Employment Procedure Rules as set out in [volume B, part 2(H) of the Constitution. 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 always 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 Appendix 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 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 fulfillment 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/paye/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.

Strategic Director (Children, Young People and Families)

- A market forces supplement of £9,500 is being paid in addition to the basic salary.

Service Director – Integrated Services and Care

- A market forces supplement of £3,000 is being paid in addition to the basic salary

The Above market forces supplements will be reviewed after April 2013.

3.4 Payments on Termination

The Councils 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 with delegated authority to approve such payments.

3.5 Comparators Influencing Pay Levels

To make a comparison of executive pay in public and private sectors the Hutton report identified that executives in the private sector can earn more than twice their public counterparts. The report also identified that for the top FTSE 100 chief executives the median pay has risen to 88 times the UK median earnings and 202 times the national minimum wage, whereas if we made the same comparison to the Council Chief Executive it would be 8 and 16 respectively.

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 budget of c £3.5bn. 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.

4.0 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 (See appendix 2 for the BCC pay spine). Progression within the grading structure is contingency based and has a combination of service and contribution based increments within each of the grades (linked to the outcome of the PDR process). 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 and there have been no increases in the national pay spine since April 2009.

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 1st April 2013, this is £12,166 per annum (SCP4). However, the Council has chosen to pay a supplement to ensure the minimum FTE salary is based on the 'UK Living Wage' (currently the equivalent of £7.20 per hour) as calculated by the Centre for Research in Social Policy (CRSP) at Loughborough University. This change was implemented in the Council in July 2012 and CRSP now review the rate annually in November each year with the recommendation to implement a change within six months. Following the recent review of the UK living wage this has become £7.45 per hour which is an equivalent of £14,178 and will be implemented with effect from 01 April 2013. The Council will continue to review the living wage rate based on the revised figure provided by CRSP. For the purpose of this pay statement the lowest paid employee's will be defined as those on a full time equivalent salary of £14,178 based on the UK living wage hourly rate of £7.45 per hour.

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. The ratio between the highest and lowest paid employees does not exceed 20 times and 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 (£14,178 based on the UK living wage) and the Chief Executive (£205,000) as 14.5:1 and; between the lowest paid employee and average chief officer (excluding Chief Executive £100,149) as 7:1. The multiple between the median full time equivalent earnings (£20,958) and the Chief Executive salary is 9.8:1 and; between the median full time equivalent earnings and the average chief officer is 4.7:1. When setting chief officer remuneration the Council uses a job evaluation scheme as required to determine the salary level appropriate for the job.

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 published on the Councils 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 Councils Annual Statement of Accounts will include the number of employees in bands of £5,000.

Appendix 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 have been effective from April 2009 and there have been no increases since that date.

Spinal Column Point	FTE Salary	BCC Grade
1	68850	L01
2	70125	L01
3	71400	L01
4	72675	L01
5	73950	L01
6	75225	L01
7	76500	L01
9	72900	L02
10	74250	L02
11	75600	L02
12	76950	L02
13	78300	L02
14	79650	L02
15	81000	L02
17	76950	L03
18	78375	L03
19	79800	L03
20	81225	L03
21	82650	L03
22	84075	L03
23	85500	L03
25	81000	L04
26	82500	L04
27	84000	L04
28	85500	L04
29	87000	L04
30	88500	L04
31	90000	L04
33	89100	L05
34	90750	L05
35	92400	L05
36	94050	L05
37	95700	L05
38	97350	L05
39	99000	L05
41	97200	L06
42	99000	L06
43	100800	L06
44	102600	L06
45	104400	L06
46	106200	L06
47	108000	L06
49	105300	L07
50	107250	L07
51	109200	L07
52	111150	L07
53	113100	L07
54	115050	L07
55	117000	L07
57	138135	L08
58	140693	L08
59	143251	L08
60	145814	L08
61	148376	L08
62	150930	L08
63	153483	L08
65	182500	L10
66	190000	L10
67	193750	L10
68	197500	L10
69	201250	L10
70	205000	L10
71	208750	L10
72	212500	L10
73	216250	L10
74	220000	L10

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 April 2009 and there have been no increases since that date.

Spinal Column Point	FTE Salary	BCC Grade
4	12166	GR1
5	12333	GR1
6	12510	GR1
7	12808	GR1
8	13210	GR1
9	13610	GR1
10	13895	GR1
11	14466	GR2
12	15060	GR2
13	15465	GR2
14	15725	GR2
15	16054	GR2
16	16440	GR2
17	16830	GR2
18	17161	GR2
19	17802	GR2
20	18453	GR3
21	19126	GR3
22	19621	GR3
23	20198	GR3
24	20858	GR3
25	21519	GR3
26	22221	GR3
27	22958	GR3
28	23708	GR3
29	24646	GR4
30	25472	GR4
31	26276	GR4
32	27052	GR4
33	27849	GR4
34	28636	GR4
35	29236	GR4
36	30011	GR4
37	30851	GR4
38	31754	GR5
39	32800	GR5
40	33661	GR5
41	34549	GR5
42	35430	GR5
43	36313	GR5
44	37206	GR5
45	38042	GR5
46	38961	GR5
47	39855	GR6
48	40741	GR6
49	41616	GR6
50	42958	GR6
51	44311	GR6
52	45661	GR6
53	47023	GR6
54	48367	GR6
55	49817	GR6
56	51260	GR7
57	52721	GR7
58	54428	GR7
59	56201	GR7
60	58037	GR7
61	59934	GR7
62	61906	GR7
63	63941	GR7
64	66529	GR7

Major Service Asset and Capital Strategies

1. Adults & Communities

1.1. Adult Social Care continues to undergo significant change through the emphasis on self directed care and the recognition that demographic changes will mean that financial pressures, if unchecked, will be unsustainable in the longer term.

1.2. As part of the service model for the future, there is the recognition that individuals wish to exercise more control over the care that they receive and that they wish to live in their own houses for as long as possible. This has meant that a core element in the Directorate Capital Strategy has been a shift from residential care to domiciliary care.

1.3. The Directorate is also moving to a model of signposting so that those service users who have the resources available will purchase their own care rather than rely on provision by the City Council.

1.4. The Adults and Communities Directorate's vision, in line with the Business Transformation proposals, remains one where:

- There is disinvestment of capital assets as there is a reduction in the number of residential placements made;
- Assets that are retained will need to be maintained to a high standard;
- New assets created will be for particular care requirements that would be more expensive, on a whole project basis, to purchase externally;
- Telehealthcare is used to support people in their own homes whilst ensuring that they remain in a safe environment with the minimum of intervention;
- The IT infrastructure enables the Directorate to use the latest technology in supporting its activities.

1.5. Where the Directorate plans to meet future demand through capital developments then the revenue costs of these will be met from the budgets released from those establishments that are closing.

1.6. Over the preceding four years the Directorate has made substantial progress in implementing its core vision through a significant programme of disinvestment, through closure of a number of facilities including 37 residential establishments, 23 day centres and 7 office buildings.

1.7. At the same time the Directorate has also invested in new facilities and improved existing services through:

- The construction of four 64 bed care centres;
- The refurbishment of Summerhill Terrace as step-down accommodation for adults with substance abuse issues; and the

- Refurbishment of several Learning Disability Day Centres

1.8. The development and implementation of the Directorate's Business Transformation plan was to ensure that the needs of the community are met over the longer term and that the costs faced would be met from within a broadly static resource envelope. However, the impact of the current economic position and the reduction in resources has meant that the Business Transformation plans were accelerated and the Programme was completed at the end of 2012.

1.9. The current capital strategy allows existing sites to remain open, through refurbishment and standards compliance, where it is cost effective to maintain existing services and enables the development of new service models in line with the Directorate's Future Operating Model.

1.10. Recent work has included rationalising two Learning Disability day centres, and the service is looking to retain its remaining six day centres in the long term. A capital investment programme totalling £2.5m has been developed in order to ensure they remain compliant and are able to offer new models of care to their service users. The Business Case for this development was approved by Cabinet on 29 October 2012.

1.11 The Directorate has established a Delivery and Oversight Board and is actively considering what further action is necessary to limit its future commitments. This marks the next stage in the Directorate's transformation.

2. Corporate Resources

Working for the Future

2.1 The Working for the Future programme continues to be on target to deliver a transformed property portfolio for the Council. Although the Central Administration Building (CAB) project is drawing to a conclusion over the next twelve months it leaves behind it a transformed back office property portfolio which is fit for purpose but also positively contributes to the Councils financial position. The CAB project continues to deliver savings in line with its Revised Full Business Case. To complement the transformed estate the Corporate Landlord function is now well embedded and has enabled managers time to be freed up to focus on service delivery rather than manage a resource intensive property portfolio.

2.2 The Cross Service programme continues to work closely with Directorates to enable building solutions to support service delivery at a local level. The creation of new customer service centres, such as Farm Road Sparkbrook and New Aston House have reinforced the importance and significance of this type of property solution to enable better service delivery. The Council continues to work closely with other public sector providers to seek new ways of optimising service delivery and the use of public resources.

Information & Communications Technology

2.2 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 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 council initiatives.

2.3 The basic principles underlying the ICT strategy are:

- The maintenance of a highly reliable infrastructure and basic corporate systems for both current and future requirements

- The traditional model of a 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.

2.4 Capital expenditure on ICT will relate mainly to investment in the renewal of systems and services as they reach the end of their effective life. This investment is also planned to cater for known and anticipated improvements in technology over a two to three year period.

2.5 The vision for Birmingham as a Smart/Digital City addresses a number of the key trends for ICT and information. These include taking advantage of faster communications and the exploitation of data produced or acquired by the Council.

2.6 The above principles will help inform the development of City Council ICT projects in the context of available resources.

NEC Group Facilities

2.7 The capital strategy for the NEC Group assets is to maintain the NEC Group venues in a condition to support their market position.

2.8 Funding is currently available within the Business Plan to cover the cost of:

- Long term maintenance for planned items of refurbishment and upgrade spend
- Refurbishment of the National Indoor Arena
- Development of a conference and banqueting facility in the proposed leisure and entertainment complex at the NEC.

Commercial Property Portfolio

2.9 The commercial property portfolio continues to operate in a very challenging economic climate and whilst the portfolio has been able to maintain broadly consistent year on year net returns it is only possible with proactive sustained attention. Its ongoing detailed management is critical to its future success.

3. Local Services

3.1 The Local Services 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 2013+, Housing Plan, Private Sector Housing Strategy, Planning for Housing in Later Life and the Homelessness Strategy, taking account of the limited resources available.

A number of the services (including Fleet & Waste Management, Leisure and Bereavement) do not receive regular capital funding from central government, which makes any planned programme of maintenance and renewal of assets particularly challenging and results in a key focus being ensuring health and safety rather than allowing a more proactive approach.

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

3.2 The key focus of the service's strategy is to minimise waste, meet challenging recycling targets and reduce reliance on landfill within the context of a drive towards more sustainable disposal methods with a modernised service delivery model.

3.3 The service has recently been successful with a bid for £29.8million of funding under the Weekly Collection Support Scheme. This will contribute to a modernisation of refuse collection / recycling service delivery, changing to a system of using wheeled bins. The Capital Strategy will focus on the procurement of bins, vehicles and depot improvements to facilitate the new operating model and meet health and safety requirements.

Library Services

3.4 Strategic Library Service
The new strategic Library of Birmingham will be completed in September 2014 (with investment of £30m in 2013/14). This will provide a modern facility for all the citizens of Birmingham and will support other objectives of the Council in improving training and job opportunities.

3.5 Community Libraries
The Council also provides almost 40 community libraries based in Districts. This supports the Library of Birmingham and will promote the new localisation agenda.

Parks & Nature Conservation

3.6 Given the limited funding available, investment will continue to be focussed on essential health and safety works, 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. To support this approach, a review of properties in parks is being undertaken.

Strategic and community sport

3.7 The City Council provides a range of sporting and leisure facilities. This includes the Alexander Stadium and the strategy focuses on improving the national profile of the city (a recent sports Summit was held in the City) and a number of high profile activities are planned following the successful hosting of the Olympic teams. A comprehensive strategy is being developed for our local sport and leisure centres, pools, sports halls and community facilities including our externalised municipal golf service. A framework contract for the future delivery of the operation of the local leisure centres has been developed for the future delivery of the service (this may include disposal of facilities that do not have high usage).

Community Development & Play

3.8 The focus of activity is on utilising limited resources to maintain assets to a fit for purpose standard and effective asset management, including the option of Community Asset Transfer.

Bereavement Services

3.9 The key priorities underpinned by the strategy are:

- to continue to develop assets to enable appropriate burial and cremation facilities to be available to all communities;
- to maintain listed buildings and structures to the best standard possible within the limited resources available;

- where possible to access external funding streams to enable essential works (eg Handsworth Chapel, part funded by Heritage Lottery Grant);
- to fund developments from income generated by fees and charges where possible and to maintain health and safety standards.

Local Transport and Water Management Investment

3.10 The Directorate will support the strategic development of the transport infrastructure through the implementation of modest local schemes to improve local transport and water management issues. The Council also works with the Environment Agency and other national agencies to promote good environmental development, for example the Tame Valley flood prevention programme.

Private Sector Housing

3.11 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 and Affordable Housing.

3.12 Independent Living needs will be met solely through Disabled Facilities Grants which will be available for mandatory adaptations cases only. Whilst there continues to be substantial demand for assistance, programme delivery will be increasingly focussed on signposting to lower cost solutions, with adaptations prioritised for higher need cases.

3.13 Affordable Housing support will continue through the use of Commuted Sums and Land Receipts earmarked for specific interventions, and in particular bringing long term empty homes back into use through the Empty Property Strategy.

Council Housing

3.14 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 Capital Strategy has a dual focus, both on maintaining existing properties at or above the Decent Homes Standard (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 and Newtown.

3.15 Highlights of the asset management strategy to support this overall Capital Strategy include:

- 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 (a minimum of 150 new homes for rent each year)
- 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
- Energy efficiency and green energy measures to combat fuel poverty

4. Development & Culture

Strategic Context

4.1 The Directorate aims to support, influence and nurture the growth of the City through a co-ordinated view of transport, land use planning, regeneration and environmental issues. The City Council will continue to work to increase investment in the city and encourage growth and enterprise so that more people have access to wealth and employment.

4.2 Birmingham's rapidly expanding population means the city needs to plan for around 80,000 new homes and more than 100,000 new jobs by 2031. Planning for this growth will not only help address our housing requirements, but also encourage economic growth and make more areas of the city attractive places to live and work. The Council will work with other directorates and public and private sector partners to develop an integrated approach to investment to deliver this growth.

4.3 The City Council is focused on making Birmingham a green and smart city using new technologies to transform digital connectivity, drive down carbon emissions and encourage the green supply chain.

4.4 Much of the work done is not funded through traditional city council routes as it involves the private sector and different sources of public sector external funding and the work of partners in the public and private sector. Therefore, it is recognised that future funding for major projects should be sought from developer/central government/European contributions so as not to have to call on limited corporate capital resources.

4.5 The Council's capital programme can be supplemented by resources generated from new development. At the moment this is primarily through Section 106 planning agreements which can generate funding for specific use. However this will be replaced by the Community Infrastructure Levy (CIL) whereby, the Council will be able to charge a levy on all new developments within specified categories (e.g. residential, retail etc) and to use this to pay for infrastructure essential to deliver growth, including transport investment, but also other forms of infrastructure such as education, measures to address flood risk, green infrastructure etc. A proportion of the CIL (to be identified through the Regulations) is to be used for local priorities.

4.6 The strategy also recognises the importance of the City's digital infrastructure for economic growth (e.g. 4G network for the City) which is embedded within the Core Strategy and Big City Plan where investment in infrastructure is seen as a key driver for realising many of the underlying benefits. As opportunities allow, investment in appropriate digital infrastructure will be incorporated within our capital projects.

Planning & Regeneration

4.7 The strategy has been prepared in the context of the current economic climate and with the knowledge that there are no capital resources currently available through the City Council to support the regeneration priorities identified to deliver the "Succeed Economically" outcome, as set out in the Council Plan 2013+, the City's Community Strategy Birmingham 2026 and the emerging Greater Birmingham & Solihull Local Enterprise Partnerships (GBS LEP) Strategy for Growth.

4.8 The focus is therefore on providing direction, influencing and working with the private sector to attract investment and where possible securing external funding. Underpinning the approach is using an integrated approach to regeneration that includes: planning, economic development, housing and transport and skills.

4.9 Funding options that have been successful include the Regional Growth Fund, Growing Places Fund, ERDF Priority 2 and 3 funding and establishment of the City Centre Enterprise Zone. Other funding sources that will be explored/developed include future rounds of the Regional Growth Fund, establishment of the CIL, GBS Finance and EU2020 Vision (post 2013 Structural Funds).

4.10 Planning & Regeneration has a key role to play in achieving Birmingham's ambitions for economic growth and planning for the projected population increase of 150,000 by 2031. This growth needs to be supported and enabled by new employment and high quality infrastructure opportunities, increased investment and improvements in quality of life. The emerging Birmingham Development Plan, which will guide decisions on development and regeneration over the period to 2031, sets out where and how sustainable growth will be supported.

4.11 The City's long term strategy for planning and regeneration will enable transformational change in the city centre and local neighbourhoods, creating new investment opportunities for new and existing business, generating employment for local people whilst further strengthening Birmingham's position amongst the world's top global cities.

Fundamentally, the strategy is aimed at:

- Transformational, targeted and sustainable regeneration of the city centre and local neighbourhoods, including key local centres.
- Delivering the City's growth, regeneration and employment agenda by focussing on sustainable economic growth.
- Increasing inward and local investment and enterprise.

4.12 This strategy underpins key corporate outcomes, highlighting the investment required to support the delivery of the City's significant economic agenda. Objectives include:

- Creating the conditions for sustainable economic and population growth and regeneration through transformational change in the city centre and local neighbourhoods
- 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 reduce 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.

4.13 Achieving this strategic vision requires support for the following capital investment priorities, which focus on delivering growth across the City and is key to achieving transformational change:-

- The Economic Zones
- The Big City Plan (BCP) and the City Centre Enterprise Zone
- Major development projects such as Icknield Port Loop, Longbridge and Bordesley Park.
- Attracting investment into key corridors such as the A34 and A45
- Regeneration of neighbourhoods and local centres.
- Capital projects to support local enterprise such as Women's Enterprise Hubs.
- The use of BCC assets where appropriate to support the above.

4.14 The Economic Zones (EZ) marry the City's target growth sectors with strategic development opportunities supported by a bespoke offer to encourage private sector investment. In addition to the City Centre Enterprise Zone, the Economic Zones are; Advanced Manufacturing Hub at the Aston Regional Investment Site, Life Sciences Campus Selly Oak, Longbridge ITEC Park, the Food Hub and the Tyseley Environmental Enterprise District.

4.15 The Birmingham City Centre Enterprise Zone has taken a major step forward with approval by the Council's Cabinet and the Board of the Greater Birmingham & Solihull Local Enterprise Partnership of the Investment Plan worth just under £130m. For the Enterprise Zone, the Government allows any business rates growth to be retained within the zone for a period of at least 25 years, it is then possible to reinvest this revenue to unlock the growth potential in the EZ and support delivery of the LEP's objectives for the region. The Investment Plan therefore sets out how the uplift in business rates will be used to deliver the first phase of investment in infrastructure to unlock development and growth in the City Centre Enterprise Zone.

Transportation

4.16 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 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.

4.17 The strategy seeks continuing support towards the delivery of major capital projects including the Birmingham City Centre Interchange, Birmingham Gateway, diversion of the A45, the City Centre Metro Extension, working with partners to deliver a High Speed rail link between Birmingham and London with two significant stations in Birmingham and Solihull, access to East Birmingham and supporting major developments including the Enterprise Zone and the Economic Growth Zones.

4.18 The City continues to explore opportunities to secure additional Government funding and has recently been successful in securing funding of £8.3m for a major transport project involving improvements to the Chester Road (in addition to a £2m contribution from the Integrated Transport Authority (ITA)) and £4m (including £1.8m capital) from Tranche 1 of the Government's Local Sustainable Transport Fund (LSTF) for the 'Bike North Birmingham' project. In addition, the City has secured a further £5.5m from Tranche 2 of LSTF as part of a West Midlands Metropolitan area bid.

4.19 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 (LTP) Integrated Transport Block resources, which are provided by the DfT via the ITA.

4.20 Beyond the current Comprehensive Spending Review period (post 2014/15), DfT funding allocations and in some cases funding mechanisms are not yet fully developed. Major scheme funds from the DfT are expected to be devolved to Local Enterprise Zone areas, with governance envisaged through newly created Local Transport Bodies. Early forecasts estimate that circa £7.0m per annum may be available to the Great Birmingham and Solihull Local Enterprise Partnership (GB&SLEP) through the devolution of major scheme funding. In the case of ITB resources, allocations have yet to be determined, however, funding provided to the City Council could potentially be in the region of £6-7m per annum.

4.21 Other resources potentially available for transportation purposes beyond 2014/15 include £39.5m of further Enterprise Zone funding to fund a metro extension to Centenary Square, highway works within the City Centre and improvements to the urban realm.

4.22 A new Mobility Action Plan (BMAP) is currently being developed to create a future vision for accessing the City, in the context of employment and housing growth, the Birmingham Development Plan and various GB&SLEP strategy documents. The BMAP will inform future funding and financing mechanisms that could comprise: further tax incremental financing; European Regional Development Fund; European Investment Bank; Corporate Capital Resources; and Business Improvement Districts in addition to the mechanisms referenced above.

5. Children, Young People & Families

5.1 CYPF is developing and delivering a co-ordinated Capital Programme and Asset Management Strategy in order to secure improvements in service delivery while achieving revenue savings. Priorities are to ensure that best use is made of all available assets both in the delivery of integrated children's services and in meeting wider local priorities.

5.2 A review of capacity, utilisation and functionality of children's centres will identify potential solutions to accommodation issues for Integrated Family Support Teams and contact facilities for children' s social care. Work is also underway to align Early Years service redesign with savings targets through a property strategy that may lead to consultation on closure of a number of children's centres and the delivery of a wider range of functions at others.

5.3 Ongoing review of residential children's homes will focus on securing the highest quality, appropriate provision while securing significant revenue savings. The service is currently in the process of closing five homes deemed to be least suitable for modern care delivery. The review may result in further closures whilst there will be a need to invest in those retained buildings to ensure they are providing appropriate environments for looked-after children.

5.4 The Youth Offending Service is considering moving to a four area strategy which will see the decommissioning of its central location and the redistribution of staff to other areas which will require some investment into the receiving sites.

5.5 The Outdoor Learning Service is currently undergoing a service review with a need to offer attractive and competitive services for schools to purchase; this may require investment in some outdoor centres and potential decommissioning of others.

5.6 A review of the capacity, utilisation and functionality of special schools will be undertaken in order to develop the next phase of the Special School Additional Places programme, to ensure that we are able to provide appropriate places for all young people with complex needs aligned to the revised Strategy for Special Provision.

5.7 The Academy Conversion programme continues, usually requiring the City to enter into a 125-year lease agreement with an Academy Trust. Emphasis will continue to be placed on minimising risks to the City and ensuring that the City's requirements are protected, for example in the transfer of any assets used by early years, local services or the wider community.

5.8 The Schools' capital programme will focus on:

- Completion and final handover of Building Schools for the Future projects
- Delivery of additional primary and special school places to meet our statutory responsibility to provide a school place for every child in the context of continued growth in pupil numbers. In some cases, this will involve making permanent some temporary arrangements put in place to meet basic need to date
- Development of plans to meet the impending growth in demand for special school and primary school places from 2015 and secondary school place requirements from 2016, in the context of unpredictable Free School provision
- Addressing priority condition need through an on-going capital maintenance programme
- Maximising potential for Green Deal partnership projects to be integrated within the capital maintenance and basic need programmes with schools to reduce energy consumption and contribute towards the City's 60% carbon reduction target set for 2026
- Emergency repairs to prevent school closure and address health and safety issues in Local Authority maintained schools

5.9 The schools capital programme will as far as possible be met in full from DFE Basic Need and Capital Maintenance grant funding. Some capital receipts have been identified for earmarking to meet the identified funding gap for 2013-14; further work is underway to identify additional sources of potential funding to meet future requirements, including Community Infrastructure Levy.

5.10 Conversion of further schools to Academy status will reduce Council liabilities for backlog maintenance, with a subsequent reduction in Capital Maintenance Grant funding received from DfE. The delegation to schools of funding for emergency repairs previously held centrally by the City Council will require schools to contribute consistently to emergency repairs. A priority area will be to ensure that Local Authority Maintained schools allocate funding appropriately to address planned preventative maintenance of school buildings with less reliance on centrally held grant funding.

5.11 A project to develop increased community use of school sites will make best use of Sport England capital and revenue investment to support increased, affordable access to local communities, with potential to attract further capital grant funding in order to enhance local facilities.

5.12 A thorough review of all CYPF assets has been undertaken to establish all buildings that are potentially or actually surplus to requirements in order to both reduce revenue costs associated with backlog maintenance/service delivery and to release capital to invest in delivery of essential, City Council priorities. This will include a thorough exploration of the ability of services to share buildings, either within CYPF or with other directorates. In the case of CYPF City priorities, the emphasis for capital investment remains on meeting our statutory responsibility to ensure we provide sufficient school places for every young person to attend school. There are some risks associated with disposal of assets previously used for education purposes due to the fact that these may be directed by the Secretary of State to be leased at peppercorn rent to DFE approved Free Schools.

Funding Streams	2012/13	2012/13 Adjusted	2013/14	Decrease/(Increase) Directorate	Decrease/(Increase) Corporate	Decrease/(Increase) Total	2014/15	Decrease/(Increase) Directorate	Decrease/(Increase) Corporate	Decrease/(Increase) Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Corporate/Spending Power Grant Announcements and Forecasts										
Learning Disability	37.610	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Early Intervention Grant	64.771	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Preventing Homelessness	1.250	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Council Tax Freeze Grant	8.331	8.331	3.383	0.000	4.948	4.948	3.383	0.000	0.000	0.000
NHS Funding to Support Social Care and Benefit Health	14.661	14.661	20.044	(5.383)	0.000	(5.383)	18.044	2.000	0.000	2.000
Public Health Grant	0.000	78.190	78.636	0.000	(0.446)	(0.446)	80.838	(2.202)	0.000	(2.202)
Education Services Grant	0.000	19.626	19.078	0.000	0.548	0.548	19.078	0.000	0.000	0.000
Small Business Rate Relief	0.000	0.000	4.373	0.000	(4.373)	(4.373)	4.373	0.000	0.000	0.000
New Homes Bonus allocation	7.416	7.416	10.270	0.000	(2.854)	(2.854)	13.470	0.000	(3.200)	(3.200)
New Homes Bonus additional allocation	0.000	0.000	2.652	0.000	(2.652)	(2.652)	0.000	0.000	2.652	2.652
Housing and Council Tax Benefit Subsidy Admin Grant	11.975	11.975	10.904	1.071	0.000	1.071	10.904	0.000	0.000	0.000
Subtotal Corporate/Spending Power Grant Announcements and Forecasts	**146.014**	**140.199**	**149.340**	**(4.312)**	**(4.829)**	**(9.141)**	**150.090**	**(0.202)**	**(0.548)**	**(0.750)**
Other Directorate Grant Announcements and Forecasts										
Lead Local Flood Authority	0.322	0.165	0.165	0.000	0.000	0.000	0.165	0.000	0.000	0.000
Community Safety Fund	0.626	0.626	0.000	0.626	0.000	0.626	0.000	0.000	0.000	0.000
Private Finance Initiative Grant - Highways	50.311	50.311	50.311	0.000	0.000	0.000	50.311	0.000	0.000	0.000
Private Finance Initiative Grant - Education	14.830	14.830	14.830	0.000	0.000	0.000	14.830	0.000	0.000	0.000
DCLG Allowance for Collection of NNDR	1.921	1.921	1.925	(0.004)	0.000	(0.004)	1.925	0.000	0.000	0.000
Workstep/Workchoice	0.548	0.548	0.548	0.000	0.000	0.000	0.548	0.000	0.000	0.000
Asylum Seekers	1.401	1.401	0.629	0.772	0.000	0.772	0.629	0.000	0.000	0.000
New Deal for Communities (NDC)	0.007	0.007	0.000	0.007	0.000	0.007	0.000	0.000	0.000	0.000
Birmingham Sports & Physical Activity Programme	0.000	0.000	0.200	(0.200)	0.000	(0.200)	0.200	0.000	0.000	0.000
Prison Library Service	0.011	0.011	0.011	0.000	0.000	0.000	0.011	0.000	0.000	0.000
Registrar General Stabilising Payment	0.010	0.010	0.010	0.000	0.000	0.000	0.010	0.000	0.000	0.000
Council Tax Support New Burdens Funding	0.000	0.000	0.838	(0.838)	0.000	(0.838)	0.604	0.234	0.000	0.234
Youth Justice	3.010	3.010	3.023	(0.013)	0.000	(0.013)	3.023	0.000	0.000	0.000
Golden Hello	2.613	2.613	0.000	2.613	0.000	2.613	0.000	0.000	0.000	0.000
Discretionary Housing Payment	1.516	1.516	3.771	(2.255)	0.000	(2.255)	3.771	0.000	0.000	0.000
Substance Misuse Grant	0.059	0.059	0.471	(0.412)	0.000	(0.412)	0.471	0.000	0.000	0.000
Sport England - Participation Sport	0.042	0.042	0.042	0.000	0.000	0.000	0.042	0.000	0.000	0.000
FE funding from LSC - 19+ funding	11.800	11.800	11.815	(0.015)	0.000	(0.015)	11.815	0.000	0.000	0.000
Higher Education Funding Council (HEFC) Payments	0.000	0.000	0.786	(0.786)	0.000	(0.786)	0.786	0.000	0.000	0.000
Local Reform and Community Voices	0.000	0.000	0.981	(0.981)	0.000	(0.981)	0.981	0.000	0.000	0.000
Troubled Families	0.000	0.000	2.390	(2.390)	0.000	(2.390)	2.390	0.000	0.000	0.000
Social Fund	0.000	0.000	7.475	(7.475)	0.000	(7.475)	7.366	0.109	0.000	0.109
Weekly Collection Support Scheme Grant	0.000	0.000	6.771	(6.771)	0.000	(6.771)	20.280	(13.509)	0.000	(13.509)
Business Development Programme	0.000	0.000	1.398	(1.398)	0.000	(1.398)	1.398	0.000	0.000	0.000
Digital Birmingham - Discover - European Competitiveness and Innovation Programme	0.000	0.000	0.104	(0.104)	0.000	(0.104)	0.104	0.000	0.000	0.000
Enterprising Catalyst 2 Project	0.000	0.000	0.964	(0.964)	0.000	(0.964)	0.964	0.000	0.000	0.000
Homes Office - Prevent Grant	0.000	0.000	0.059	(0.059)	0.000	(0.059)	0.059	0.000	0.000	0.000
Subtotal - Directorate Grant Announcements and Forecasts	**89.027**	**88.870**	**109.517**	**(20.647)**	**0.000**	**(20.647)**	**122.683**	**(13.166)**	**0.000**	**(13.166)**
Locally Retained Business Rates			191.717	0.000			196.469	0.000	(4.752)	(4.752)
Top Up Grant	646.520	814.952	121.291	0.000	31.568	31.568	125.011	0.000	(3.720)	(3.720)
Revenue Support Grant			470.376	0.000			388.697	0.000	81.679	81.679
Subtotal Start Up Funding Allocation *	**646.520**	**814.952**	**783.384**	**0.000**	**31.568**	**31.568**	**710.177**	**0.000**	**73.207**	**73.207**
Total Grant Funding	**881.561**	**1,044.021**	**1,042.241**	**(24.959)**	**26.739**	**1.780**	**982.950**	**(13.368)**	**72.659**	**59.291**

* Includes reduction for Early Intervention Grant and Council Tax Support

Long Term Financial Plan 2013/14-2022/23

Long-Term Financial Plan 2013/14 - 2022/23	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m
Base Budget 2012/13	1,058.566	1,058.566	1,058.566	1,058.566	1,058.566	1,058.566	1,058.566	1,058.566	1,058.566	1,058.566
Pay & Price Inflation	10.791	27.186	49.562	72.763	96.382	120.645	145.574	171.237	197.607	224.759
Meeting Budget Issues and Policy Choices	47.984	40.930	54.319	65.927	65.416	70.543	78.684	88.225	96.672	104.618
Directorate Savings Plans	(100.787)	(107.077)	(122.342)	(127.603)	(127.603)	(127.603)	(127.603)	(127.603)	(127.603)	(127.603)
Service Reviews	(0.952)	(104.854)	(142.911)	(212.913)	(255.996)	(258.802)	(264.592)	(276.169)	(288.995)	(311.369)
Corporate Adjustments:										
Net Repayment to Corporate Reserves	1.936	3.089	9.512	14.815	44.595	32.968	21.341	16.384	16.428	16.474
Costs of Organisational Change	7.966	26.119	22.352	19.741	(16.492)	(9.826)	(3.159)	(3.159)	(3.159)	(3.159)
Capital Financing Costs	14.813	32.275	40.596	53.703	65.437	61.959	58.392	59.106	56.895	64.402
Changes in Corporate Government Grants	(4.829)	(5.379)	(5.198)	(8.400)	(8.400)	(8.014)	(7.817)	(7.817)	(7.817)	(7.817)
Total Expenditure	**1,035.488**	**970.855**	**964.456**	**936.599**	**921.905**	**940.436**	**959.386**	**978.770**	**998.594**	**1,018.871**
Business Rates	(191.717)	(196.469)	(202.393)	(208.494)	(214.779)	(221.253)	(227.920)	(234.788)	(241.861)	(249.147)
Top Up Grant	(121.291)	(125.011)	(128.140)	(131.344)	(134.627)	(137.993)	(141.443)	(144.979)	(148.604)	(152.319)
Revenue Support Grant	(470.376)	(388.697)	(367.499)	(324.466)	(294.202)	(296.759)	(299.324)	(301.897)	(304.474)	(307.057)
Council Tax	(255.058)	(260.678)	(266.424)	(272.295)	(278.297)	(284.431)	(290.699)	(297.106)	(303.655)	(310.348)
Collection Fund (Surplus)/Deficit	2.954	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
Total Resources	**(1,035.488)**	**(970.855)**	**(964.456)**	**(936.599)**	**(921.905)**	**(940.436)**	**(959.386)**	**(978.770)**	**(998.594)**	**(1,018.871)**
Gap/(Surplus)	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**	**0.000**

HOUSING REVENUE ACCOUNT BUSINESS PLAN														
	Year 1 2013/14 £m	Year 2 2014/15 £m	Year 3 2015/16 £m	Year 4 2016/17 £m	Year 5 2017/18 £m	Year 6 2018/19 £m	Year 7 2019/20 £m	Year 8 2020/21 £m	Year 9 2021/22 £m	Year 10 2022/23 £m	…..	Year 30 2042/43 £m		Year 1 to 30 Total £m
Income														
Rental Income	(253.394)	(264.770)	(276.345)	(288.182)	(296.320)	(304.250)	(312.391)	(320.739)	(329.254)	(337.897)		(566.229)		(11,948.463)
Voids	4.601	4.827	5.062	5.297	5.460	5.626	5.797	5.974	6.155	6.342		11.541		231.435
Net Rental Income	**(248.793)**	**(259.943)**	**(271.283)**	**(282.886)**	**(290.859)**	**(298.624)**	**(306.593)**	**(314.765)**	**(323.099)**	**(331.555)**		**(554.688)**		**(11,717.028)**
Service Charges / Recharge / Other Income *	(38.922)	(30.005)	(30.654)	(31.288)	(32.016)	(32.637)	(33.275)	(33.929)	(34.630)	(35.311)		(53.195)		(1,213.380)
Efficiencies	(0.822)	(1.298)	(1.820)	(1.904)	(1.962)	(2.021)	(2.082)	(2.145)	(2.210)	(2.277)		(4.131)		(81.740)
Total Revenue Income	**(288.537)**	**(291.246)**	**(303.756)**	**(316.078)**	**(324.837)**	**(333.282)**	**(341.950)**	**(350.840)**	**(359.939)**	**(369.143)**		**(612.014)**		**(13,012.148)**

* Includes an estimated £10m for Equal Pay liabilities that will be funded from reserves.

HOUSING REVENUE ACCOUNT BUSINESS PLAN														
	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	.....	Year 30		Year 1 to 30
	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23		2042/43		Total
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m		£m		£m
Expenditure														
Repairs	67.686	69.281	70.895	72.542	74.244	75.936	77.664	79.429	81.219	83.032		128.248		2,856.983
Management (including Arrears) *	68.764	58.666	60.076	60.964	62.044	63.541	63.400	64.115	64.974	66.627		108.810		2,373.531
Estate Costs	23.420	24.703	25.321	25.954	26.603	27.268	27.950	28.648	29.365	30.099		49.320		1,057.410
Capital Financing - Loan Redemption	0.000	0.000	30.918	33.320	40.565	46.186	53.134	60.626	68.699	79.363		3.548		702.854
Capital Financing - Interest and Other Costs	58.400	57.203	56.305	54.731	52.790	50.588	48.117	45.285	42.066	38.379		22.219		993.820
Efficiencies	(5.137)	(5.629)	(6.820)	(2.963)	(2.493)	(3.552)	(2.322)	(8.948)	(8.642)	(9.106)		(21.252)		(355.331)
Contribution to Capital	75.404	87.022	67.061	71.531	71.085	73.315	74.008	81.686	82.260	80.749		321.122		5,382.881
Total Revenue Expenditure	**288.537**	**291.246**	**303.756**	**316.078**	**324.837**	**333.282**	**341.950**	**350.840**	**359.939**	**369.143**		**612.014**		**13,012.148**
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**

* Includes an estimated £10m for Equal Pay liabilities that will be funded from reserves.

2013/14+ Budget Issues				
Detail	**2013/14 £m**	**2014/15 £m**	**2015/16 £m**	**2016/17 £m**
Adults & Communities				
Year on year demographic increase per A&C Transformation RFBC	6.243	12.564	19.046	25.642
Extra Care Housing - Supporting People	0.200	0.200	0.000	0.000
Total Adults & Communities Directorate	**6.443**	**12.764**	**19.046**	**25.642**
Children, Young People and Families				
Business Transformation repayment of initial investment	2.500	4.150	5.670	7.514
PFI/BSF Affordability Gaps in Unitary Charge	3.200	3.200	3.200	3.200
BSF Abortive Costs	0.000	(1.020)	(1.020)	(1.020)
Total Children, Young People and Families Directorate	**5.700**	**6.330**	**7.850**	**9.694**
Corporate Resources				
BT costs and repayments	(5.092)	(1.383)	(2.349)	(2.462)
Corporate ICT costs	(0.120)	(0.304)	(0.081)	(0.094)
Council Tax Benefit Overpayments Shortfall in Income	0.865	1.365	1.365	1.365
Costs associated with Single Voter Registration	0.150	0.150	0.150	0.150
Provision for Repairs in relation to Trusts and Charities	0.050	0.050	0.050	0.050
NEC	3.056	(2.189)	7.559	9.849
Revenues - Base Budget Pressures and costs of improving services	(0.199)	(0.199)	(0.199)	(0.199)
Additional costs of holding mayoral referendum and Police Commissioner elections	(0.363)	(0.363)	(0.363)	(0.363)
Total Corporate Resources Directorate	**(1.653)**	**(2.873)**	**6.132**	**8.296**
Development & Culture				
Marketing Birmingham - phased reinstatement of major events funding	0.300	(0.100)	(0.100)	(0.100)
Additional support required for Carbon Reduction Commitment and Sustainability / Climate Change	0.050	0.050	0.050	0.050
WMITA Levy	(0.550)	(0.492)	0.982	2.486
Provision for costs associated with VR trawl e.g. pension strain	(0.712)	(0.712)	(0.712)	(0.712)
New Homes Bonus - Fall out of Planning Delivery Grant	0.180	0.180	0.180	0.180
Non Deliverability of Employment Services Income (Savings) Target	0.450	0.500	0.500	0.500
Diamond Documentum Computer System Upgrade	0.015	0.145	0.145	0.145
Ending of Digital Birmingham corporate funding for team salaries	0.000	0.271	0.271	0.271
Delivery of Sustainable Priorities	0.000	0.288	0.288	0.288
Total Development & Culture Directorate	**(0.267)**	**0.130**	**1.604**	**3.108**
Local Services				
Wholesale Markets Income pressure	0.100	0.100	0.100	0.100
Grounds Maintenance Costs	0.300	0.600	0.900	1.200
Library of Birmingham - capital financing charges (as per Business Plan 2011+)	1.500	3.000	3.000	3.000
Library of Birmingham operational budget reinstated within agreed 2007 budget level	1.690	1.690	1.690	1.690
Library of Birmingham transitional costs	2.020	0.550	0.200	0.000
Continuation of Major Sporting Events Funding	0.450	0.450	0.450	0.450
Legislative increases in Landfill Tax	0.548	0.548	0.548	0.548
E.U. regulations changes re Landfill.	0.147	0.147	0.147	0.147
Highways Maintenance - return to committed level of expenditure	1.000	1.000	1.000	1.000
Waste Disposal - impact of long-term financial strategy forecast	0.532	1.251	1.981	2.307

2013/14+ Budget Issues				
Detail	**2013/14 £m**	**2014/15 £m**	**2015/16 £m**	**2016/17 £m**
Local Services (continued)				
Local Transport Plan - additional maintenance costs	0.250	0.500	0.750	1.000
Repayment of prior year overspends	0.047	0.047	0.047	0.047
Retention of savings within ring-fenced accounts	0.040	0.040	0.040	0.040
Events-Net Additional sponsorship for community events unachievable	0.200	0.200	0.200	0.200
Parks net savings shortfall	0.470	0.470	0.470	0.470
Highways Horticultural maintenance	(0.193)	(0.133)	(0.073)	(0.013)
Car Parking income-Base level correction	0.658	1.678	1.678	1.678
CCTV Operations (net)	0.100	0.100	0.100	0.100
Contact Centre Pressure	2.000	2.000	2.000	2.000
Tell us Once Project Ongoing Costs	0.057	0.057	0.057	0.057
Homelessness Service	0.500	0.500	0.500	0.500
Coroners Service	0.200	0.200	0.200	0.200
Library of Birmingham Business Rates	0.300	0.300	0.300	0.300
New Homes Bonus Affordable Homes	0.197	0.197	0.197	0.197
Ending of Olympic Funding	(0.459)	(0.459)	(0.459)	(0.459)
Total Local Services Directorate	**12.654**	**15.033**	**16.023**	**16.759**
Corporate				
Carbon Reduction Commitment	(0.206)	(0.107)	(0.007)	0.092
Change in General Contingency	(0.063)	(0.058)	(0.049)	(0.049)
Insurance Fund Contribution	1.000	1.000	1.000	1.000
Living Wage	0.398	0.398	0.398	0.398
Equal Pay	23.750	4.852	(3.871)	(5.797)
ICT Strategy	1.000	1.000	1.000	1.000
Pay and Grading On Going Costs	2.315	2.315	2.315	2.315
Impact of Academy Conversion on Business Rates	1.000	0.000	0.000	0.000
Core ICT Costs	(1.196)	(1.703)	(1.712)	(3.861)
Single Status/Equal Pay administrative costs	(2.322)	(3.622)	(3.622)	(3.622)
Business Charter for Social Responsibility	0.000	6.040	8.781	11.521
New Frankley	0.041	0.041	0.041	0.041
Increased share of support service costs met by HRA	(0.610)	(0.610)	(0.610)	(0.610)
Total Corporate	**25.107**	**9.546**	**3.664**	**2.428**
Total Budget Issues	**47.984**	**40.930**	**54.319**	**65.927**

Other Factors leading to Spend Increase				
Pay and Price Inflation	10.791	27.186	49.562	72.763
Net Repayment to Corporate Reserves	1.936	3.089	9.512	14.815
Cost of Organisational Change	7.966	26.119	22.352	19.741
Collection Fund Deficit	2.954	0.000	0.000	0.000
Capital Financing Costs	14.813	32.275	40.597	53.703
Total Spending Pressures	**86.444**	**129.599**	**176.342**	**226.949**

Savings Description - Agreed March 2012 (As amended)	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
Adult & Communities Directorate				
Centrally Managed BT savings	(0.056)	(0.160)	(0.160)	(0.160)
Transforming Assessment and Support Planning	0.000	0.000	(4.800)	(4.800)
Corporate initiatives to reduce costs	(0.266)	(0.387)	(0.387)	(0.387)
A&C Transformation Programme	(6.121)	(10.728)	(22.675)	(26.233)
Reduction in Programmes funded by grants	0.000	0.000	(2.400)	(2.400)
Closure of additional 4 Care Homes	(0.783)	(2.200)	(2.200)	(2.200)
Supporting People Reductions in Formula Grant	(4.706)	(4.753)	(4.753)	(4.753)
Support from NHS for Social Care to benefit health	(0.100)	(0.100)	10.000	10.000
Vacancy Management	0.886	0.886	0.886	0.886
Reduction in Directorate Running Costs	(0.465)	(1.442)	(2.311)	(3.037)
Prevention and Prediction, including Telecare	1.248	3.644	4.513	4.128
Bringing Forward Benefits of Individual Budgets	(1.743)	(1.743)	(1.743)	(1.743)
Increasing Effectiveness of Enablement Services	(2.651)	(2.651)	(2.651)	(2.651)
Commissioning Efficient Services	0.000	0.000	(2.900)	(2.900)
Total Adult & Communities Directorate	**(14.757)**	**(19.634)**	**(31.581)**	**(36.250)**
Corporate Resources Directorate				
Cabinet Office redesign of service	(0.149)	(0.149)	(0.149)	(0.149)
Corporate Procurement staffing reductions and income generation	(0.071)	(0.071)	(0.071)	(0.071)
Corporate Strategy Redesign of Service	(0.210)	(0.210)	(0.210)	(0.210)
Performance and Information Management Income	0.050	0.050	0.050	0.050
Service Efficiencies - Communications	(0.005)	(0.025)	(0.055)	(0.074)
Performance and Information Management Redesign of Service	(0.070)	(0.070)	(0.070)	(0.070)
Equalities redesign	(0.001)	(0.001)	(0.001)	(0.001)
HR service redesign and income generation	(0.975)	(2.369)	(2.369)	(2.369)
BPS - CAB Phase 1 and Redesign of Corporate Landlord Service	(1.918)	(2.909)	(2.909)	(3.253)
Corporate Resources General Efficiencies includes PSS	(0.848)	(0.736)	(0.736)	(0.736)
Centrally Managed BT Savings	(0.210)	(0.370)	(0.370)	(0.370)
Corporate Finance (staffing reductions)	(0.567)	(0.567)	(0.567)	(0.567)
Revenues and Benefits Release of Prior Year Provisions	0.550	0.550	0.550	0.550
Revenues and Benefits Transfer Back Office to Service Birmingham	(0.695)	(0.567)	(0.567)	(0.567)
Other Services - Transfer Back Office to Service Birmingham	(0.035)	(0.035)	(0.035)	(0.035)
Benefits Subsidy & Redesign	(0.322)	(0.322)	(0.322)	(0.322)
BPS Savings on Property	(0.378)	(1.495)	(2.318)	(2.318)
Shared Services redesign- staffing reductions and income generation	(0.237)	(0.237)	(0.237)	(0.237)
Redesign of Organisational Management Support using PSS	(0.065)	(0.065)	(0.065)	(0.065)
Legal and Democratic Services - Legal Services Income	(0.254)	(0.498)	(0.498)	(0.498)
Legal and Democratic Services - Overview & Scrutiny - staffing savings	(0.095)	(0.095)	(0.095)	(0.095)
Redesign of Income Maximisation Unit (staffing savings)	(0.036)	(0.036)	(0.036)	(0.036)
Lord Mayor's Parlour (redesign & hospitality costs)	(0.038)	(0.038)	(0.038)	(0.038)
Legal and Democratic Services - Elections	(0.003)	(0.003)	(0.003)	(0.003)
Total Corporate Resources Directorate	**(6.582)**	**(10.268)**	**(11.121)**	**(11.484)**

	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
Children,Young People and Families Directorate				
Centrally Managed BT Savings	(0.254)	(0.254)	(0.254)	(0.254)
Crosscutting workstreams	(0.608)	(0.608)	(0.608)	(0.608)
EMT Workstreams	(0.360)	(0.360)	(0.360)	(0.360)
Total Children, Young People and Families Directorate	**(1.222)**	**(1.222)**	**(1.222)**	**(1.222)**
Development and Culture Directorate				
Central BT Savings	(0.018)	(0.048)	(0.048)	(0.048)
Formation of Wholly Owned Company for future delivery of key trading services	(0.193)	(0.193)	(0.193)	(0.193)
Redesign Birmingham City Labs- staffing costs	(0.033)	(0.033)	(0.033)	(0.033)
Private Sector Housing Strategy	(0.267)	(0.268)	(0.268)	(0.268)
EMT workstreams	(0.019)	(0.019)	(0.019)	(0.019)
Remodel Forward 4Work Service	(0.025)	(0.025)	(0.025)	(0.025)
Arts Service Efficiencies	(0.001)	(0.006)	(0.013)	(0.018)
Redesign of Business Development & Innovation team	(0.200)	(0.200)	(0.200)	(0.200)
Review City Centre Management Activities & Support	(0.105)	(0.105)	(0.105)	(0.105)
Regeneration and Planning services redesign	(0.093)	(0.093)	(0.093)	(0.093)
Realignment of Building Consultancy Services to maintain a balanced trading position	(0.052)	(0.052)	(0.052)	(0.052)
BMAG	(0.010)	(0.010)	(0.010)	(0.010)
BMAG- trust status	(0.200)	(0.200)	(0.200)	(0.200)
Arts Grant Support Reduction	0.000	(1.417)	(2.417)	(2.417)
Borrowing from Reserves	(0.834)	0.584	1.584	1.584
Total Development and Culture Directorate	**(2.050)**	**(2.085)**	**(2.092)**	**(2.097)**
Local Services Directorate				
Review of markets	(0.100)	(0.100)	(0.100)	(0.100)
Redesign Customer Services	(1.079)	(1.079)	(1.079)	(1.079)
Private Sector Housing Restructure	(0.081)	(0.082)	(0.082)	(0.082)
Private Sector Housing Needs	(0.967)	(0.976)	(0.976)	(0.976)
Park efficiencies	0.000	(0.300)	(0.300)	(0.300)
Services Efficiencies	(0.009)	(0.045)	(0.100)	(0.135)
Sports & Events Team restructure	(0.450)	(0.450)	(0.450)	(0.450)
Emergency Planning Staff Reductions	(0.100)	(0.100)	(0.100)	(0.100)
Community safety Partnership- review and simplification of core team costs	(0.307)	(0.310)	(0.310)	(0.310)
Review voluntary sector support and Legal Entitlement Services to move to a commissioning model	(0.002)	(0.003)	(0.003)	(0.003)
Central BT Savings	(0.273)	(0.526)	(0.526)	(0.526)
Service Efficiencies	(0.033)	(0.172)	(0.380)	(0.514)
Cross Cutting workstreams	0.015	(0.021)	(0.021)	(0.021)
Corporate review of car allowance, finance, etc	(0.151)	(0.151)	(0.151)	(0.151)
Reduction in cremator maintenance/energy budgets	(0.030)	(0.030)	(0.030)	(0.030)
Highways - other efficiencies	(0.122)	(0.122)	(0.122)	(0.122)
Increased car parking charges	(0.186)	(0.286)	(0.286)	(0.286)
Income- recycling and trade waste	(0.800)	(0.800)	(0.800)	(0.800)
Further Redesign of Highway Services	(0.075)	(0.075)	(0.075)	(0.075)
Reduce payments major contracts	(3.800)	(3.800)	(3.800)	(3.800)
Service Reviews from Neighbourhood Offices, Sports and leisure and other constituency services	(4.940)	(5.119)	(5.119)	(5.119)
Other Savings Including Customer First and Working for the Future	(0.019)	(0.048)	(0.048)	(0.048)
Registrars Income generation	(0.185)	(0.185)	(0.185)	(0.185)
Reduction in overall cost of coroner's service	(0.133)	(0.133)	(0.133)	(0.133)
Redesign Environmental Health & Trading standards- staffing costs from restructure	(0.864)	(0.864)	(0.864)	(0.864)
Other (Mainly Pest Control Income)	(0.021)	(0.023)	(0.023)	(0.023)
Customer First	0.032	0.032	0.032	0.032
Total Local Services Directorate	**(14.680)**	**(15.768)**	**(16.031)**	**(16.200)**
Step up in savings in Business Plan 2012+ as amended	**(39.291)**	**(48.977)**	**(62.047)**	**(67.253)**

New Savings Proposals and Revisions to Previous Plans

ADULTS AND COMMUNITIES DIRECTORATE

New Options -	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
1. Adults and Communities Transformation Financing	1.410	1.410	1.410	1.410	It is proposed to reduce expenditure by financing future capital spend on IT systems from capital resources, and capping revenue expenditure and re-profiling the repayment of costs.
2. Reduction in directorate running costs	1.000	1.000	1.000	1.000	This proposal relates to various administration savings that are planned as a result of the transfer of Public Health services from the NHS to the Council in 2013/14.
3. One off use of reserves	2.965	0.000	0.000	0.000	The Directorate is able to make a one-off saving by using reserves and carrying forward under spends from 2012/13 in respect of pension strain, refurbishment, assessment and support and the Contact Centre.
4. Alternative TeleCare financing	1.000	0.000	0.000	0.000	The financing model for TeleCare envisaged the use of £6m of borrowing to fund equipment purchases. This proposal is to use capital grants from the Department of Health and capital receipts instead of borrowing – thus avoiding the financing costs and saving £1m on a one-off basis.
5. Full-year effect of Homecare restructuring	0.500	0.500	0.500	0.500	This saving will be found from the salaries for the final group of homecare staff who are taking voluntary redundancy.

New Options -	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
6. Birmingham Contract mitigation	1.200	1.200	1.200	1.200	The Directorate is currently funding the mitigation payments designed to protect those who lost out under the new Birmingham Contract, which have now ended. A saving of £1.2m will accrue in 2013/14 as a result.
7. Additional use of NHS funds to support eligibility criteria	3.185	0.000	0.000	0.000	The current savings plan assumes that Adult Social Care will use £10.1m of income that it receives from the NHS to benefit health to protect services and allow eligibility criteria to be kept at critical and substantial. This proposal sees the level of NHS income used to protect services rise on a one-off basis by a further £3.185m in 2013/14.
8. Framework Contracts and Market Shaping for residential and home care.	3.200	3.200	3.200	3.200	In January 2012, the use of framework contracts for residential and homecare services was approved. The frameworks set out terms and conditions under which specific purchases (call-offs) can be made. It moves the Directorate away from Council-set rates to market driven competitive prices, stimulating competition and allowing new providers to enter the market. Framework contracts and Market Shaping will enable the development of new models of care which are affordable and sustainable, and provide an opportunity for not-for-profit organisations to enter Birmingham's care market.
9. Full year effect of Meals subsidy reduction	0.400	0.400	0.400	0.400	This is the full-year effect of the decision taken in 2010/11 to end the subsidy for the Meals Service, which ended in September 2012. The saving represents the part-year budget that was used in 2012/13 up to the end of the contract.

New Options -	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
10. Reduce subsidy for intermediate care at the Norman Power Centre	0.400	0.400	0.400	0.400	Due to a commitment following a care home closure in 2008, the Council is subsidising intermediate care at the Norman Power Care Centre. It is proposed to end this subsidy, bringing NHS services at Norman Power into line with the agreements with the other care centres.
11. Reduce subsidy to University Hospital Birmingham for delayed discharge schemes	0.500	0.500	0.500	0.500	The Council is currently supporting capacity at University Hospital Birmingham as part of its arrangements for reducing delayed discharges of care. Instead, mitigation will be sought from the use of reablement funding (NHS) that is invested in the Kenrick Centre specifically to assist with reducing delays.
12. Planned under spend on third sector commissioning in 2012/13	0.225	0.000	0.000	0.000	It is proposed that a small sum of this funding is held back to make a one-off saving, whilst continuing to leave expenditure in the third sector as the most protected part of the Directorate's budget.
13. Supporting People	1.992	1.492	1.492	1.492	There is a previously agreed target of £4.7m and a new requirement to save an extra £2.0m, making £6.7m in total in 2013/14. A strategic review of the programme in consultation with service users and providers developed a plan to deliver the existing target of £4.7m over three years. A contract management provision has been carried forward from

New Options -	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
					2011/12 to minimise the impact on services and allow £3.8m of the savings to be made as existing agreements expire. It is proposed that £0.9m will be saved by ceasing to fund the community alarms service, which will mainly impact on internal providers as well as some external providers. At this stage it is proposed to meet £1.5m of the additional savings requirement by a 4% reduction in contract values across the programme and the remaining £0.5m from under spends brought forward from 2012/13.
Directorate Total of New Savings Proposals	**17.977**	**10.102**	**10.102**	**10.102**	

CHILDREN, YOUNG PEOPLE AND FAMILIES DIRECTORATE

New Options	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
1. Externally provided services	4.430	4.430	4.430	4.430	These services are delivered through commissioning from a range of external providers, historically targeted at children and young people not engaged by mainstream services. There is clear overlap in some areas with services provided by Public Heath and NHS funding. The savings will be delivered as follows: a. £2.073m will be saved through reductions or termination of a number of services based on a review of all providers and an assessment of delivery in relation to meeting priorities, value for money and additional value brought to the service. b. £2.357m will be saved through a joint commissioning programme with the Health and Wellbeing Board. This will lead to services being commissioned in a different way to achieve health and wellbeing priority outcomes, reducing duplication and in some cases decommissioning where services do not meet future priorities. Providers undergoing review will secure continuation funding in 2013/14 whilst this process is completed. It should be clear that the Health and Wellbeing Board is a partnership organisation and the Council is not in full control of this process.

New Options	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
2. Teenage Pregnancy funding	0.140	0.140	0.140	0.140	Young women who have an increased risk of becoming a teenage parent are provided with support and educational activities that are proven to reduce the chances of them making decisions that would result in them becoming a teenage parent whilst at the same time supporting them to achieve more at school and in their education. As teenage pregnancy rates across the country have dropped dramatically and the rate in Birmingham is now at the national average (representing a reduction of 50% in 6 years), the proposal is to integrate this work into the Integrated Family Support Teams, making an efficiency saving.
3. Remodelling and integration of preventative and targeted services	3.312	7.903	9.833	9.833	This proposal relates to the integration of the Education Welfare Services, Integrated Family Support Teams, Connexions, elements of the Children's Social Care and Children's Centre services. Where it is beneficial and practical, these services will be co-located on an area basis and brought under a single management structure with nominated central expertise to promote specialist knowledge. It is anticipated the services listed above will be configured around Council-managed Children's Centres, which may realise savings through the rationalisation of management posts and salary grades. Children's Centres will be managed on an area based hub and satellite model. Efficiencies are also associated with reductions in numbers of children in care and therefore public care costs by offering community-based

New Options	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
					alternatives over the admission of children to public care and actively progressing the care of some children so that they return to the care of their family or a substitute family without the involvement of the Local Authority.
4. Home to School Transport	1.000	1.000	1.000	1.000	It is proposed to review the terms and conditions for pupil guides and to apply new policies to students receiving home to school transport that are currently being consulted upon. As part of further consultation, we will arrange a further meeting or meetings, facilitated through Parents Views Count, to look at options beyond the application of the measures agreed by Cabinet on 7th January 2013 for new starters to all users. We will also commence further detailed consultation with pupil guides and trade unions
5. Children's residential homes	1.600	1.600	1.600	1.600	The Council will review its residential provision and community based services for children. Our intention is to support children at home wherever possible. If children's needs determine that they should be in public care then for the majority of children placement with foster carers provides the best placement. We will retain some residential provision for those children who need it but successful delivery of our early help strategy and increasing provision of foster carers will mean that fewer residential places are needed in future. With regard to services for disabled children we are determined to provide or procure

New Options	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
					services which meet individual children's needs. We will be reviewing the range of options available for children with disabilities including the provision of respite through traditional residential care. For the majority of children and families more flexible packages of support are appropriate – we will retain some residential respite provision but will seek to further develop choice for children and parents and develop more individually tailored packages. We will also improve arrangements for the transition of children into adults services.
6. Adoption	0.100	0.100	0.100	0.100	The Adoption Service recruits and assesses carers for children needing a permanent home through adoption, and also matches children to suitable carers. The purpose of these changes is to ensure we achieve improvements in timescales for both children and prospective adopters, to meet the targets in our Adoption Action Plan and improve outcomes for children. We will transform our current practice and bring together the "front door" of fostering and adoption to improve advertising and assessment practice. Savings will come from changes in the structure of the service and through improved practice in the future.

New Options	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
7. Disabled Children's services	0.500	0.500	0.500	0.500	The Disabled Children's Occupational Therapy Team provides specialist assessments and access to aids and equipment. Savings against this budget will be made from staffing efficiencies with **no impact on service users**. We will also review the eligibility criteria for families to receive direct payments. Further savings will be made by getting better value for money from contracts for placements and reducing the number of disabled children in residential care by providing targeted support to families in need.
8. Safeguarding and development service	0.250	0.250	0.250	0.250	Efficiencies will be secured in this service which supports the Birmingham Safeguarding Children Board, manages the independent Child Protection and Children In Care chairing delivery; quality assures CYPF work and delivers learning and development to CYPF staffing. The service holds a number of statutory functions within its brief, and will be reviewed to ensure that these continue to be delivered.
9. Professional support services	1.370	1.370	1.370	1.370	The Professional Support Services brings together business support and administration activities across the directorate under a single management structure. This will provide a flexible, internal shared service for administration and business support activity. Savings will result from reductions in overall staff numbers.

New Options	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
10. Customer First	0.400	0.400	0.400	0.400	There are a range of customer referral and information enquiry services across CYPF. These teams will be reviewed and consolidated to simplify arrangements for customers to contact Children, Young People and Families and to improve our response.
11. Strategic support services	0.675	0.675	0.675	0.675	These are internal teams supporting Governance and Policy, Commissioning, Information Management Team, and Customer Relations. This will mean reductions in budgets supporting staffing and non-staffing elements of central support.. There will be an impact on performance monitoring and support for strategic management of children's services.
12. Youth Offending Service	0.400	0.400	0.400	0.400	This service is a multi-agency partnership involving Social Care and Education, Police, Probation and Health. It works to reduce numbers of young people who commit offences, reduce numbers who are remanded into custody and reduce re-offending rates. It is proposed to make reductions in delivery of prevention work and the Intensive Supervision and Surveillance Programme in operational posts as management reductions have already been made. Details of funding for youth offending from other partners is not yet clear. Final decisions with regard to the funding of this service will be based upon awareness of the overall funding position.

New Options	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
13. Rights and participation	0.300	0.300	0.300	0.300	This service provides a channel through which the voices of children and young people can be heard and acted upon by the City Council and other partners. Although reducing the budget we intend to put more resources under the control of the young people themselves and believe that the service can become more effective and more child centred by utilising young people themselves to help take forward consultation events etc. This approach to participation has been used in other local authorities and has been commended.
14. Parent partnerships	0.080	0.080	0.080	0.080	The service is currently provided by the Council to meet statutory requirements and involves working with parents of all children with special educational needs to provide information and publicity, training, advice and support. The proposal is to review the Parent Partnership service.
15. Child & adolescent mental health services (CAMHS)	1.430	1.430	1.430	1.430	This service provides direct help to children and adolescent with mental health difficulties. The local authority did receive a grant for this service which was passported to the children's hospital to supply the service. This grant however was terminated in 2010 and responsibility for this service now rests with the NHS. We will also be exploring the potential to achieve better service delivery through joint commissioning and

New Options	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
					the identification of a single provider across children's and adults' services.
16. Connexions	0.750	1.250	1.250	1.250	Responsibility and funding for the provision for the universal careers service has now transferred to schools. The retained Connexions service will see the service target its resources on meeting the needs of vulnerable young people over the age of 16 and those not in education employment and training. This will enable a stronger offer to be delivered to NEETs above the statutory minimum. The service will be integrated with the youth service to establish a sustainable cross cutting service operating out of youth centres at the heart of the community.
17. School settings/improvement	0.500	0.500	0.500	0.500	The Service provides the Council with information needed to identify and provide support to vulnerable schools. It will broker support between schools, monitor impact, and assure quality. This will continue at a reduced level.
18. School management and governor support	0.039	0.039	0.039	0.039	This service provides a range of professional support and advice on all aspects of school management and administration, including procedures, legal and technical issues, and implementation of regulations. This saving represents the effect of schools meeting the full cost.

New Options	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
19. Admissions and appeals	0.150	0.150	0.150	0.150	The admissions and appeals service coordinates the offer of school places for all maintained schools and academies in Birmingham. The proposal is to become more efficient by changing the way the service is delivered and encouraging more use of web-based information and applications.
20. Education and Skills infrastructure	0.820	0.820	0.820	0.820	This service undertakes the Council’s statutory duty to ensure that there is sufficient, local, education provision for all young people and carries out the statutory landlord function in maintaining the education asset portfolio to prevent school closures and mitigate health and safety risks. It is also responsible for delivering carbon reduction targets in schools, and for management of school Private Finance Initiative contracts. This savings proposal will result in a reduction in the service by reducing the number of posts. We will reduce the overall cost of the team through grant funding for relevant capital projects.
21. Hospital social work team	0.488	0.488	0.488	0.488	A team of social workers provide a service in hospitals across the city. The work is concerned with providing an initial response to expressions of concern and a child protection enquiry and assessment service. The proposal is to remove this service from hospital settings and deliver it from area based social work services.

New Options	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
22. Contact and escort service	0.333	0.790	1.000	1.000	This service supports and supervises arrangements for contact between parents and children in care. We expect a reduction in these costs in line with an overall reduction in the number of children in care.
23. Child protection specialist assessments	0.500	0.500	0.500	0.500	This budget provides for assessments commissioned for court in child protection cases. The proposal is to reduce costs by ensuring that as far as possible the work is delivered in-house.
24. Early Years Support Service	1.350	1.350	1.350	1.350	The early years support service provides support to private, voluntary and independent child care settings and supports the development of pre-school places, childminding and helps to build capacity for 2, 3 and 4 year old nursery places. The proposed budget reduction will be made through efficiencies and reductions in overheads which should pose no risk for children and families. An existing contingency budget of £0.65m will also contribute to required savings.
25. Childcare Sustainability Budget	0.650	0.650	0.650	0.650	The local authority has a duty to ensure sufficient affordable, good quality childcare for fee paying parents across the city. It is expected that funding needed to sustain places will continue to be sufficient and it is not anticipated that this reduction will have any negative impact on families accessing childcare services or on the quality and availability of such services. This saving totals £350k. A further £300k will be saved from reductions in the

New Options	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
					training budget and introducing charging for training schemes.
26. Children's Centres	1.000	1.000	1.000	1.000	The proposed £1m reduction will be found from a percentage reduction applied to the children's centre locality. This reduction will be based upon levels of deprivation in the area in which the centres are located. In areas where there are more than 80% of children in the 0-10% deprivation range there will be no reduction whatsoever. This increases in five bands up to reduction of 12.5% in areas where up to 29% of children are in the areas of greatest deprivation. This reduction will enable the majority of services to continue to be delivered in the localities and be accessible within each community. Efficiencies will be supported through developing more integrated working with partners. The risks associated with this proposal are considered to be minimal.
Directorate Total of New Savings Proposals	**22.567**	**28.115**	**30.255**	**30.255**	

CORPORATE RESOURCES DIRECTORATE

New Options	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
1. Review the level of Housing Benefit payments to claimants in properties that are exempt from the Local Housing Allowance	1.250	1.250	1.250	1.250	The proposal is to discontinue discretionary payments above the Local Housing Allowance for landlords that are providing accommodation for people. It is estimated that almost 600 homes will be affected by this proposal but would result in a saving of £1.250m on the net cost of benefits.
2. Benefit Advice Centre – service redesign	0.250	0.250	0.250	0.250	The introduction of the Welfare Reform Act 2012 and Universal Credit will have an impact on the existing Benefit Advice Team. It is proposed that a new structure can be implemented for the Team to realise the savings
3. Corporate Resources savings	3.325	3.925	3.925	3.925	The savings include £1.700m savings ongoing and £1.625m one-off. The savings increase by £0.600m in 2014/15. These savings are not service specific at this stage. A review of all services within Corporate Resources will be undertaken.
4. Use of provisions for Housing Benefit/Council	0.600	0.000	0.000	0.000	A prudent level of reserves is maintained for Housing Benefit/Council Tax Benefit Subsidy, pending the completion and certification of the final grant claims by the external auditor. An assessment of the current

New Options	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
Tax Benefit Subsidy reimbursements from national Government					provisions indicates that it would be possible for one-off savings of £0.600m to be realised in 2013/14.
5. Communications - further service redesign	0.300	0.300	0.300	0.300	The major part of the saving required will be met by the full year effect of the current redesign – about £0.230m. The remainder will need to be found from reducing publications (Forward, Bulletin, Inner Voice, Jobs 4 U). To meet 2012/13 savings, Forward, Bulletin and Inner Voice have all been reviewed and either reduced in frequency or moved to electronic format. Options for further savings are very limited and it is therefore proposed to cease publication of fortnightly Jobs4U in order to meet the balance of the saving (£0.070m).
Directorate Total of New Savings Proposals	**5.725**	**5.725**	**5.725**	**5.725**	

DEVELOPMENT & CULTURE DIRECTORATE

New Options	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
1. Forward 4 Work Service - disposal of lease of the Inkerman St Building	0.060	0.060	0.060	0.060	The proposal for the service redesign of Forward 4 Work was previously consulted upon as part of the 2012/13 Budget consultation process (total saving of £0.830m). This saving arises as a further consequence of the previous Forward 4 Work proposal and will release 6 Inkerman Street, Nechells, for leasing to third sector, private or alternative city council uses to generate a rental income.
2. Secure external funding and recover our associated staffing costs.	0.345	0.345	0.345	0.345	Where we are successful in securing external funding to deliver our objectives and where we are delivering capital projects we are able to use a small percentage of the funding to pay the salary costs of managing the activity.
3. Reduce the 'BRIDGE' programme that helps city council employees at risk of redundancy find jobs with other employers	0.195	0.050	0.050	0.050	There has been less demand on the BRIDGE programme than was anticipated and this can be sustained at a lower level, with no adverse impact anticipated for staff "at risk".

New Options	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
4. Support Staff and related savings	0.687	0.880	0.880	0.880	Savings arising from previous provision to fund the costs of earlier service redesigns, reducing support costs and not filling vacant posts.
5. One-Off use of remaining Development Directorate balances	0.055	0.000	0.000	0.000	This proposal entails the one-off use in 2013/14 of unspent money allocated to the Development and Culture Directorate brought forward from 2011/12.
6. Discretionary Services Review	0.300	0.550	0.550	0.550	A further detailed review of spending and income budgets across the Directorate as a continuation of the service review process, consistent with the Directorate's vision and the principle of using our resources to make the most strategic difference and benefit the greatest number of people.
Directorate Total of New Savings Proposals	**1.642**	**1.885**	**1.885**	**1.885**	

LOCAL SERVICES DIRECTORATE

New Options	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
1. The Budget Consultation included a total saving of £6.570m from FWM					This proposal has now been further developed and is identified below as options 1a to 1h
1a. Bulky Waste Charges (first collection free up to 6 items and second and subsequent collections charged at £25)	0.200	0.200	0.200	0.200	Many other authorities in England charge for collection of bulky waste to help meet the costs and manage demand for the service. The fees and the way in which they apply vary according to authority, ranging from approximately £15-£25. Under this proposal the service will supply households with one free collection of bulky waste a year for a maximum of 6 items. For each subsequent collection (maximum of 6 items) the Council will charge that household a fee of £25 per collection.
1b. Paper Recycling Contract to obtain a best price from longer term contract	0.470	0.500	0.500	0.500	The collection service will not change as a consequence of this proposal which is aimed at implementing a contract procurement process for the sale of paper collected for recycling. Paper is a commodity and prices have been particularly volatile ranging from £70 to £120 per tonne over the last 2

New Options	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
					years. This has created a real problem for the council in predicting and managing income. It is envisaged that a higher, more stable price would be achieved by contracting over a longer period when compared to the current spot pricing arrangements.
1c. Cease Subsidy for Special Street Collections	0.400	0.400	0.400	0.400	The Special Street Collection is uncommon amongst Local Authorities. Under this proposal the £400,000 subsidy for Special Street Collections will no longer be provided. If Districts or Wards wish to provide such a service, they would need to do so out of their own resources.
1d. Savings on vehicle hire	1.400	1.400	1.400	1.400	Due to historic under investment, the refuse collection vehicle fleet is ageing and increasingly unreliable. The current cost of hiring vehicles to deal with this problem will be replaced by purchasing new vehicles funded by DCLG Grant.
1e. Cease the provision of black and green sacks	1.000	1.000	1.000	1.000	Residents will need to provide their own sacks for residual and green waste from 2013/14. The roll out of wheeled bins for residual and green waste will commence in 2013/14.
1f. Reduce Trade Waste Crew Numbers	0.700	0.700	0.700	0.700	Review and reduce the crew members per vehicle. This will not result in redundancies.
1g. Introduce a chargeable green waste service (£35 annual charge)	0.400	2.500	2.500	2.500	A number of authorities across the country already charge or are considering charging for this service. The fees and charging arrangements vary, ranging from approximately £18 to £56. In line with these other authorities we will introduce

New Options	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
					a chargeable green/garden waste service from February/March 2014. This will be an optional green/garden waste service including the supply of wheeled bins to be delivered in time for the resumption of green/garden waste collections in February/March 2014 , following the normal seasonal suspension. The annual charge will be £35 paid in advance. Residents who decide not to use the wheeled bin service can compost their garden waste at home. Composters can be supplied to residents by the Council at cost.
1h. DCLG Grant to manage transition policy	2.000	0.400	0.400	0.400	This proposal utilises the DCLG Grant during the transition process to the new operating model to the service.
2. FWM – Review current Street Cleansing levels – City Centre	0.220	0.220	0.220	0.220	This proposal is likely to lead to a reduction in the overall level of street cleaning in the City Centre. There will be no compulsory redundancies as a result of this proposal.
3. FWM - Reduce Street Cleansing – Mechanical Sweeping	0.320	0.320	0.320	0.320	The Council provides 20 large mechanical sweeping vehicles to clear the main arterial routes and some residential areas in the City. The number of vehicles will be reduced to 15. The amount of mechanical sweeping is likely to be significantly reduced. This will not result in compulsory redundancies.

New Options	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
4. Parks & Highways – Nursery and Floral Services	0.383	0.491	0.491	0.491	The aim is that the income generation will be spread across the Parks service. We have increased catering income, and we are investigating the introduction of go carting, mini golf, go ape and also introducing car parking charges to a number of key parks. The nurseries have also picked up some minor contracts which will help achieve the income target.
5. Highways Horticulture + Floral Decorations	0.225	0.225	0.280	0.335	The reduction in savings will be achieved by removing any shrub beds with no amenity value. Hanging baskets throughout the City Centre will need to be reduced but we are consulting with the bid areas and key business sponsors to try and increase our sponsorship.
6. Highways – Review and optimise current Maintenance levels	1.250	-	-	-	The current maintenance levels set out in the Highways Private Finance Initiative contract will be reviewed with the intention of delivering further savings. This is in addition to existing ongoing savings totalling £4.4m per annum as part of the existing savings programme. The saving will be implemented by a review of the carriageway works programmes and a review of intervention standards and response times for remedial works.
7. Car Parking Service review	0.100	0.100	0.100	0.100	This item includes proposals to extend the current on street parking areas to generate more income, review charging policy to take advantage of excess capacity

New Options	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
					opportunities and implement efficiency based reduction in overheads.
8. Strategic Library - Library of B'ham	0.250	0.050	0.050	0.050	Saving delivered by reducing the scale of the opening festival for new Library of Birmingham. The new festival will replace Artsfest in subsequent years at a lower cost.
9. Community Play and Development	0.500	0.500	0.500	0.500	Create an integrated youth, community and play service with transitional funding for community and play commissioning.
10. Building Support Services - Porters, curators & security - reduced provision	0.200	0.200	0.200	0.200	Deliver efficiencies by reducing overtime and subject to consultation review staff resources pending a planned reduction in the number of buildings covered by this service.
11. Local Services Directorate - Vacancy Management	0.500	-	-	-	During 2013/14 controls will be put in place to manage and monitor vacancies as they arise within the newly formed Local Services Directorate with a view to delivering savings from delayed or deferred recruitment. This proposal will be in place for one year pending a wider review of the structure of the new Local Services Directorate.
12. Public Protection & Licensing	0.631	0.631	0.631	0.631	Subject to consultation, a new operating model will be developed for the delivery of a range of services including Trading Standards (the last service model was completed and implemented in October 2010). The proposals will include potential income

New Options	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
					generating options and providing services to other local authorities.
13. Redesign of Customer Services	0.459	0.459	0.459	0.459	This proposal will involve both the existing Customer Services Team and the Contact Centre. Subject to consultation, a new future operating model for the Customer Services Team will be developed and efficiencies will continue to be secured by Service Birmingham and Directorates by reducing the number of calls to the Contact Centre and encouraging more use of the internet to request services and resolve customer service issues.
14. New Support Service Structure for District Quadrants	0.389	0.389	0.389	0.389	The integration of the District Services into the new Local Services Directorate presents an opportunity to provide a new framework for supporting the new District Committees. This proposal will focus on increasing the efficiency in the delivery of Business Support Services.
15. Your City Your Birmingham	0.438	0.438	0.438	0.438	It is proposed that these additional enhanced District cleaning services are discontinued and integrated within the existing service delivery framework that is being developed in the FWM model. The £0.438m represents the balance of the budget left in Districts.
16. Youth Service	0.470	0.470	0.470	0.470	A redesign will bring about an integrated delivery model with Connexions retaining the universal service delivered through the current hub and spoke model. An approach is being made to school clusters to attract funding lost by the withdrawal of funding by the Schools Forum. It is proposed that Districts

New Options	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m	Description
					would commission top up youth services from this resource if secured.
17. Community Safety	0.117	0.117	0.117	0.117	A review of the existing programmes of the Birmingham Community Safety Partnership will be conducted to secure the saving. This is in addition to existing savings of £0.3m as part of the current savings programme – the programme budgets for 2012/13 were £3.8m including some specific grants. There are no proposed redundancies as a result of this programme.
18. Private Sector Housing	0.526	0.526	0.526	0.526	A new service delivery model will be introduced for our services delivered to the private sector and this will also include savings on our provision of temporary accommodation in line with changes in legislation.
19. Legal Advice/ Entitlement	0.037	0.037	0.037	0.037	No impact on the level of commissioning. This will be achieved from back office efficiencies.
Directorate Total of New Savings Proposals	**13.585**	**12.273**	**12.328**	**12.383**	

	2013/14 £m	2014/15 £m	2015/16 £m	2016/17 £m
SubTotal of New Directorate Savings Proposals	**61.496**	**58.100**	**60.295**	**60.350**
Service Review Savings	**0.952**	**104.854**	**142.911**	**212.913**
Total of New Savings Proposals	**62.448**	**162.954**	**203.206**	**273.263**

Revenue Budget - Gross Expenditure

	2012/13 Budget £m	Adjusted 2012/13 Budget £m	2013/14 Budget £m
Directorate			
Adults & Communities	411.750	411.750	476.841
Children, Young People and Families	1,335.026	1,335.026	1,310.194
Corporate Resources	828.070	721.769	740.353
Development and Culture	131.048	131.048	121.256
Local Services	777.979	777.979	721.904
Total Directorate Expenditure	**3,483.873**	**3,377.572**	**3,370.548**
Capital accounting & financing costs	(38.340)	(38.340)	(49.682)
Contingencies	20.321	20.321	72.200
Total Expenditure on Services	**3,465.854**	**3,359.553**	**3,393.066**
Repayment of borrowing from corporate reserves	1.789	1.789	18.847
Contribution to General Balances	1.500	1.500	1.500
Total Gross Expenditure	**3,469.143**	**3,362.842**	**3,413.413**

Revenue Budget - Gross Income

	2012/13 Budget £m	Adjusted 2012/13 Budget £m	2013/14 Budget £m
Directorate			
Adults & Communities	(100.973)	(63.289)	(153.713)
Children, Young People and Families	(1,100.524)	(1,060.621)	(1,038.109)
Corporate Resources	(689.491)	(583.190)	(638.460)
Development and Culture	(36.300)	(36.300)	(25.327)
Local Services	(527.909)	(526.668)	(468.511)
Total Directorate Income	**(2,455.197)**	**(2,270.068)**	**(2,324.120)**
Capital Accounting and Financing Costs	0	0	0
Corporate Grants	(15.746)	(15.746)	(20.221)
Total Income from Services	**(2,470.943)**	**(2,285.814)**	**(2,344.341)**
Use of Corporate Reserves	(10.000)	(10.000)	(10.700)
Borrowing from Corporate Reserves	(8.462)	(8.462)	(22.884)
Total Gross Income	**(2,489.405)**	**(2,304.276)**	**(2,377.925)**

Revenue Budget - Net Expenditure

	2012/13 Budget £m	Adjusted 2012/13 Budget £m	2013/14 Budget £m
Directorate			
Adults & Communities	310.777	348.461	323.128
Children, Young People and Families	234.502	274.405	272.085
Corporate Resources	138.579	138.579	101.893
Development and Culture	94.748	94.748	95.929
Local Services	250.070	251.311	253.393
Total Directorate Net Expenditure	**1,028.676**	**1,107.504**	**1,046.428**
Capital Accounting and Financing Costs	(38.340)	(38.340)	(49.682)
Contingencies	20.321	20.321	72.200
Corporate Grants	(15.746)	(15.746)	(20.221)
Total Net Expenditure on Services	**994.911**	**1,073.739**	**1,048.725**
Use of Corporate Reserves	(10.000)	(10.000)	(10.700)
Repayment of borrowing from corporate reserves	(6.673)	(6.673)	(4.037)
Contribution to General Balances	1.500	1.500	1.500
City Council Budget	**979.738**	**1,058.566**	**1,035.488**

Budget Process 2013/14

Analysis of change in budget from 2012/13 to 2013/14

	2012/13 Original Budget £m	Grant Adjustments £m	2012/13 Restated Budget £m	Pay & Price Inflation £m	Budget Pressures & Policy Choices £m	Savings £m	Asset Charges & Capital Financing Costs £m	Transfers to / from Policy Contingency £m	Other £m	Base Budget 2013/14 £m
Adults & Communities	**310.777**	37.684	**348.461**	0.000	6.443	(32.734)	0.528	0.000	0.430	**323.128**
Children, Young People & Families	**234.502**	39.903	**274.405**	0.000	5.700	(23.789)	13.600	0.000	2.169	**272.085**
Corporate Resources	**138.579**	0.000	**138.579**	0.000	(1.653)	(12.307)	(5.483)	0.000	(17.243)	**101.893**
Development and Culture	**94.748**	0.000	**94.748**	0.000	(0.267)	(3.692)	(0.064)	0.111	5.094	**95.929**
Local Services	**250.070**	1.241	**251.311**	1.305	12.654	(28.265)	14.602	0.045	1.741	**253.393**
Directorate Total	**1,028.676**	**78.828**	**1,107.504**	**1.305**	**22.877**	**(100.787)**	**23.182**	**0.156**	**(7.809)**	**1,046.428**
Capital & TM	**(38.340)**	0.000	**(38.340)**	0.000	0.000	0.000	(8.369)	0.000	(2.973)	**(49.682)**
Contingencies	**20.321**	0.000	**20.321**	9.486	25.107	(0.952)	0.000	(0.156)	18.394	**72.200**
Corporate Grants	**(15.746)**	0.000	**(15.746)**	0.000	0.000	0.000	0.000	0.000	(4.475)	**(20.221)**
Total Cost of Services	**994.911**	**78.828**	**1,073.739**	**10.791**	**47.984**	**(101.739)**	**14.813**	**0.000**	**3.137**	**1,048.725**
Use of Corporate Reserves	**(10.000)**	0.000	**(10.000)**	0.000	0.000	0.000	0.000	0.000	(0.700)	**(10.700)**
Borrowing from Corporate Reserves	**(6.673)**	0.000	**(6.673)**	0.000	0.000	0.000	0.000	0.000	2.636	**(4.037)**
Contribution to General Balances	**1.500**	0.000	**1.500**	0.000	0.000	0.000	0.000	0.000	0.000	**1.500**
City Council Budget	**979.738**	**78.828**	**1,058.566**	**10.791**	**47.984**	**(101.739)**	**14.813**	**0.000**	**5.073**	**1,035.488**

Reconciliation of Other Changes :	
Changes in Government Grants	**(4.829)**
Cost of Organisational Change	**7.966**
Net Movement in Use of Reserves	**1.936**
Total	**5.073**

Council Tax 2013/14

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

	City Council £m	Fire and Rescue Authority £m	Police Authority £m	Parish Precept £m
City Council Net Budget	**1,035.488**			
Less: Non-domestic rates, Top-Up Grant and Revenue Support Grant	783.384			
Equals: amount required from Collection Fund	**252.104**			
Plus: estimated deficit in Collection Fund	2.954			
Equals: amount required from council tax payers	**255.058**	**12.096**	**23.459**	**0.047**
Divided by taxbase (Band D equivalent properties)	229,025	229,025	229,025	1,131
Equals: Band D Council Tax	**£1,113.67**	**£52.82**	**£102.43**	**£41.40**
Percentage Change in each element of Council Tax	0.0%	10.4%	3.0%	2.0%
Total Band D Council Tax			**£1,268.92**	**£1,310.32**

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

Band	City Council incl. Parish Precept	Fire and Rescue Authority	Police Authority	Total incl. Parish Precept	City Council excl. Parish Precept	Fire and Rescue Authority	Police Authority	Total excl. Parish Precept
	£	£	£	£	£	£	£	£
A	770.04	35.21	68.29	873.54	742.45	35.21	68.29	845.95
B	898.39	41.08	79.67	1,019.14	866.19	41.08	79.67	986.94
C	1,026.73	46.95	91.05	1,164.73	989.93	46.95	91.05	1,127.93
D	1,155.07	52.82	102.43	1,310.32	1,113.67	52.82	102.43	1,268.92
E	1,411.75	64.55	125.19	1,601.49	1,361.15	64.55	125.19	1,550.89
F	1,668.43	76.29	147.95	1,892.67	1,608.63	76.29	147.95	1,832.87
G	1,925.11	88.03	170.72	2,183.86	1,856.11	88.03	170.72	2,114.86
H	2,310.13	105.63	204.86	2,620.62	2,227.34	105.63	204.86	2,537.83

PROPOSED CAPITAL EXPENDITURE PROGRAMME 2013/14 - 2015/16

	2013/14 £'000's	2014/15 £'000's	2015/16 £'000's	TOTAL £'000's
Adults & Communities				
TeleHealthCare	4,283	-	-	**4,283**
Personalisation, Reform & Efficiency of Adult Social Care	1,084	-	-	**1,084**
Replacement Vehicles	1,628	-	-	**1,628**
Business Transformation - Adults	-	-	-	**-**
Learning Disability Day Centres	2,025	-	-	**2,025**
Other Minor Schemes	21	-	-	**21**
Total Adults & Communities	**9,041**	**-**	**-**	**9,041**
Corporate Resources				
Server Refresh & Thin Client	2,207	888	-	**3,095**
Business Transformation - Corporate	9,112	382	-	**9,494**
Microsoft Exchange	221	37	-	**258**
Access To Buildings	200	278	-	**478**
NEC Capital Works	9,351	12,106	2,791	**24,248**
NIA Refurbishment	12,466	5,033	-	**17,499**
Corporately Held - Property Fund	11,240	11,797	-	**23,037**
Equal Pay	100,000	-	-	**100,000**
Total Corporate Resources	**144,797**	**30,521**	**2,791**	**178,109**
Children, Young People and Families				
Schools Capital Maintenance Works	14,500	-	-	**14,500**
Additional Primary Places - Basic Need Safety Valve	25,500	-	-	**25,500**
Sheldon Heath Academy - BSF Rebuild	3,533	-	-	**3,533**
Business Transformation - Children's	1,381	457	-	**1,838**
Total Children, Young People & Families	**44,914**	**457**	**-**	**45,371**

Local Services

Non-Housing				
Bereavement Services	314	-	-	**314**
Fleet & Waste Management	31,982	26,585	-	**58,567**
Parks - Strategic	3,896	684	-	**4,580**
Swimming Pool Facilities	6,000	-	-	**6,000**
Other Minor Schemes	7	-	-	**7**
The Library of Birmingham	25,153	4,239	-	**29,392**
Library Stock	392	392	-	**784**
Libraries - Strategic	20	-	-	**20**
Libraries - Community	236	0	0	**236**
Lozells Community Development Initiative	390	-	1,200	**1,590**
Bournville Baths Conversion	3,493	1,500	-	**4,993**
Billesley ITC Extension	1,350	-	-	**1,350**
Constituencies	121	-	-	**121**
Tame Valley Flood Risk Management	5	5	2,105	**2,115**
Local Schemes - Highways Programme	1,259	1,792	-	**3,051**
Total Non-Housing	**74,618**	**35,197**	**3,305**	**113,120**
Council Housing				
Housing Improvements Programme	53,264	67,088	33,443	**153,795**
Other Essential Works	15,220	8,872	8,872	**32,964**
Redevelopment	49,385	35,871	25,032	**110,288**
Other Programmes	8,725	8,847	8,971	**26,543**
Total Council Housing	**126,594**	**120,678**	**76,318**	**323,590**
Private Sector Housing				
Affordable Housing	1,677	1,123	1,123	**3,923**
Renewal & Growth	357	-	-	**357**
Decent Homes	-	-	-	**-**
Independent Living	3,795	3,793	3,790	**11,378**
Other Programmes	205	207	210	**622**
Total Private Sector Housing	**6,034**	**5,123**	**5,123**	**16,280**
Total Local Services	**207,246**	**160,998**	**84,746**	**452,990**

Development & Culture

Vibrant Uban Villages	2,854	4,211	102	**7,167**
ERDF Corridors	2,801	4,806	259	**7,866**
Eastside Joint Venture	1,766	-	-	**1,766**
Eastside City Park	397	-	-	**397**
Equity Fund	3,725	3,200	4,400	**11,325**
Big City Plan Initiative (BCPI)	3,637	48	-	**3,685**
City Centre Development	287	-	-	**287**
Conservation	312	-	-	**312**
Local Improvement Budgets	5	-	-	**5**
Eastside Clawback	2,242	-	-	**2,242**
Miscellaneous Schemes	45	10	-	**55**
Energy Savings Programme	925	-	-	**925**
Prospectus Delivery Fund	55	-	-	**55**
Longbridge Regeneration	653	-	-	**653**
Enterprise Zone	10,702	24,540	84,070	**119,312**
Total Planning & Regeneration	**30,406**	**36,815**	**88,831**	**156,052**
Selly Oak New Road	1,028	1,150	161	**2,339**
Hagley Road Bus Showcase	178	-	-	**178**
New Street Station (Gateway)	8,154	29,522	4,579	**42,255**
Southside Development	66,995	33,299	155	**100,449**
Chester Road Improvements	4,403	5,296	150	**9,849**
Hagley Road	1,290	32	-	**1,322**
Coventry Road A45	17,525	-	-	**17,525**
Metro BCCE	100	-	-	**100**
West Midlands Joint Initiatives	100	100	-	**200**
Supporting Economic Growth	2,946	3,411	-	**6,357**
Carbon Reduction	1,016	1,655	-	**2,671**
Supporting Local Communities	812	1,152	-	**1,964**
Infrastructure Monitoring	508	764	-	**1,272**
Total Transportation	**105,055**	**76,381**	**5,045**	**186,481**
Culture & Commissioning	60	-	-	60
Total Culture	**60**	**-**	**-**	**60**
Total Development & Culture	**135,521**	**113,196**	**93,876**	**342,593**
Total Capital Programme	**541,519**	**305,172**	**181,413**	**1,028,104**

Analysis of Prudential Borrowing

	2013/14 £m	2014/15 £m	2015/16 Onwards £m	Total £m
Major Self Financed Prudential Borrowing				
Business Transformation	3.5	0.8	0.0	**4.3**
Southside Development	67.0	33.3	0.2	**100.5**
TeleHealth Care	2.6	0.0	0.0	**2.6**
NIA Refurbishment	12.5	5.0	0.0	**17.5**
NEC Capital Works	9.4	12.1	2.3	**23.8**
Equity Fund	2.1	2.1	2.2	**6.4**
Enterprise Zone	10.7	24.5	84.1	**119.3**
Creative Industries	1.5	1.0	2.0	**4.5**
Fleet and waste management	23.0	0.0	0.0	**23.0**
Total Self Financed	**132.3**	**78.8**	**90.8**	**301.9**
Major Prudential Borrowing Supported from Additional Revenue Budget Allocations				
Bournville Baths	3.5	0.5	0.0	**4.0**
Swimming Pool Facilities	6.0	0.0	0.0	**6.0**
Billesley ITC Extension	1.4	0.0	0.0	**1.4**
Library of Birmingham	10.6	0.0	0.0	**10.6**
Dual Use Depots	3.5	0.0	0.0	**3.5**
Server Refresh	2.2	0.9	0.0	**3.1**
Equal Pay	100.0	0.0	0.0	**100.0**
General Support for Capital Programme	44.3	10.7	3.1	**58.1**
Total Funded from Additional Revenue Budget	**171.5**	**12.1**	**3.1**	**186.7**
Prudential Borrowing Smaller Projects	**3.6**	**1.2**	**1.3**	**6.1**
Total Prudential Borrowing	**307.4**	**92.1**	**95.2**	**494.7**
Total Government Supported	**0.0**	**0.0**	**0.0**	**0.0**
Total Capital Financed from Borrowing	**307.4**	**92.1**	**95.2**	**494.7**

Debt Repayment Policy

DEBT REPAYMENT POLICY:
MINIMUM REVENUE PROVISION STATEMENT

1. Government Regulations require local authorities to make 'prudent provision' for debt repayment, known as Minimum Revenue Provision or MRP. The City Council believes that 'prudent' in this context does not mean the quickest possible repayment period, but has regard to the period over which the expenditure is expected to provide benefits, and other factors included in the Guidance.

2. The City Council also considers that 'prudent' MRP should have regard to financial stability and predictability, and avoid affordability problems due to unexpected changes. As expected by the Statutory Guidance, the Council will not therefore review the asset lives used for MRP after they have been fixed, irrespective 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.

3. This policy applies to any financial year where the accounts have not yet been closed. Any interpretation of the Statutory Guidance or this policy will be determined by the Director of Finance.

General policy

4. The policy for the repayment of borrowing to finance capital expenditure up to 31 March 2007 is to use the 'Regulatory method', which applies a 4% annual repayment on the balance outstanding.

5. The general repayment policy for other borrowing is to repay borrowing within the expected life of the asset being financed, up to a maximum of 20 years, or 40 years where cyclical maintenance contributions are being fully provided.

   The repayment profile will follow an annuity repayment method. This means that MRP will be calculated on an annuity basis (like many domestic mortgages) over the estimated life of the asset.

   This is subject to the following details:

5.1 An average asset life for each project will normally be used. 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 Director of Finance. A standard schedule of asset lives will generally be used, but where borrowing on a project exceeds £10m, advice from Acivico or equivalent may also be taken into account.

5.2 MRP will commence in the year following the year in which capital expenditure financed from borrowing is incurred, except for single assets where over £10m financed from borrowing is planned, where MRP will be deferred until the asset becomes operational.

5.3 Other methods to provide for debt repayment may occasionally be used where this is consistent with the statutory duty to be prudent, as justified by the circumstances of the case, at the discretion of the Strategic Director of Resources.

5.4 If appropriate, shorter repayment periods (i.e. less than the asset life) may be used for some or all new borrowing at the Council's discretion.

5.5 Capital resources such as capital receipts may also be applied for debt redemption as provided in paragraph 11 below. This will have the effect of reducing the Capital Financing Requirement (CFR) and will therefore reduce MRP in later years.

5.6 The remainder of this policy describes approved arrangements for specific situations.

Specific situations:

Statutory capitalisations

6. 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

7. MRP on expenditure capitalised under a Government Direction may be charged in any year based on the cash expended at the previous year end, as agreed by the Strategic Director of Resources. Similarly, MRP on expenditure up to the amount held in the Capital Receipts Reserve may be deferred.

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. This may occur for revenue expenditure financed from capital in accordance with Government Capitalisation Directions, or where capital expenditure financed from borrowing is offset by resources held in the Capital Receipts Reserve.

Housing Revenue Account

8. 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, introduces a cap on HRA borrowing, which for Birmingham will be equal to the Council's opening HRA debt in April 2012, and it is envisaged that the HRA debt will stay at this level until 2015/16. In the longer term however, debt levels need to reduce to deliver a balanced and sustainable HRA Business Plan with the capacity to meet investment needs in later years. The Council's policy is therefore that net HRA debt will reduce each year from 2015/16 by at least 50% of annual depreciation or more, for the following decade, in order to deliver a debt to revenues ratio of below 2:1 by 2025/26.

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

	£millions	
2012/13	0	
2013/14	0	
2014/15	0	
2015/16	30.9	
2016/17	33.3	
2017/18	40.6	
2018/19	46.2	
2019/20	53.1	
2020/21	60.6	
2021/22	68.7	
2022/23	79.4	(2:1 debt to revenues ratio achieved)

Subject to Government regulations, the first call on any right-to-buy sales proceeds will be to repay an amount of HRA debt equal to the average HRA debt per dwelling, in such a way that the Council and HRA Capital Financing Requirement (CFR) is reduced.

Concession Agreements and Finance Leases

9. The Government Guidance states that MRP should generally be charged in relation to Concession agreements (such as PFI contracts) and finance leases, equal to the repayment element of the unitary charge. The Director of Finance may approve that such debt repayment provision may be made from capital receipts rather than from revenue provision, in such a way that the Council's Capital Financing Requirement (CFR) is reduced.

Capitalised loans to others

10. MRP on loan advances to other organisations or individuals will not be required where cabinet agrees to apply the capital receipts arising from the loan repayments to repay borrowing, in such a way that the

Council's Capital Financing Requirement (CFR) is reduced. However, revenue MRP contributions would still be required to the extent that:

- due loan repayments are not receivable, or where the capital receipts applied are for whatever reason insufficient to repay the Council's borrowing over the originally estimated repayment period, or
- Loan repayments are not broadly in line with the MRP annuity repayment profile

Enterprise Zone

11. Borrowing by the City Council related to the Greater Birmingham and Solihull Local Enterprise Partnership (GBSLEP), and which is supported by additional business rates from the Enterprise Zone or from other GBSLEP income, will be repaid by 2038 (within the lifetime of the GBSLEP).This means that LEP - supported borrowing may initially be repaid over up to 25 years (subject to the estimated life of the assets being funded), but the repayment period will reduce each year so that all debt can be repaid by 2038.

General repayment of debt

12. Where it is proposed to make a general provision to repay an amount of debt (in addition to the normal minimum repayment provision), it will be necessary to decide which assets the debt redemption relates to. The following principles will be applied by the Director of Finance 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.

DEBT AND PRUDENTIAL INDICATORS

	DEBT AND PRUDENTIAL INDICATORS: WHOLE COUNCIL	13/14 Indicators £m	14/15 Indicators £m	15/16 Indicators £m
	Capital Finance			
1	Capital expenditure	541.5	305.2	181.4
2	Capital Financing Requirement (CFR) incl Other long term liabilities	4,422.2	4,432.1	4,344.1
	Debt			
3	Peak loan debt in year	3,315	3,316	3,389
4	+ Other long term liabilities (peak in year)	418	439	427
5	= Peak debt in year	3,733	3,755	3,816
6	does gross loan debt exceed year 3 CFR?	no	no	no
7	Authorised limit for loan debt	3,682	3,661	3,673
8	+ authorised limit for other long term liabilities	418	439	427
9	= authorised limit for debt	4,100	4,100	4,100

Notes

2 The Capital Financing Requirement represents the underlying level of borrowing needed to finance historic capital expenditure (after deducting debt repayment charges).

3-5 These figures represent the forecast peak debt (which may not occur at the year end). Forecast debt is not rising because planned borrowing to finance capital and cashflows is broadly equalled by the amounts set aside to repay debt. The Prudential Code calls these indicators the Operational Boundary.

6 It would be a cause for concern if the Council's net loan debt exceeded the CFR, but this is not the case due to positive cashflows, reserves and balances. The Prudential Code calls this Net borrowing and the Capital Financing Requirement.

9 The Authorised limit for debt is the statutory debt limit. The City Council may not breach the limit it has set, so it is important that it includes allowance for uncertain cashflow movements and potential borrowing in advance for future needs.

DEBT AND PRUDENTIAL INDICATORS: HOUSING REVENUE ACCOUNT

		13/14 Indicators £m	14/15 Indicators £m	15/16 Indicators £m
	Capital Finance			
1	Capital expenditure	126.6	120.7	76.3
	HRA Debt			
2	Capital Financing Requirement (CFR)	1,135.8	1,135.8	1,104.9
3	Statutory cap on HRA debt (ie the CFR line 2)	1,135.8	1,135.8	1,135.8
	Affordability			
4	HRA financing costs	95.1	95.6	96.0
5	HRA revenues	278.5	291.2	303.8
6	HRA financing costs as % of revenues	34.1%	32.8%	31.6%
7	HRA debt : revenues	4.1	3.9	3.6
8	Forecast Housing debt per dwelling	£17,791	£17,829	£17,417
9	cost of borrowing for the capital programme (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 authority.

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. It is planned to reduce this ratio below 2:1 by 2025

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 in the HRA capital programme, expressed in terms of an average weekly rent. The result is £0 because no new borrowing is being entered into in the HRA. The Prudential Code calls this the Estimate of the incremental impact of capital investment decisions on housing rents.

DEBT AND PRUDENTIAL INDICATORS:

	GENERAL FUND	**13/14 Indicators £m**	**14/15 Indicators £m**	**15/16 Indicators £m**
	Capital Finance			
1	Capital expenditure	414.9	184.5	105.1
	Capital Financing Requirement (CFR)	3,286.4	3,296.3	3,239.2
	General Fund debt			
	Peak loan debt in year	2,179	2,180	2,284
	+ Other long term liabilities (peak in year)	418	439	427
	= Peak General Fund debt in year	2,597	2,619	2,711
	Affordability			
2	General Fund financing costs	287.4	309.0	300.7
3	General Fund net revenues	1,035.5	970.9	964.5
4	General Fund financing costs (% of net revenues)	27.8%	31.8%	31.2%
5	Cost of borrowing for the capital programme Expressed in terms of Council Tax (Band D equiv) (impact already included in Council Tax increases assumed in LTFP)	£0.21	£2.16	£2.38

Notes

2 Financing costs include interest and MRP (in the General Fund) , including PFI and transferred debt.

4 The increase in General Fund financing costs as a proportion of the net revenue budget is a result of the financing of the Capital Expenditure Programme

5 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 Council tax at Band D. The cost increases in later years cumulatively as successive years' borrowing is added. This impact has been funded within the Long Term Financial Plan and assumed Council Tax charges up to 2015/16. The calculation excludes the cost of borrowing which is funded from additional income or savings. The Prudential Code calls this the estimate of the incremental impact of capital investment decisions on the Council Tax.

PRUDENTIAL INDICATORS:
TREASURY MANAGEMENT

	13/14 Indicators	14/15 Indicators	15/16 Indicators
CIPFA Treasury Management Code			
Has the authority adopted the TM Code?	Yes	Yes	Yes
	Forecast Limit	**Forecast Limit**	**Forecast Limit**
Interest rate exposures			
upper limit on fixed rate exposures	130%	130%	130%
upper limit on variable rate exposures	30%	30%	30%
Investment exposures			
upper limit on investments (% of net debt)	30%	30%	30%
Maturity structure of borrowing			
(lower limit and upper limit)			
under 12 months	0% to 30%	0% to 30%	0% to 30%
12 months to within 24 months	0% to 30%	0% to 30%	0% to 30%
24 months to within 5 years	0% to 30%	0% to 30%	0% to 30%
5 years to within 10 years	0% to 40%	0% to 40%	0% to 40%
10 years to within 20 years	5% to 55%	5% to 55%	5% to 55%
20 years to within 40 years	10% to 60%	10% to 60%	10% to 60%
40 years and above	10% to 60%	10% to 60%	10% to 60%
	Forecast Limit	**Forecast Limit**	**Forecast Limit**
Investments longer than 364 days			
upper limit on amounts maturing in:	**£m**	**£m**	**£m**
1-2 years	200	200	200
2-3 years	100	100	100
3-5 years	50	50	50
later	-	-	-

Matters to be taken into account when setting or revising 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 Council's planning process, including the preparation of this report.

Affordability, e.g. Implications for Council Tax
Directorates are required to resource the running costs of most new schemes from within their 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 strengthen its long-term financial planning through the Long Term Financial Plan to assess longer-term sustainability.

Value for Money, e.g. Option Appraisal
In the prudential system, unsupported borrowing is an option which can be considered alongside other forms of finance such as joint ventures or operating leases in deciding the best value option. This is evaluated in more detail when individual projects are assessed as part of the Council's "Gateway" process.

Stewardship of Assets, e.g. Asset Management Planning
The Asset Management planning process is reported in Part 6 of this budget report.

Service Objectives, e.g. Strategic Planning for the Authority
The capital programme has been prepared in the context of the Council's policy priorities and the Council's other major planning processes. Long-term service planning for capital investment takes place through service and corporate capital strategy development, and through the capital resource allocation process.

Practicality, e.g. Achievement of the Forward Plan
Quarterly monitoring of progress in achieving the capital budget is reported to Cabinet. The Gateway process for capital also requires post-implementation review reports of capital schemes to assess whether stated objectives have been achieved.