Birmingham

Council Business Plan and Budget 2012+

Birmingham City Council

CONTENTS

MOTIONS FOR COUNCIL

1. Council Business Plan and Budget 2012+

That the Council Business Plan and Budget 2012+, including the revenue budget for the financial year commencing 1 April 2012 of £979.738m, be approved.

2. Revenue Budget

That the budget allocations to the various Cabinet Portfolios and Committees of the Council, as set out in Appendix 3G 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 2012:

		£
a.	aggregate of estimated City Council expenditure, contingencies, and contributions to financial reserves	3,469,143,000
b.	New Frankley in Birmingham Parish Precept	85,120
c.	aggregate of estimated income (including Formula Grant), and use of financial reserves	3,135,924,702
d.	Council Tax Requirement, being the aggregate of (a) and (b) above, less (c) above	333,303,418

4. Council Tax - Basic Amount

That the basic amount of Council Tax for the financial year commencing 1 April 2012 be set at £1,113.9522, pursuant to the formula in Section 31B, Local Government Finance Act 1992, being the Council Tax Requirement of £333,303,418 divided by the Council Tax Taxbase of 299,208 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 2012 be set at £1,113.6677, pursuant to the formula in Section 34(2), Local Government Finance Act 1992:

		£	£
a.	Basic Amount calculated under Section 33		1,113.9522
	LESS		
b.	Parish precept	85,120	
	DIVIDED BY		
	City Council Taxbase	299,208	0.2845
			1,113.6677

(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 2012 be set at £1,154.2590 pursuant to the formula in Section 34(3), Local Government Finance Act 1992:

		£	£
a.	Basic Amount calculated under Section 34(2)		1,113.6677
	PLUS		
b.	The New Frankley in Birmingham Parish precept	85,120	
	DIVIDED BY		
	The taxbase for New Frankley in Birmingham Parish	2,097	40.5913
			1,154.2590

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 2012 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 Authority; 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	840.64	867.70
B	980.74	1,012.31
C	1,120.85	1,156.93
D	1,260.95	1,301.54
E	1,541.15	1,590.76
F	1,821.36	1,879.99
G	2,101.57	2,169.23
H	2,521.89	2,603.07

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 3J, 3K, 3L and 3M of the Business Plan and Budget 2012+) be approved and the Treasury Management Strategy and the Treasury Management Policy for 2012/13 (as set out in Chapter 10 of Part 7 of the Business Plan and Budget 2012+) be approved.

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Members must, in reaching their decision on the Budget Motions have full regard to the results of the consultation as set out in Part 2, and the analysis of equalities considerations as set out in Part 3 of this document

PART 1 - Forewords

Message from the Leader

Last year we published a four year Council Business Plan in the face of unprecedented financial and economic challenges nationally and locally. Birmingham's required contribution to reducing the national deficit meant that we had to make savings of over £400m over a four year period. Making £213m of our total savings target in the first year, we have faced this challenge head on.

Fortunately, Birmingham City Council has been well placed to respond to the challenges we face. We have built our budgets around a sustainable, transparent, **Long-Term Financial Strategy. We have taken active steps to deliver our savings targets and whilst securing major investments in key priorities**. We have also maintained the **lowest average yearly Council Tax increase** – less than 1.4% - of any of the Metropolitan Districts over the last seven years (well below inflation).

All of which has been achieved whilst making discernable **improvements in all areas of service delivery** (accepting we have challenges in certain areas, like Children's Safeguarding), making **consistent improvements in resident satisfaction (from just 55% in 2004 to 71% most recently)**, and **investing in front line facilities** – in 2012 we opened the first new swimming pool in Birmingham for over 20 years, in 2013 we will open the largest public library in Europe.

We have built an enviable reputation for fiscal discipline whilst delivering value for money to our citizens. **We have been awarded a triple A credit rating**, which places Birmingham in an incredibly exclusive club of cities, countries and organisations which have an exemplary financial record – and strong financial management to protect the future.

Whilst making clear improvements locally, our international profile and reputation goes from strength to strength. Last year Birmingham was the only UK city to raise its position in Mercer Quality of Life Index, meaning we are now ranked as the 52nd best place to live in the world, behind only London in the UK.

Looking to the future, Birmingham has a formidable amount to look forward to. There is more being invested in our transport infrastructure now than at any other time in our history – with the 'icing on the cake' coming from Birmingham's confirmed role as the hub for the new High Speed Rail Network.

As the capital of a region generating £94bn of economic activity, we are committed to leading a programme to support job creation and growth. Through the 'Greater

Birmingham & Solihull Local Enterprise Partnership we have a committed target of increasing the economic output in the area by 30% (£8.25bn); creating 100,000 new private sector jobs and achieving global leadership in key sectors such as automotive, low carbon R&D, ICT, and digital by 2020.

The years ahead continue to present significant financial challenges for all councils. So as we refresh our Business Plan for 2012 we still have to set a budget for Birmingham in a challenging environment. Circumstances have changed our plans during the year. The biggest change is that we are now not proposing to change the eligibility criteria for publicly funded adult social care. We have therefore had to find ways of making up this shortfall, whilst continuing to work to our priorities and protect the most important outcomes for the people who rely on us, and providing quality services at a price that's fair.

In October 2011 I asked the Chief Executive to begin public consultation on the Business Plan and Budget 2012+ to make sure that we listened to the views of the public in drawing up this year's business plan refresh. The exercise which was carried out was the largest of its kind in the Council's history, and we are very grateful to the people who contributed their views and ideas as part of this process.

The key issues from the consultation are captured in Part 2 of this document – and were invaluable in helping us shape our plans for Birmingham's future Whilst there are no 'easy' answers when it comes to setting a reducing budget, we have listened to the priorities you have set us.

Birmingham has a proud history of innovation, entrepreneurship and resilience in times of hardship. We are determined to see that reputation continue**.**

Set out in the following pages is a summary of our continuing efforts to make Birmingham a regional centre for growth - a place where new jobs are created and new and existing businesses can flourish.

Whilst these are challenging times, therefore, I am confident Birmingham has a bright future.

Message from the Deputy Leader

We continue to face long-term social, economic and financial challenges here in Birmingham. As the largest core city and largest local authority in Europe, with many areas of the city with high levels of deprivation, we have been extremely affected and challenged by the public sector funding reductions.

In the context of such significant challenges, we have had to consider radical changes to the way in which we provide services. We have modernised much of our business so that we can respond more effectively to the challenges ahead. Our Business Transformation programme has been a major tool in delivering back office and efficiency savings. Our proposals for the redesign of services represent a new way for the City Council to support the people of Birmingham with a key focus on prevention and early intervention.

Our commitment to the people of Birmingham remains as strong as ever and our council priorities remain the same: We continue to work with our partners to :

- Support vulnerable people
- Encourage investment to create jobs and help people into work
- Improve education and skills
- Provide a clean, green and safe city.

The financial situation has necessarily influenced our plans and agenda for 2011, but we have still continued to develop and make progress in many areas.

Birmingham is one of the safest of the large cities in the UK and continues to lead the way as a green, sustainable city. We have announced some innovative new initiatives this year and have continued to implement our Birmingham Energy Savers programme, to retrofit homes and other buildings with solar panels. This has been recognised internationally with a prestigious award. The initiative not only provides jobs, but also reduces fuel bills for Birmingham residents in addition to contributing to the green agenda.

We are also leading nationally on the digital agenda. This includes the development of next generation wireless networks such as a fourth generation (4G) mobile connectivity across the city. This places Birmingham in an excellent position to compete for investment and jobs in the future.

We have seen another successful year for the Frankfurt market which is now the third biggest in Europe, helping Birmingham's visitor economy to perform strongly and bucking a national trend. There were 5m recorded visitors in 2011.This will be strengthened by the investment that is happening now in Birmingham's transport infrastructure with current investment in New Street and Moor Street Station, the Airport and Metro extensions, and improvements to our Highways, in partnership with Amey – and in future with the agreement to proceed with High Speed rail links initially to London.

Our work with partners in the public, private and voluntary sector continues to be important in delivering the key outcomes for Birmingham people. We look forward to "welcoming home" public health responsibilities, enabling us to work in new ways with health and other partners to promote the health and well being of Birmingham people.

These are difficult times for us all, but we remain a culturally diverse and vibrant city.

Set out in the following pages is a summary of how we have improved the quality of services and how we deliver them to date.

We will work to continue to provide quality services for the people of Birmingham.

Working To Improve the Quality Of Life in Birmingham

Introduction

Historically Birmingham's economic reputation was built on the diversity and creativity of its manufacturing base. More recently, the City has recast its economy towards knowledge-based sectors with many examples of innovative new businesses. **The story of the last decade is the success of the city, with its economic partners, in fostering this vital shift**. Whilst there may still be a way to go to spread the benefits across all the city's neighbourhoods, the city is now driving forward an integrated programme of major public-private investment taking place over the next few years. This has been secured despite the challenging global economic climate and the acknowledged pressure on public funding.

There is a new energy and focus to help drive our economy forward with the support of the **Greater Birmingham & Solihull Local Enterprise Partnership – with Birmingham City Council at its heart**, whilst Birmingham's award-winning Big City Plan provides strategic direction for investment and development. The Big City Plan will attract major private sector developments, delivering 50,000 additional jobs, 5,000 new homes and bring in £2.1bn to the economy each year once all the developments in the plan are completed.

A host of transformational capital projects have underlined the city's ability to deliver major schemes on-time, and on-budget. This delivery stems from strong city financial management, exemplified with its coveted Aaa credit rating, which in turn has led to the award of a vanguard Enterprise Zone to drive private sector employment and enterprise growth.

Birmingham is now at the forefront of shifting the balance from growth driven by public sector employment– to growth led by private sector jobs, supported by innovative partnerships with the private sector. Our success is exemplified by our 9 Business Improvement Districts, more than any in the country, which now provide a perfect springboard for the Enterprise Zone.

Boosts to the Economy/Creating jobs

- Birmingham is currently delivering an ambitious programme of activity to help transform the city economy, support growth and drive job creation.

- The Enterprise Zone will create £875m worth of public sector infrastructure investment that will lever over £10bn of private sector investment and is expected to deliver 40,000 new jobs over 25 years and increase GVA by £2bn per annum. This will stimulate vast private sector development across the wider city and generating hundreds of millions of pounds in business rate uplift revenue to fund LEP economic development activities and deliver further growth across our local economy.

- Birmingham Business Hub at Baskerville House – is a new ground-breaking public-private sector initiative that is co-ordinating inward investment; economic planning and business support and development.

- We have used our own procurement power to secure over 4,500 jobs for local people. The FinditinBirmingham web site now has over 10,000 local businesses listed and has traded over £3.7bn.

- Our £48m business development and innovation programme - is leading to 6,000 businesses being helped; 20,000 jobs created and safeguarded; 5,000 indirect jobs created and safeguarded; £1bn increase in GVA. This is a result of a combination of funding programmes.

- Improving access to finance for businesses - £10m Birmingham loan fund; a £10m Equity Fund; £5m Creative Industries Fund. Over 800 jobs have been created or saved by Finance Birmingham.

- The Birmingham Energy Savers programme will help businesses and homes be more efficient, and to date 1,200 solar installations have been completed. Further phases of this programme are being progressed with a procurement process of up to £1.5bn to commence a refit programme from October 2012 onwards.

- We are procuring a 4G next generation wireless network for superfast mobile broadband across the city by 2014.

- The regeneration of Longbridge which is creating 10,000 new jobs and 2,000 new homes and will lever in almost 50,000 sq metres of new development and generate a £200m per annum uplift in the economy.

- The opening this year of the Birmingham Ormiston Academy of Creative, Digital and Performing Arts for 14-19 year olds and the planned opening in September 2012 of the Aston University Engineering Academy for 14-19 year olds.

Transforming and Revitalising the City's Facilities and Infrastructure

- Birmingham is currently enjoying the impact of impact of a multi-billion pound package of infrastructural investment.

- A high speed rail network from London to Birmingham - the most significant transport infrastructure project Britain has undertaken since the building of the motorways. HS2, which will see Birmingham as the national hub and will link directly into the European High Speed Rail network, will transform the long distance UK travel market

- The runway extension at Birmingham Airport will directly connect Birmingham with economic growth areas in the world. Enabling vital direct connections in particular with major cities in America, China, India, the Middle and Far East supporting our role in the global economy.

- The £600m+ redevelopment of New Street Station is scheduled for completion in 2015 and will act as a £2bn catalyst for the regeneration of the city centre.

- The highways PFI initiative will invest £2.3 billion in capital and maintenance of the city's infrastructure over the life of the contract.

- £96 million new John Lewis store (planned to open in 2014 and create 650 direct new jobs)

- The City council is delivering the largest new public library development in Europe, which will be complete by 2013 and is predicted to lever in a further £0.5bn of private sector investment.

- £120m leisure and entertainment complex at the NEC, £20m investment in the NIA, and 28 new hotel developments in the pipeline.

- Investment in Edgbaston Cricket Club and renovation of REP Theatre.

- The city's physical environment is dynamic. The last decade has seen some first class developments in the city centre such as Brindley Place, Colmore Plaza, Snow Hill, the Cube, Masshouse and the Custard Factory.

- These developments are not confined to the city centre with a new square in the Jewellery Quarter, the Queen Elizabeth Hospital, and the development of Longbridge.

- Other new developments include the Eastside City Park and the Birmingham City University new campus.

Boosting Tourism and the City's Cultural Offer

Birmingham is a world class city for arts leisure and sport – listed in the New York Times as one of the top 45 places to visit in 2012 (19^{th}). In particular:

- The Frankfurt German Market is now one of the best in Europe with a recorded 5 million visits in 2011.

- £18m boost in 2011 to the local economy from the growth in visitor numbers – in addition to the strong tourism growth in Birmingham between 2005-2010, which has provided a significant boost to employment in the City. In the last five years an additional 21,000 jobs have been created to service the leisure and business tourism sector and it is estimated that the visitor economy has boosted economic output in the local economy by around £1.9bn over the five year period.

- Birmingham is an international city of sport and culture:
    - The USA and Jamaican Olympic track and field teams will be using Birmingham as their training base during the 2012 Olympics.
    - We have continued to host significant sporting and cultural events including: European Indoor Athletics in 2007; the World Half Marathon in 2009; European Gymnastics in 2010, and most recently in 2011, the international athletics Diamond League Grand Prix at the newly redeveloped Alexander Stadium.
    - Among the significant cultural events Birmingham stages, the City welcomed Pope Benedict XVI to Birmingham in 2010 with a world wide audience of over 1 billion viewers.

- We have built new and developed sports facilities across the city including, the new Gymnastics and Martial Arts Centre (GMAC), the back straight stand at Alexander Stadium incorporating state of the art gym facilities, a new International BMX Track, and the new swimming pool and fitness centre at Harborne

Changing the Way We Do Things for the Better

1. Introduction

1.1 The citizens of Birmingham have seen a sea change in the quality of Council services in many areas over the last decade. This is a 21st Century Council which has exercised tight fiscal discipline and kept low Council Tax increases whilst improving services.

1.2 We have changed and improved the way in which we deliver some of our major service areas and we have transformed the way in which the Council does business.

1.3 We have:

Modernised care provision for older people.

- Increased the quality of adult social care – moving from being rated poorly in 2004 by inspectors to being rated as performing well overall in 2010 – and rated as performing excellently in some areas
- Closed outdated care homes
- Built four new specialised care centres
- Led on the development of a number of flagship extra care retirement villages the largest of its kind in the United Kingdom
- Introduced personal care budgets
- Invested in telecare – one of the largest and most innovative investments in this country to help vulnerable people to live independently at home
- Created a "re-ablement service" to help older and disabled adults regain their independence
- Set up a new online adult care information and advice service

Improved the city's housing services

- Delivered decent homes for tenants of the Council (increasing from 34% in 2004 to 99% in 2011)
- Built new affordable council homes through Birmingham Municipal Housing Trust (the first time in over 30 years)
- Strategic Housing Service awarded 2 stars in 2009 (top score for any metropolitan council)
- Significantly improved the waiting times for adaptations from 97 weeks to less than 19 weeks
- 95% of tenants happy with repairs
- Modernised service delivery saving the City over £70m

Improved educational achievement of the city's children

- Improved results
- KS2 Maths Level 4+ - from 70% in 2004 to 79% in 2011
- 5 or more GCSE A*-C – from 51% in 2004 to 86% in 2011

Streamlined our management and back office

- Saving over £100m per annum
- Improved productivity and increased income
- Reduced staff numbers and accommodation costs
- Negotiated improved contracts, and obtained economies of scale - 86% spend on contract compared with 24% in 2004
- All staff performance is reviewed annually

Reformed our customer services

- Opened a new Contact Centre - handling more than 3.3 million customer calls to date with in excess of 95% customer satisfaction with the Contact Centre.
- Introduction of one single customer record for many council services
- Increased the speed of call answering and reduced the number of calls abandoned
- Introduced 'message pad' to deal with high volume of emergency calls at certain times, e.g. bad weather
- Dramatically transformed our Neighbourhood Office service - 91% of appointments are now booked through the Contact Centre, Neighbourhood Office calls and appointment requests handled by the Contact Centre, before customers had to queue
- Rationalised buildings, refurbished 14 Neighbourhood Offices and opened brand new facilities including Sparkbrook Community and Health Centre, providing council and health services under one roof (opens February 2012), Shard End joint Community Centre and Library (opens April 2012) and New Aston House, the first customer service centre
- Simplified transactions for customers, e.g. E bens process for Benefit claims. New claims via the eBenefits process are now paid significantly quicker than manual claims
- Customer Services Excellence (CSE) Accreditation for Contact Centre and Neighbourhood Offices

Some key improvements over the last eight years…

BIRMINGHAM 2026 PRIORITIES	THEN	NOW
SUCCEED ECONOMICALLY		
% of the Council's housing stock achieving the decent homes standard	**34%**	**99%** (200% improvement)
Tenant satisfaction	**64%**	**70%**
Adaptations – waiting times	**97 weeks**	**19 weeks** (80% improvement)
Rent arrears	**£13.9m**	**£8m** (42% reduction)
Right to Repair (Council Housing)	**20+ days**	**10 days** (100% improvement)
Empty properties	**13,000**	**8,775** (32% reduction)
Repairs outstanding	**48,000**	**Nil**
People in bed and breakfast (per week)	**94**	**25** (73% reduction)
Pupils achieving 5 or more A* - C grade at GCSE	**51%**	**86%**
Young Offenders in Employment Training or Education	**48%**	**80%**
Young people not in Employment Education or Training (NEET)	**14%**	**7%**
STAY SAFE IN CLEAN GREEN NEIGHBOURHOODS		
Total Recorded Crime	**133,188**	**89,835** (33% decrease**)**
Energy Efficiency of Council homes	**59%**	**72%** (22% increase)
Satisfaction with neighbourhood	**78%**	**87%**

BIRMINGHAM 2026 PRIORITIES	**THEN**	**NOW**
Percentage of Household Waste sent for reuse, recycling and composting	**15%**	**31%**
Residents who feel that they could influence decisions affecting their local area	**18%**	**31%** (72% increase)
BE HEALTHY		
Adult Social Care Inspection ratings	**Poor**	**Performing well overall** (2010)
Adult safeguarding referrals dealt with within 24 hours	**42.9%** (2009)	**97.7%** (2011)
Service users with a direct budget for their care	**0%**	**37%** of service users are choosing to manage and direct their own care in this way. As a major plank of the adults social care policy, this is planned to rise significantly.
PUBLIC SERVICE EXCELLENCE		
Transactions successfully dealt with on the first phone call or visit	**43%**	**73%**
Benefit claims submitted on-line	**0%**	**87%**
Office space used by Council	**93,000M^2**	**77,100M^2**
Number of planning applications submitted online	**3.8%** (2006)	**58.9%** (2009)

Introduction

1.1 The Council Business Plan for 2012/13 – 2016/17 refreshes the 2011/12 – 2015/16 Business Plan and sets out the high level medium term corporate plan for the Council, incorporating our key priorities and the budget, resources and workforce plans that support them.

1.2 It sets the direction for business planning across the whole organisation for the medium term. The detailed implementation plans to achieve the key priorities will be captured in the Directorate Business Plans and in Cabinet Member and Committee reports at the start of and throughout the financial year.

1.3 Performance against the strategic outcomes, priorities and actions set out in this Council Business Plan is monitored and reviewed through a comprehensive set of Council Business Plan Measures. Progress on these is reported to Cabinet on a quarterly basis.

Structure of the Plan

1.4 The Council Business Plan 2012/13 – 2016/17 is set within the context of realising the savings arising from the reduction in public sector funding. In spite of significantly reduced budgets, we are continuing to work to achieve the strategic and priority outcomes for Birmingham people, which were published in the 2011/12 – 2015/16 Business Plan. These reflect the strategic outcomes for Birmingham's Sustainable Community Strategy – "Birmingham 2026". A summary of the SCS strategic outcomes and the Council top priorities is provided in Part 4 (Policy Priorities) of this Plan. The priorities were developed in consultation with Birmingham residents and businesses, partners and other stakeholders.

1.5 A further public consultation was carried out on the proposals to find additional savings of £65m for 2012/13. A summary of the views expressed is outlined in Part 2 of this document, while Part 3 outlines our approach to consider the impact of changes to policy and spending on equality issues

1.6 The priorities will be delivered through fundamental service redesign across the majority of Council services. To deliver "better for less", we are developing new ways to provide services, built around seven clear principles of service redesign outlined in Part 4. The planned service changes are summarised in Appendix 1.

1.7 The budget reduction and the resulting redesign of services across the Council will necessitate a reduction of the number of staff employed by the Council. The Council has been consulting with the Joint Trade Unions and employees on this and will seek to minimise any necessary compulsory redundancies. Further detail on the workforce planning is set out in Part 5.

1.8 The financial plans and budgets are summarised in Part 7 and explained in full detail in Appendix 3. Our strategic approach to managing property, assets and other resources is summarised in Part 6.

1.9 Part 8 highlights some of the main risks which we need to manage in implementing the Plan.

PART 2 Feedback and Analysis from Consultation

1. Consultation Process Overview

1.1 In 2011 and early 2012 the Council has carried out its most comprehensive public budget consultation to date. The consultation consisted of two parts.

1) The corporate consultation on the allocation across services of £65m worth of required new savings for 2012/13 (and their consequent effect in future years)
2) Directorate consultations on specific budget proposals, some of which are still ongoing.

1.2 The corporate consultation ran from 12 October 2011 until the 8 January 2012. This was brought to the attention of all Birmingham households via “Forward”, and around 3,000 people responded in a variety of ways as set out below.

1.3 The consultation asked for views on the following:

1. The Council’s top service priorities and approach to delivering savings.
2. Any of the new savings proposals that they thought we should not implement, but bearing in mind the need to achieve the required overall level of savings.
3. Our plans not to pursue a number of potential savings initiatives which we had considered.
4. Any other suggestions that they would like to make for ways of making savings, taking account of the actions which we have already put in place.
5. The proposed Council Tax freeze, for the second year running.

1.4 We used a range of consultation methods to engage with the public on what was a very difficult and complex set of proposals. These included:

- An on line survey;
- Eight public meetings in different venues across the city;
- A survey of the People’s Panel;
- Five focus groups with different equalities groupings within the People’s Panel;
- A broader ranging citizens’ workshop with the People’s Panel;
- Five young people’s discussion groups;
- A number of ‘web-chats’ – online question and answer sessions – with the Council’s Chief Executive.

- Opportunities to send in comments
- Meetings with a variety of forums and user groups.
- Meetings with partners
- Roadshows and meetings with staff
- Meetings with Trade Unions
- Business rates payers meeting

1.5 Specific meetings/events with:

- Young people
- BME communities
- People with disabilities (including an event for those with sensory impairment)
- People with Learning disabilities

1.6 In addition, individual directorates have and are continuing to conduct detailed consultations around their specific proposals. Views expressed during the budget consultation have been fed into these individual directorate consultations.

1.7 The People's Panel Postal survey was structured to be demographically representative of the city and results have been weighted to maintain this where they were skewed towards any particular group. The Online survey via the City Council website was open access and therefore was not targeted, however, it cannot be said to be unrepresentative as the results broadly reflect those from the weighted People's Panel survey.

1.8 In addition to the quantitative information gathered we have obtained some extremely valuable and rich qualitative information from a range of groups as a result of the public meetings, people's panel focus groups and bespoke disability and minority group meetings. These consultations allowed people to express their concerns about specific proposals and describe what they felt the impact would be. We have captured the concerns of vulnerable groups and those who work with them in the final budget consultation report, which can be found on the Council's website, www.birmingham.gov.uk/budgetviews. All of this information has informed corporate and directorate equality impact assessments.

1.9 All of the feedback given through the corporate budget consultation has been recorded and made public through Birmingham City Council's website. This includes the detailed report and analysis on the corporate public consultation including the results from the online survey, the reports from the People's Panel postal survey, budget forum and focus groups. The notes from all of the open meetings and all redacted comments sent into Budget Views have also been posted.

2. Summary of the main findings from the Consultation

2.1 There was overwhelming support for the Council's four priorities. A net balance of:

- 90% on the online survey and 95% on the People's Panel survey agreed with protecting vulnerable people
- 89% for the online survey and 94% for the People's Panel agreed that the Council should be encouraging investment to create jobs and helping people into work
- 88% for the online survey and 95% for the People's Panel agreed with improving education and skills
- 83% of the online survey and 93% of People's Panel survey with the clean, green and safe community

2.2 There was also overwhelming support for the Council's approach to delivering services with a net balance of:

- 88% of the online survey and 95% of the People's Panel survey supporting preventing problems to avoid big costs later
- 82% and 88% respectively in favour of collaboration
- 78% and 77% positive balance in favour of maximising income

2.3 There was overwhelming support for a Council Tax freeze in 2012/13 from the surveys and the public meetings

2.4 There was also very strong support for not implementing the "not proposed items" at the public meetings. This was also reflected in the high negative balances in the online survey. Details of these responses are contained in the table on page 21.

3. Key Issues

3.1 Both of the surveys showed broad support for the majority of savings proposals, apart from those which are detailed in the table below. In this table we have summarised the views expressed and our response.

3.2 Full details of the results of both the open online survey and the People's Panel survey, together with a summary of all of the findings from the budget forms and focus groups can be found in the final report and analysis of the budget consultation in "Budget Views" on the Council's website www.birmingham.gov.uk/budgetviews

4. Summary of feedback on key issues from the proposed additional savings

Issue/s	Summary of feedback	Response
Reductions to the Supporting People Programme	Online survey did not support this. The People's Panel postal survey gave marginal support. There was a strong feeling from all of the community forums and stakeholder meetings that this preventative service should not be reduced further. Some of the important points made were: • Supporting People is a preventative service reducing this would lead to cuts to some groups leading to higher costs later and additional costs to other service (e.g. adult social care) • Collaboration needed between and across adult social care and supporting people and in areas such as homeless, health, young people, and probation. Work through the Supporting People programme impacts on all these areas • Overall benefit from preventative services should be taken into account in budget setting – not treated separately	In response to the feedback from the budget consultation the Council proposes to reduce the originally proposed saving of £3.8m by £1.9m. The Council will consult further on this revised proposal including a review of services provided internally.
To provide social care funding through individual budgets to meet assessed eligible needs.	Feedback from the consultation to date indicates that service users and carers have had difficulty in understanding how the proposals would impact upon them.	In view of the comments received through the consultation process the Council is not now proposing to go ahead with this saving proposal in 2012/13. This is a very technical and complex area and we need to ensure that sufficient time and detail is provided. Adults and Communities therefore proposes to substitute an alternative savings plan for the £0.886m of proposal 3. The Directorate believes that continuing with effective vacancy management – while ensuring delivery of frontline

Issue/s	Summary of feedback	Response
		services – will allow a saving of this magnitude to be secured in 2012/13, while a further round of communication and consultation is proposed to take place in early summer. The intention would be to seek to implement a fresh proposal following consultation from 1st April 2013.
Respite Care Homes – linked to reducing numbers of children in care and increasing foster placements proposal	There were strong, parent and public views on the possible closure of respite care for children with complex needs. A summary of the points made is as follows. • These homes provide an essential and highly skilled service for the families that use them that is not available elsewhere. • Alternative packages have not worked- providers refuse to take them, or lack skills with children with complex needs • Financially impossible to equip foster homes with facilities needed to cater for these children • Occupancy is misleading - no account of risk assessments, benefit of small peer groups, 5-year waiting lists, social workers don't suggest it	This is an emotive and complex area and we acknowledge the concerns and issues that have been raised by stakeholders. Changes in this area are only possible within a clear authorising environment from stakeholders. We will continue to explore how we can best meet need in this area and engage with stakeholders on options to do so. There is no planned closure of residential homes offering this provision. In response to the feedback from consultation, the Council will be keeping Charles House open. Savings from the placement strategy will focus on Children in Care and not disabled children and young people. The Council will look at improving the occupancy levels where appropriate**.**
Opportunities for children and young people in the city including: • Redesigning the Connexions Service to fit available funding.	There was wide concern around the reduction of opportunities for the city's children and young people. Respondents were concerned about the reductions in this service at a time of high youth unemployment, and a call for more co-ordinated work in this area in support of the Council's jobs, education and skills priorities. Young people stressed the need for such services, but (regardless	The Government has removed financial resources for the provision of Connexions. In line with other services we have, in addition, proposed a further reduction. This will mean the residual services will focus on the most vulnerable and most in need. From September 2012 the responsibility to provide impartial careers information, advice and guidance will sit with schools; the local authority will continue to provide impartial information, advice and guidance and support to targeted groups.

Issue/s	Summary of feedback	Response
	of who provided them as some respondents had experienced variable quality) there needed to be attention to their quality and effectiveness.	The trend over the past three years has been a reduction in the numbers of young people who are NEET. A key part of our strategy is to strengthen the protective factors in young people's lives. This can support young people to remain in education, have good attendance at school, manage their behaviour and make positive choices about their health and wellbeing. Strengthening protective factors with a young person, such as reasoning skills and employment prospects, help diminish the effect of risk factors which are more difficult to change e.g. disadvantaged neighbourhood or family history of problem behaviour. This approach will be important in supporting children and young people to maintain their education in school and reduce the number of fixed term exclusions. There is still a significant cohort of young people who are missing from education. This is an area that requires a significant focus. As an issue it disproportionately impacts on children and young people with SEN who are new arrivals to the country who came from disadvantaged backgrounds, and those who are from a Romany/Traveller heritage. In relation to improving engagement in learning and achievement in education and skills we recognise that we are a priority Local Authority for the DfE in terms of our primary schools performance.

Issue/s	Summary of feedback	Response
		Underperformance in our primary schools is something that we had recognised through our own self-review. To this end we have established the Primary School Improvement Group led by a primary school Head and more recently the secondary equivalent, the Secondary School to School Partnership Group.
• Early years provision and any closure of children's centres	• Strong support in the surveys and consultation meetings for not implementing further reductions in Early Years.	This needs to be seen in the context of the City's work to strengthen the local economy and secure economic growth that will increase the range of opportunities for young people.
	• The number of responses sent to budget views concerning the possible savings in respect of children's centres	The Council is continuing to consult on how best to achieve savings and meet needs through children's centres. Changes will be based on the new model of working linked to integrated family support teams and delivery in localities.
• Maintaining the provision of youth services	• Strong support in the surveys and consultation meetings for not withdrawing from direct provision of youth services.	We will be maximising access to the reduced service through locality agreements between groups of children's centres. The Council in response to the concern about Youth Services will not be making a further £0.5m reduction to the Youth Service. Young people made an overwhelming response to the proposals and due to this Councillors were not minded to proceed.

Issue/s	Summary of feedback	Response
Shelforce	Online survey supported the proposal, whereas the People's Panel survey did not. • A key issue for participants in the People's Panel forum was ensuring the welfare of people with disabilities.	The Council is exploring all options to safeguard the future employment of all registered disabled staff currently employed by Shelforce, and the Council does not envisage any compulsory redundancies among these staff. It its proposed that an extensive consultation exercise with all key stakeholders and staff will be undertaken before finalising any proposals for the future operating model of Shelforce. Specific support will be provided to people with disabilities to enable them to participate fully and meaningfully in this consultation.
Review financial support to community events	The net balance in the online survey did not support this proposal	The Council will continue to underwrite important events but will lever in alternative funding sources.
Reviewing Community Development and Play grants	The net balance from both the online survey and the People's Panel survey did not support reducing the community development and play grants. The views expressed at public meeting were: • Fear about impact on crime and anti-social behaviour • Important to prevent problems occurring later • Important to have youth provision, after school clubs, play schemes and keeping children off the streets	The Council acknowledges that the level and allocation of grant aid has not changed for a number of years. From the 1 April grants will be handled from a commissioning perspective that will focus on priorities. More broadly, funding for young people is currently split between three different Cabinet portfolios. Cabinet Members will look at making best use of the resource to work more effectively for young people in the city.

5. Savings Considered But Not Proposed

The Council also asked the public for its views on a set of savings proposals that had been put forward to the Executive Members of the Council, which they were not minded to do. These were included in all of the corporate budget consultations and are set out in the table below, together with a summary of the public response. On the whole, there was support for not implementing the 'not proposed' items at the public meetings reflected also in the high negative balances in the on line survey. Many people, while supporting not implementing the 'not proposed' items, pointed to the impact of recent structural changes (e.g. Integrated Family Support Service on Children's Centres) and the impact of reductions that have already been made (e.g. to Youth Services). There was strong support for the Council continuing to provide youth services directly.

During the corporate consultation period there were however changes of approach. A further document posted on the consultation website in December changed the position from "considered but not proposed" to "proposed"

- New proposals for savings in respect of Children's Centres.
- Savings for childcare and early years provision.
- Home to School Transport eligibility with a view to making savings would now be the subject of further consultation.

These matters are now the subject of further individual consultation.

Considered but NOT Proposed Saving	**Views and Comments of Consultees**
Adults and Communities	
Changing eligibility criteria for adult social care services for those with substantial and critical care needs.	49% of respondents did not want see this proposal implemented compared with 23% who did, giving a negative balance of -26%. This is in accord with the preliminary view of councillors expressed in the budget consultation document. Older on line survey respondents disagreed most with this proposal.
Cutting fees for the independent care providers	40% of respondents did not want see this proposal implemented compared with 26% who did. This is in accord with the preliminary view of councillors expressed in the budget consultation document. Older People's Panel survey respondents disagreed most with this proposal.

Considered but NOT Proposed Saving	Views and Comments of Consultees
Reducing existing funded voluntary sector schemes.	54% of respondents did not want see this proposal implemented compared with 16% who did. This is in accord with the preliminary view of councillors expressed in the budget consultation document.
Children, Young People and Families	
Changing the eligibility criteria for Home to School transport	37% of respondents did not want see this proposal implemented compared with 33% who did. This is in accord with the preliminary view of councillors expressed in the budget consultation document. This proposal is still being fully consulted on, and will be considered later in the year.
Reduced funding for the new Integrated Family Support Teams	47% of respondents did not want see this proposal implemented compared with 17% who did. This is in accord with the preliminary view of councillors expressed in the budget consultation document.
Withdrawal from direct provision of Youth Services.	70% of respondents did not want to see this proposal implemented compared with 11% who did. This is in accord with the preliminary view of councillors expressed in the budget consultation document. There was also a strong view expressed at many of the public meetings that the Council should **not** withdraw from direct provision of Youth Services and indeed that far more should be done for young people, including helping collaboration between those organising youth activities and helping them secure funding including business sponsorship.
Reducing Early Years schemes and Children's Centres.	70% of respondents did not want see this proposal implemented compared with 11% who did. This is in accord with the preliminary view of councillors expressed in the budget consultation document. There was also a strong view expressed at many of the public meetings that the Council should **not** reduce Early Years schemes and Children's Centres. Many Children's Centres organised their own consultations with local parents who strongly supported the non-introduction of this proposal.
Environment and Culture	
Not providing the current planned collection of bulky (large) waste items on	50% of respondents did not want see this proposal implemented compared with 29% who did. This is in accord with the preliminary view of councillors expressed in the budget consultation document.

Considered but NOT Proposed Saving	Views and Comments of Consultees
a street by street basis.	The view at public meetings was also that this should not be implemented. Young people suggested a project or system where companies swap new for old e.g. you buy a new settee and they take away the old one.
Introducing a charge for green (garden) waste.	69% of respondents did not want see this proposal implemented compared with 19% who did. This is in accord with the preliminary view of councillors expressed in the budget consultation document.
Introducing a charge for the collection of Bulky (large) items of waste from individual houses.	41% of respondents did not want see this proposal implemented compared with 43% who did. At the public meetings, the view was generally that this proposal should not be implemented, mainly because of the fear of fly tipping. People said: • Charging for bulky waste could be done in partnership with the Voluntary Sector. • Other local authorities do it and their charges are very expensive. • Regulations say that you can only do it of you can recover the full cost. Given that there is no clear majority either way on public opinion on this matter it is not proposed to proceed with this proposed saving at this point in time.
Reducing the level of street cleansing.	76% of respondents did not want see this proposal implemented compared with 8% who did. This is in accord with the preliminary view of councillors expressed in the budget consultation document.
Homes and Neighbourhoods	
Reducing by £1m from an annual budget of £4m for support provided to local communities through the Community Chest.	38% of respondents did not want see this proposal implemented compared with 26% who did. This is in accord with the preliminary view of councillors expressed in the budget consultation document. However, only 66 of the 448 respondents answered this question.

In summary we have listened to the views expressed through the corporate budget consultation:

- Reduced the amount of savings proposed for the Supporting People Programme

- In response to the feedback from consultation, the Council will be keeping Charles House open. Savings from the placement strategy will focus on children in care and not disabled children and young people. The Council will also look at improving occupancy levels where appropriate.

- Now not making a further £0.5m reduction to the Youth Service and are consulting on the savings that need to be made in respect of children's centres

- The Council intends to protect the employment of individual disabled Shelforce employees by seeking to re-deploy them around the organisation, whilst recognising that changes need to be made to address the company's trading deficit

- Continuing to underwrite important community events, but levering in funding to support these

- Ensuring that community development and play grants are awarded through a robust commissioning process and targeted according to priorities

- Maximising the funding for young people across three portfolios to make better use of the money to meet need.

At a strategic level we have heard through the consultation the broader concern for the children and young people in the city and will undertake a through review across all directorates of how we are addressing this

PART 3 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. The city benefits from positive community 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. It is fundamental to building a strong local economy and a fair society; and in these difficult economic times equality is 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.

1.3 The aspiration that everyone has the right to equality is a fundamental duty of the City Council and on this the Council is proud. To meet these goals the City Council has transformed the strategic approach to equalities in Birmingham. It 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 community 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.

1.4 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.

1.5 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 2012/13 savings proposals there is clear evidence of these three themes having guided our approach.

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

- Seeking the right criteria and assessments to support older adults;
- Seeking to protect funding that is providing services to vulnerable children;
- 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.

1.7 The Council has choices about how those savings are implemented. In the major areas of spend, particularly 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.

1.8 The City Council takes account of the potential impacts of its policies and decisions on equalities, community 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 giving 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 Given the size of impact of reductions in Government grants it would (subject to consultation and appropriate equality impact assessment) be disproportionate in terms of impact on any particular persons receiving service for the Council to avoid a situation whereby all services will need to make savings. However, decisions about proposed savings have been made with regard both to the Council's legal duties and to its own policy priorities, in order that the savings challenge faced by each service can be responded to as fairly as is reasonably practicable. From updating the LTFP and in the knowledge of service pressures and expected grant changes, the City Council identified that it had a total savings target of £106.1m for 2012/13. The following approach to allocating the savings target was adopted:

3.2 The Council reviewed its position in relation to previous decisions to deliver savings, and does not now propose going ahead with the changes to the adult social care eligibility criteria; budget plans have been amended accordingly. Further consultation continues on the Home to School Transport service.

a) Other than the above, each service was asked to review the deliverability of any planned increase in existing savings plans (as agreed in the Business Plan 2011+) in 2012/13 and, to the extent that the value of these savings needed to be varied, to identify compensatory savings. Alternatively, if existing savings plans were capable of being brought forward or increased, this could mitigate against the need for new savings. In aggregate, therefore, this element did not alter the overall level of savings required from each service, although the balance between “existing” and “new” savings could vary.

b) In addition, new savings targets of £30m were set pro rata to each service’s share of the Council’s controllable budget. The exception to this general approach was in relation to the Adults & Communities directorate, which was asked to address a target which was the equivalent of the savings that were built into the 2011/12 budget in respect of the “New Offer” (£33.2m) but, in view of the potential consequences of a higher savings requirement, was not set any additional new target.

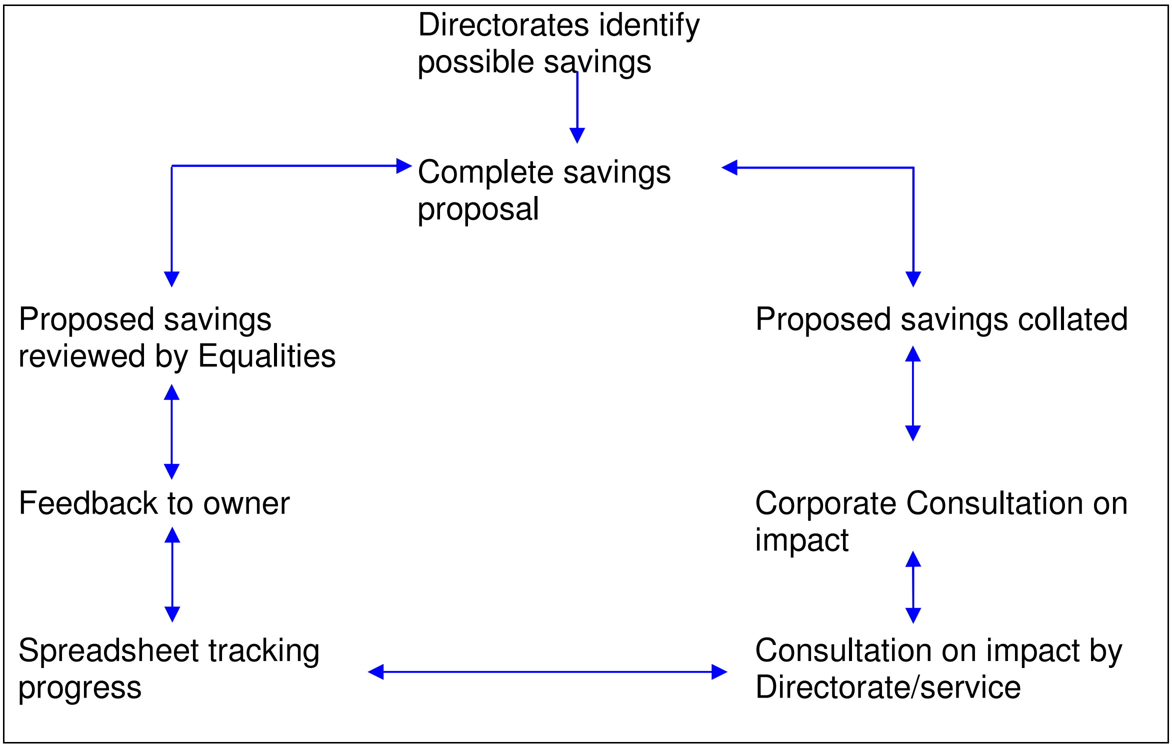
c) The resultant targets were supplemented by the requirement that each directorate identify sufficient savings to cover any new directorate-based budget pressures or changes in any pressures already included in the Long-Term Financial Plan.

3.3 The savings proposals determined in accordance with steps above were considered by Members of the Executive in the context of their policy priorities and legal duties, and it was felt that a number of proposals should not be taken forward. Proposals totalling £25.8m were removed on this basis. This was possible due to a number of corporate budgetary adjustments identified which addressed part of the savings requirement leaving £65m of new savings proposals which were included in the public consultation document. Subsequent consideration of legal and other issues, and of the responses to consultation, has resulted in the new savings proposed in this business plan being reduced to £61.9m.

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 was monitored through a tracker which is submitted to Corporate Management Team.

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 key tool for ensuring fairness in decision making – the Equality Analysis – has been deployed during this savings round.

4.4 Initial EA screenings have been carried out, where appropriate, on 2012-13 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 report 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 the political Group offices.

4.6 The EAs, and this summary of them, will help 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 community cohesion and social inclusion?
- How any negative impacts can be removed or reduced?
- To 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 Cabinet, and have been used to help decision making about which proposals to consult with the public on.

4.13 EAs will continue to be reviewed as we consult with staff, service users and others on our proposals. The feedback received through consultation will be incorporated into the documents, in particular, the assessment of potential impacts.

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 subject to 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 community 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 2012/13 budget proposals began on 12th October 2011 and closed on 8th January 2012. A number of methods were used including:

- An on-line survey;
- Eight public meetings in different venues across the city;
- A survey of the People's Panel;
- Five focus groups with different equalities groupings within the People's Panel;
- A broader ranging citizens' workshop with the People's Panel;
- Questions on the 2012/13 budget in the Council's monthly opinion tracker;
- Five young people's discussion groups;

- A number of ‘web-chats’ – online question and answer sessions – with the Council’s Chief Executive.
- Opportunities to send in comments; and
- Meetings with a variety of forums and user groups.

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 There was consistency between the questions asked in the online survey and that posted to people’s Panel members. In addition, the structure and questions posed during the public and more targeted meetings allowed for some comparability with the survey results. 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.

5. THEMES AS A RESULT OF INITIAL ASSESSMENTS

The initial assessment carried out by directorates on each of the main budget savings proposals are detailed below. Consultation is ongoing on the proposal listed below and as part of that consultation the Council proposes to review the effectiveness of the mitigations listed below in reducing the risks identified

Homes and Neighbourhoods – Supporting People Programme - Savings target: £1.9m (reduced from £3.8m)

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.
- Result in 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 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. However, this 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.
- Consider closing access to new service users for a period of time until such time that existing service users move on from services. However, there could be the risk that service users unable to access timely support services may find their needs escalate into statutory responses.
- Consider shorter support plans. However, there could be the risk that service users are not sufficiently independent at the point of exiting of service.
- Consider creating waiting lists for access to SP funded services.

Development Directorate – Shelforce Trading Deficit - Savings target £1m

An analysis of the impact of the draft proposals on groups defined by other protected characteristics has been undertaken stage by stage as the draft proposals have been developed. A multi agency ‘task group’ has been formed to manage the development of the full equality analysis as an integral part of the extensive consultation before finalising any proposals for the future operating model of Shelforce. However it is not possible at this stage to properly assess the impact on those with protected characteristics and 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:

- The directorate's ability to make the savings target and budget pressure in the current financial year due to the nature of the service and the employees.

- A high proportion of staff on this project are disabled. Therefore, there is the potential of reputational damage if the rationale for the changes are not understood by the employees, their carers and family and the wider public.

Potential mitigating actions are set out below:

- The Council proposes to support all staff to secure new posts either within or external to the Council. This would mean that all staff within Shelforce would be registered as priority movers and would be supported during the formal consultation period to find employment elsewhere within the Council.

- The Council proposes to develop, with partners, suitable training and employment support opportunities for registered disabled people currently employed by Shelforce. It is proposed to develop a comprehensive support package for each individual currently employed at Shelforce and work with partners to identify suitable employment and training opportunities by developing and enhancing their current skills. This is based upon the public sector market for UPVC windows continuing to decline.

- It is proposed that this support be provided for an agreed period from commencement of the formal consultation process and we propose to bring in an independent specialist in disability employment services during this period to work with the directorate to evaluate each member of staff and assist in supporting individuals into jobs and training opportunities.

- It is proposed to look at all available training and commercial development options that may lead to Shelforce becoming a Training and Development facility or transfer into a Social Enterprise and work with independent market experts to ensure that such proposals are robust and commercially viable for the future.

Children, Young People and Families

It is not possible at this stage to properly assess the impact on those with protected characteristics and this will be assessed as part of ongoing equality impact assessment

(i) Children in Care Placement Strategy – savings target £6.720million

The biggest cost in children's social care, as with most local authorities, is placements for children in care and so the directorate is addressing that through a range of actions and proposals. Respondents to the public consultation on the approaches relating to placements for children in care were positive.

The proposal to place more children in foster care was felt to provide the double benefit of cost savings for the Council and better outcomes for the children themselves. A number of concerns were raised about translating this important principle into practice questions including whether there were enough foster parents to do so. These concerns have formed the basis for the development of mitigating actions and will form key aspects of the strategy as we move forward.

With regard to closing residential homes, it was suggested that the City Council must maintain some provision given that certain children have severe behavioural problems that mean they will not be suited to a family environment - and that the Council must be confident that foster carer numbers can be maintained. Five focus groups were consulted and all applauded the Council's proposal to reduce the number of children living in Council-run children's homes and increase the number of foster placements available to them.

The Council recognises the need for high quality support for foster parents who are willing to take on older, more challenging young people. The directorate will incorporate the responses on the need to focus on adoption to create permanency for children and young people and replicate a secure, permanent home and family in our review of Fostering, Adoption and Escort services.

To date a level 1 screening Equality Analysis (EA) has been completed.

The directorate is proposing to approach placements from a holistic perspective taking into account all of the factors that impact on the placements budget. The areas we will focus on to create an improvement in efficiency whilst at the same time securing better outcomes for children and young people will be:

- reducing the flow of children and young people into care by investing in early intervention and prevention, targeted support and a whole

family approach to address issues and support children and young people to remain safely at home;
- increasing the flow out of care by ensuring that care plans are closely monitored, delivered in a timely fashion and working with other agencies through an integrated approach to address the barriers and issues preventing a child or young person moving out of care;
- reducing the cost of placements by investing in internal provision, drawing on national and local evidence that this is best practice and an effective way to reduce the spend on placements;
- increasing the number of internal foster carers that are able to offer the required support and quality of foster care placements;
- strategically aligning the strategy and spend to take account of the responses of stakeholders to the consultation;
- taking an integrated approach across agencies to plan, secure and review provision of placements for children and young people with more complex/health needs.

Successful implementation of this strategy is profiled to result in an additional 100-150 children placed with our Foster Carers and a reduction of 18 children placed in residential care in 2012/13. We are focused on maintaining the positive trajectory in relation to the reduction of the number of Children in Care (CIC) illustrated in Table 1. Since 2009 we have reduced the number of CIC by 193. This represents a significant reduction in the cost of care in the city. Based on a 25% increase in the reduction made in 2011 in 2012 this number could be reduced by 167.

Table 1 profiles CIC by ethnicity between 2009 and 2011. The proportionate representation of each ethnic group has remained reasonably consistent over the past three years. However there are some ethnic groups of young people who experience a number of poor outcomes making this an issue of increased importance to address. Comparison against the whole Birmingham cohort gives overrepresentation for White – 54% against 41%, Mixed – 19.91% against 6.7% and Black 14.01% against 11.2%. On average the white ethnic group cohort has reduced by around 6% and the mixed by 3%. This data and ongoing analysis that we are undertaking will inform how we target interventions.

Table 1: CIC by Ethnicity

	2011	%	2010	%	2009	%
White	1,027	54.08	1,103	54.25	1,137	54.35
Mixed	378	19.91	394	19.38	400	19.12
Black	266	14.01	262	12.89	268	12.81
Asian	194	10.22	243	11.95	232	11.09
Chinese	0	0.00	0	0.00	0	0.00
Other	34	1.79	31	1.52	55	2.63
No information	0	0.00	0	0.00	0	0.00
Total	**1,899**	**100.00**	**2,033**	**100.00**	**2,092**	**100.00**

There will be no impact on short breaks provision as the reduction of £0.378million is being met with funding from capital grants.

The directorate intends to make some changes to the schemes for providing financial support for children who are adopted and those who are cared for by relatives and friends after being made the subject of a residence order or a special guardianship order. It is intended the new scheme will be fairer for the children concerned, as well as for their carers.

The directorate is proposing to review this provision being a directly delivered service. The decision will be based on a business case which assesses best value and an assessment of the market relating to this type of service. The Council has clear guidelines and protocols for commissioning and procurement of services and these would be applied if the service is outsourced. This process is subject to a Section 188 notice and does not require an EA.

Protected characteristics as set out in the Equalities Act have been taken into consideration in the initial EA screenings. It must be noted that there is a strong overlap between the protected characteristics and the client group whom we are intending to support to have improved health and wellbeing outcomes through these proposals.

The following overarching risks have been identified through the initial EA process:

- Failure to create additional in-house foster care
- Failure to reduce the flow of children and young people into care
- Failure to increase the flow out of care
- Failure to sufficiently engage partners and secure an integrated approach across agencies to plan, secure and review provision of placements for children and young people with more complex/health needs.
- That a change in the eligibility criteria in relation to payments for children adopted and those who are cared for by relatives and friends after being made the subject of a residence order or a special guardianship order may result in a reduction in the financial support given to some carers and this change could have an unintended negative impact.
- Maintaining access to services at a time of increasing need/demand and unstable funding.

Potential mitigating actions are set out below:

- In the directorate's re-modelling of the services, it proposes to make more effective use of in-house foster carers' expertise whilst streamlining systems to speed up recruitment, assessment and decision-making processes.

- The directorate proposes to secure effective support for children within their families as an alternative to care where appropriate.
- The directorate has made significant investment in early intervention, prevention and targeted support and is piloting whole family approaches to address issues and support children and young people to remain safely at home.
- The directorate has re-designed Children's Social Care to improve the quality and efficiency of all that we do and through the introduction of Integrated Family Support Teams have provided support at Level 2 and 3 of need, giving increased capacity to Social Work Teams to operate quality processes.
- The directorate is ensuring that care plans are closely monitored, delivered in a timely fashion and working with other agencies through an integrated approach to address the barriers and issues preventing a child or young person moving out of care. This is strengthened by strong performance management and case audit within robust governance structures.
- The directorate has generated a range of approaches to take to increase internal foster carers in partnership with LGA Challenge;
- The directorate has established a Joint Delivery Group chaired by the DCS whose function is to deliver on joint commissioning and who will strategically drive to plan, secure and review provision of placements for children and young people with more complex/health needs.
- It is proposed to strengthen commissioning arrangements for this type of support to secure greater value for money from providers.
- To monitor the impact of any changes that we decide to make in relation to adoption and special guardianship orders for unintended negative impacts alongside the intended benefits that will result from securing a more equitable arrangement for financial support.
- The directorate proposes to improve its referral and assessment processes in relation to access to disabled children's social care, putting in place clearer eligibility criteria, whilst making better use of contracts and in-house provision through increased levels of occupancy and usage.

(ii) <u>Adoption, Fostering and Escort Services – savings target £1.03m</u>

Options to achieve the proposed £1m savings are currently being consulted on with staff and the unions. The proposal is that services are remodelled to be more effective. Whilst there will be a headcount reduction it is not intended that there will be a reduction in service.

Respondents to the consultation were very much in favour of the directorate streamlining its Fostering, Adoption and Escort services. As aforementioned, it was considered very important for children to have a home, and anything that would contribute towards making this a reality for more young people should be applauded.

Participants also strongly advocated reducing bureaucracy and 'red-tape' for those wishing to foster and adopt; detailed feedback was made in response to the barriers that might be experienced by some people seeking to adopt alongside the perspective of forum participants who had previously been in care and felt that more could have been done to find them a foster or adoptive family.

The findings of the consultation will be taken into account as we move forward and we will consider these in both an operational and policy context.

To date a level 1 screening EA has been completed. Protected characteristics of the Equalities Act have been taken into consideration in the initial EA screening.

The directorate is committed to ensuring that it enables children to be successfully adopted as this is the most successful route for them out of care.

The following overarching risks have been identified through the initial EA process:

- Potentially reduced capacity to support greater use of adoption and fostering as placement options.

Potential mitigating actions are set out below:

- In re-modelling of the services, the directorate proposes making more effective use of social worker expertise whilst streamlining systems to speed up recruitment, assessment and decision-making processes.
- The directorate will ensure that the selection, training and support of adopters is high quality.
- The directorate will ensure that there is sufficient capacity and robust practice in the preparation of children for adoption that is holistic and aligned to the needs of the child.

(iii) Home to school transport - savings target £1million

The directorate is proposing to meet this through transport efficiencies and reviewing the contracts for pupil guides. It will have an impact on the overall re-numeration of pupil guides. The criteria for receipt of this service has been an area of discussion and we are currently undertaking consultation in relation to home to school transport and this includes asking stakeholder views on changes to eligibility criteria. Ongoing consultation in this area is as a result of the response to the Council's Budget Consultation. In relation to this issue 37% of respondents did not want to see a change in criteria implemented as opposed to 33% who did. This indicated that further consultation in this area was required to gain a deeper understanding of the issues.

Protected characteristics as set out in the Equalities Act have been taken into consideration in the initial EA screening. It must be noted that there is a strong overlap between the protected characteristics and the children and young people who require home to schools transport and the directorate has a clear priority to protect the most vulnerable.

The following overarching risks have been identified through the initial EA process:

- It is likely there will be a reduction in the overall remuneration of pupil guides, this could lead to some guides taking the decision that they no longer wish to operate as a guide creating a capacity issue.
- That some children, young people and families would feel that they were not being treated fairly if criteria for eligibility was changed or amended.

Potential mitigating actions are set out below:

- The authority should gain a thorough understanding of other practice within the core cities regarding eligibility criteria.
- That all of the implications are assessed, thorough consultation is undertaken and the issues raised considered before any proposals or decisions are made.
- That a range of consultation methodologies and opportunities are undertaken to get a full understanding of issues and potential impacts, covering both breadth and depth.
- Maximise the value for money from the directorate's transport contract arrangements.
- Ensure that any issues are considered in a holistic context and prioritise securing outcomes for the most vulnerable children.

iv) <u>The Youth Service</u>

Our remodelling of the Youth Service has established a new management structure with re-defined management responsibilities and an internal recruitment process is underway for senior youth worker posts. The service will be more targeted to work with vulnerable young people and with greater alignment with the Integrated Family Support Teams but will maintain an offer of universal provision which is fully inclusive.

Young people made an overwhelming response to the proposals and due to this Councillors were not minded to proceed.

The service is responsive to young people's needs and as a result of the consultation in 2012 it will have an increased focus on developing collaboration across the range of partners delivering youth activity and provision on a locality basis.

(v) <u>Connexions – savings target £4.13m</u>

The Education Act has now received Royal Assent with the effect that local authorities are no longer required to provide a universal careers service. The responsibility for impartial and independent careers guidance for pupils in years 9-11 passes to schools and they have a duty to secure access to some form of service on behalf of their students. Local authorities will remain responsible for young people aged 16-19 who are not in education, employment or training (NEET), young people who are identified as being part of a vulnerable group, and any young people with learning difficulties and disabilities.

The initial EA screening has taken into account the potential impact of the move from universal careers advice provision on groups defined by reference to the protected characteristics set out in the Equality Act To date a level 1 screening EA has been completed. It must be noted that there is a strong overlap between the protected characteristics and the children and young people the directorate proposes to continue to provide a service to, with a clear priority to protect the most vulnerable.

Respondents to the consultation had a somewhat negative view of Connexions and the directorate will take this into account when planning future services in this area and in ensuring customer feedback provides part of quality assurance. The directorate has also taken into account feedback from stakeholders about their concerns about the changes and a reduction in this offer at a time of high youth unemployment. The number of young people NEET in Birmingham has continued to decline and the directorate will be outward looking and collaborative in maintaining this position.

The following overarching risks have been identified through the initial EA process:

- There may be a reduced service for some young people when universal responsibility transfers to schools.
- Young people who have low level need such as those who are on school action plans but not subject of a statement of SEN may no longer receive a service from Connexions.

Potential mitigating actions are set out below:

- It is proposed to particularly focus more on those young people who are more vulnerable and need greater support.
- It is proposed to continue discussions with schools on the option of moving to a traded service to deliver the broader range of careers advice and to support schools with their responsibility to provide appropriate advice and support on post-school options for their pupils.
- School improvement and strengthening the protective factors for vulnerable young people will be a focus as we move forward.

(vi) Commissioning and support for children and early years provision – savings target £0.535million

The city is commissioning the voluntary and private sector to provide childcare and deliver up to half of early years free places (there is a statutory requirement to provide 15 hours to 3 and 4 year olds and the Autumn Statement heralded the expansion of such places for vulnerable 2 year olds). The directorate's Early Years and Childcare Team supports and has oversight in terms of quality of 1516 settings, of which 608 have been reviewed this year.

Protected characteristics of the Equalities Act have been taken into consideration in the initial EA screening. The directorate has taken into account feedback from stakeholders about their concerns about the changes. To date a level 1 screening EA has been completed and the following overarching risks have been identified through that process:

- The efficiencies could include a small reduction in the level of support for leadership development, training for settings, small grants to childminders, support and advice offered to childcare and early years providers, which may have an impact on quality.

Potential mitigating actions are set out below:

- It is proposed to prioritise support to areas of high need.
- The directorate will monitor unintended impacts through feedback from front line providers and key stakeholders.

(vii) Children's centres – savings target £5.3m

The scale of the overall reductions facing children's services is such that the directorate considers it needs to make savings in order to protect other service areas which are more targeted to support more vulnerable children. By developing a locality model, in particular with children's centres supporting the work of the Integrated Family Support Teams and Children's Social Care, savings can be made in relation to management efficiencies and possible reductions of provision in the areas of least disadvantage that will enable the children's centre agenda to continue to promote safeguarding in the early years, to reduce child poverty, to narrow the gap and to improve outcomes for all young children.

All children's centres have been networked in the city's 16 localities and development work is currently underway with the strategic leads for each of the centres. This model allows for efficiencies through integrated working and as such does not suggest any closure of centres. Work of the centres will be to continue universal early education and health services to engage with all young children and families and through this to identify target groups of those most vulnerable children and those with additional need. The second target group will be those children and families not accessing the services and these will be a priority for persistent targeted outreach. There will be integrated working with the Integrated Family Support Teams to ensure a Team Around the Child/Family approach.

The directorate will be maximising access to the reduced service through locality agreements between groups of children's centres.

These proposals have been subject to initial EA screening by reference to the Equality Act's protected characteristics. Also taken into account has been feedback from stakeholders about their concerns about the changes. The directorate will maximise access to reduced service through locality agreements between groups of children's centres, through integrated and collaborative practice. To date a level 1 screening EA has been completed and the following overarching risks have been identified through that process

- There may be a reduction in provision delivered by some centres in areas of less need.

Potential mitigating actions are set out below:

- It is proposed to ensure all vulnerable children have access to provision and support.
- The directorate will maximise access to reduced service through locality agreements between groups of children centres.

(viii) Re-commissioning of specialist and court-based assessments – savings target £0.5m

The directorate proposes to consider more efficient and effective arrangements for assessments that form part of its work with the courts.

No adverse risks have been identified.

The potential impact of this change is to improve the quality of assessments and not a reduction in our staff or services. This is in line with the recently published report on Family Justice reform which is recommending reducing the average number of assessments in respect of children subject to care proceedings.

(ix) Early Intervention Grant - savings target £0.180million

The directorate will achieve this saving through a 10% across the board reduction in services funded by the Early Intervention Grant via service efficiencies. The directorate has assessed this approach as carrying minimal risks.

(x) Academies – savings target £4m

The £4m is an amount deducted from the funding received by the LA for school budgets. It represents the DfE estimate of the amount of LA services to schools which will no longer be required on account of them becoming academies and thus receiving their funding directly from DfE. Whilst it reflects a cut in the LA budgets, it is not a cut in the overall sum of money going into the system, just the method of distributing it. Therefore the issue of equality impact of budget cuts does not arise. The schools and their pupils will still be in receipt of funding and the services this can purchase.

For the LA, the new directorate structure and resourcing levels already reflect the increased academisation. The LA will want to be reassured that the DfE forecasts are accurate in terms of the formula used to predict this funding deduction for 2012/13 (it will be undertaking a review of 'actual' vs. forecast in Jan 2013 to assess this, with the potential for associated payment adjustments). The LA will also seek to recover some of this income by trading directly with the academies to capture some of this purchasing power.

(xi) Administrative efficiencies – savings target £0.199m

This saving will be achieved through internal service efficiencies in business processes and via smarter working. No EA is required.

Timelines

Where the EA has identified potential impacts in relation to the protected characteristics of the Equality Act these have been taken into consideration.

The directorate is consulting on service changes in relation to services which support our vulnerable children. All our children are assessed individually, have their own individual care plans and those plans must and do take account of their particular needs in respect of age, ethnicity, disability etc. The impact of any changes on individual children must be considered fully as part of the care planning for that child

Consultation with stakeholders will inform the full EA. In the majority of cases the full assessments will be completed by 28 February 2012 which will enable decisions on proceeding by 20 March 2012. For processes which are not able to be completed within this timescale decisions on proceedings will be made at the earliest point achievable post 5 May 2012.

Adults & Communities

(i) Prevention & Prediction, including Telecare - Savings target: Prevention & Prediction £2.0m, Telecare £5.3m

In Adults & Communities' business plan they have made a commitment to support people to remain independent and promote their wellbeing so they can make good choices and are better able to manage illness and long term conditions and live the life they choose. They are developing ways of identifying people who are at most risk and therefore predict who will need support.

An Initial Screening was carried out at the beginning of the process. 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.

A full Equality Analysis has been prepared and will be completed after the Directorate consultation has concluded on 6th February 2012.

Potential risks identified by the initial screening are:

- There is a potential for discrimination in both access and assessment if language barriers are not overcome.

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Potential mitigating actions are set out below:

- The provider is required to address this issue – this has been reduced to a minimal level.

(ii) Increasing Effectiveness of Enablement Services - Savings target: £3.5m

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'.

An Initial Screening was carried out at the beginning of the process.

A full Equality Analysis has been prepared and will be completed after the Directorate consultation has concluded on 6th February 2012.

Potential risks identified by the initial screening are:

- Service redesign: To achieve the saving the directorate must expand the service (in order to avoid other costs) not only in terms of the number of hours that are available, but also the range of enablement activities on offer. The directorate will do this in conjunction with its colleagues in health. There are also proposals to look at the cost effectiveness of their internal services, both in terms of whether they are providing the right services as well as considering if those services could be provided at a lower cost by the independent or 3rd sectors. . This could lead to a reduction in the size of the in-house workforce which is predominantly female.

- Potential mitigating actions are set out below:

- The mitigating actions to minimize any potential redundancies, which have been implemented under earlier phases of the programme will continue including voluntary redundancy. The full support programme for staff that has been developed and carried out in conjunction/partnership with Trade Union colleagues has been implemented for staff including skills audits, CV assistance, interview skills training, a career support pack. Access to the Jobs Fairs being held in partnership with Job Centre Plus with external care providers, agencies, training and development information and 1:1 assistance including advice on applications, CVs and interviews etc would also be provided.

(iii) Bringing forward the benefits from Individual Budgets - Savings target: £0.9m

Adults & Communities' vision in the revised Full Business Case is: 'To meet critical and substantial eligible adult social care needs within the resources available to them. The directorate will do this by promoting the use of Individual Budgets and Direct Payments as a means of helping individuals take real control over their services by using their social care funding more effectively and to shape how their care is delivered.'

An Initial Screening was carried out at the beginning of the process.

A full Equality Analysis has been prepared and will be completed after the Directorate consultation has concluded on 6th February 2012.

Feedback from consultation so far indicates that service users and carers have had difficulty in understanding how the proposals would impact upon them. This is a very technical and complex area and we need to ensure that sufficient time and detail is provided.

Adults & Communities therefore proposes to substitute an alternative savings plan for the £0.886m of Proposal 3. The Directorate believes that continuing with effective vacancy management – while ensuring delivery of frontline services – will allow a saving of this magnitude to be secured in 2012/13, while a further round of communication and consultation is proposed, to take place in early summer. The intention would be to seek to implement a fresh proposal following consultation from 1st April 2013

Potential risks identified by the initial screening are:

- This could lead to a reduction in the size of the in-house workforce which is predominantly female

Potential mitigating actions are set out below:

- Actions to minimize any potential redundancies, which have been implemented under earlier phases of the programme, will continue including voluntary redundancy. The full support programme for staff that has been developed and carried out in conjunction/partnership with Trade Union colleagues has been implemented for staff including skills audits, CV assistance, interview skills training, a career support pack. Access to the Jobs Fairs being held in partnership with Job Centre Plus with external care providers, agencies, training and development information and 1:1 assistance including advice on applications, CVs and interviews etc is also provided.

(iv) <u>Commissioning efficient services - Savings target: £2.6m</u>

There are always things that we can look at to see if we can do things differently to get better value for our money, for example, the cost and value of the services provided by Birmingham City Council. Another factor is that as more and more people take their Individual Budget as a direct payment, they may not want to buy our services. As a result, we have set ourselves a target next year to save £2.6m by commissioning more efficient services. This may mean greater use of voluntary, independent and charitable organisations to deliver services or re-designing Council services

An Initial Screening was carried out at the beginning of the process.

A full Equality Analysis has been prepared and will be completed after the Directorate consultation has concluded on 6th February 2012.

Although we are already looking at how to make our services as efficient as possible, no additional specific proposals have been made. When these are identified, there may be a need for further consultation

Potential risks identified by the initial screening are:

- This could lead to a reduction in the size of the in-house workforce which is predominantly female

Potential mitigating actions are set out below:

- Actions to minimize any potential redundancies, which have been implemented under earlier phases of the programme, will continue including voluntary redundancy. The full support programme for staff that has been developed and carried out in conjunction/partnership with Trade Union colleagues has been implemented for staff including skills audits, CV assistance, interview skills training, a career support pack. Access to the Jobs Fairs being held in partnership with Job Centre Plus with external care providers, agencies, training and development information and 1:1 assistance including advice on applications, CVs and interviews etc is also provided.

(v) Using money from the NHS - Savings target: £10.0m

Last year the government announced that the health service would receive funds to support social care in 2011/12 and 2012/13. This funding is for local authorities to invest in social care services to benefit people's health. With the support of the NHS in Birmingham, we propose to use this funding to develop adult social care services.

An Initial Screening was carried out at the beginning of the process.

A full Equality Analysis has been prepared and will be completed after the Directorate consultation has concluded on 6th February 2012.

There were no potential risks identified by the initial screening.

Environment and Culture

(i) Review of Charitable waste Procedures – Savings target: £0.4m

The directorate has identified possible savings targets for the following work streams, charging for the collection of charitable waste, and the collection of textiles

A substantial consultation exercise has been carried out with charitable organisations who have an interest in these two work streams and this Consultation is ongoing.

An initial screening EA has been completed and this screening identifies that a full EA is not required for these two work streams. However for the purposes of completeness in reporting to Members of the Council on this area of review, given it is not referred to elsewhere in this report the initial findings of this review are set out below subject to ongoing consultation

Potential risks

- In relation to the collection of textiles by the City Council there could be an impact on the charitable organisations presently carrying out this role in relation to their collection of charitable funding.
- Residents may choose not to use the textile recycling banks provided by the City Council.
- Risk of associated fly tipping.

- Associated cost of clearing any fly tipping to the City Council.

Points of Mitigation

- As part of the consultation process relating to the collection of textiles between the charitable providers and the City Council, a pilot scheme of 15 textile recycling banks has been commenced.

- Fleet and Waste Management are currently working with Corporate Procurement on a potential successor contract for when the pilot ends.

- With reference to the charging for the collection of charitable waste it has been identified that one organisation does not produce the waste on charitable premises, and as a consequence a charge may be made.

(ii) <u>Review Community and Play Grants - Savings target: £1m</u>

The reduction proposed to grants follows from a reduction in 2011-12. The current proposed reductions will coincide with implementation of a new commissioning approach (using the corporate third sector process) which will replace historic funding arrangements. The commissioning prospectus will set out criteria which link to the Council Plan priorities of supporting vulnerable people and building community cohesion.

To address the main issue of the potential for adverse and disproportionate impact on protected groups, consultation has taken place with the groups which currently receive funding, as well as with those that do not, to inform the development of the commissioning prospectus which is awaiting approval by the Cabinet Member.

The directorate has carried out an initial screening and a full impact assessment will be completed and any savings proposed will be subject to responses to consultation and the full impact assessment. . The assessment will review any particular defined groups that may be disproportionately affected by proposed budget savings including those with protected characteristics.

Potential risks identified by the initial screening are:

- The impact on the service users will be dependent on the outcome of the budget consultation.

- To balance the impact of the reduction of skilled staff to support service provisions, with the need for grant aid budgets to be retained to fund commissioned activities.

- The continuation of support for service users and third sectors groups with particular needs, especially those in priority neighbourhoods.

Potential mitigating actions are set out below:

- Whilst there will be less funding in total and some organisations may get reduced or no grant, the process may enable those best placed to deliver against these objectives to access increased funding.

- It is proposed the service will continue to support those organisations which are not commissioned through information about alternative sources of funding and by linking with colleagues to ensure that organisations collaborate with other local groups in their area.

- To work in a more coherent way across the Council, simplifying our internal arrangements and pooling public sector funding to create targeted and more streamlined approaches and supporting groups to work in partnership

(iii) Review Subsidies to Community Events - Savings target: £0.4m

Consultation has taken place which has looked at alternative options in the Events Section to maintain the delivery of a varied programme.

The directorate has carried out an initial screening and a full impact assessment will be completed. Any savings proposals will be subject to responses to consultation and the full impact assessment. 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.

Potential risks identified by the initial screening are:

- The impact on the service users will be dependent on the outcome of the budget consultation.

Potential mitigating actions are set out below:

- Greater support may be provided to community event organising committees to support them in understanding the requirements for events and to engender closer working partnerships.

- Event organisers are now working together more effectively to share good practice, think about potential sponsors and collect information at their event that demonstrates value to potential sponsors.

- Work is being undertaken to potentially package events together in order to attract greater sponsorship over the whole events programme as well as undertaking a review of the frequency and content of events. Examples of progress made include the Lord Mayor's Show and Pride sharing the same infrastructure for the delivery of their events for the Queen's Jubilee; working closely with Retail Birmingham on the Christmas programme to maximise its impact within the limited resources available.

- Procuring a sponsorship partner to work with the City Council to secure additional sponsorship funding for events through a performance based contract.

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6. 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 £101m (this is slightly lower than the anticipated savings figure of £106m when the Council's corporate budget consultation first commenced).

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 service portfolios (see section 3 above). These were calculated with reference to the existing relative expenditure bases of portfolios, their individual expenditure pressures, the deliverability of previous years expenditure targets and to reflect the Council's stated priorities. The resultant provisional portfolio savings allocations were considered therefore to be set on a proportionate, reasonable and fair basis subject to appropriate Equality Screening and consultation.

Both the savings options that the Administration was minded to proceed on and not proceed on were then subjected to appropriate Equality Assessments and extensively consulted upon. Consultees were also given full opportunity to put forward their own proposals on savings that could/should be progressed.

This chapter has provided above an overview of some of the main equality considerations arising from the "Council Business Plan & Budget 2012+". 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 consider putting in place in order to progress the savings proposals on which it is consulting and these are referenced in the overview included here and/or in the detailed schedule (copies of the detailed equalities assessment work to date has been put in each of the Council's political group offices for the Members reference and information). 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.

The Council has also identified a number of saving proposals for which it considers it is not able to adequately mitigate against the concerns expressed regarding potential adverse consequences. In those instances, it has amended or deleted the savings proposal and has not included it within this draft Budget.

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, these 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.

PART 4 - Policy Priorities

1. National Context

1.1 The Government has set as its top priority reducing the national budget deficit over the life of this parliament. The national Spending Review 2010 introduced significant cuts in public spending. However, it gave protection to the NHS and schools, which meant that the funding available to other local government services reduced significantly for 2011/12 and continues to do so for the next three years. Planned local government funding by central government falls by 20% in cash terms over the four year period, equivalent to a reduction of 28% taking into account expected inflation.

1.2 Over the past year the Government has also announced a significant policy agenda aimed at:

- Increasing the diversity of service providers
- Devolving central power to local government, and local government power to communities
- Encouraging and enabling people to play a more active part in society including the delivery of services
- Promoting best use of public sector resources including prevention through improved partnership working.
- Recognising the needs and impact of "troubled families"
- Transferring lead local responsibility for public health to local government

1.3 Initiatives to support this agenda include:

- Payments by results for turning around troubled families – where we are building on our initial pilot in Shard End ward

- Neighbourhood led community budgets – where we are working with local communities and national government to pilot the approach in three areas (one quarter of the national pilot areas)

- Whole Place budgets – where we are supporting four councils in piloting local budgets across the whole range of public services.

- Social Impact Bonds – working with private investors to achieve savings through improved social outcomes linked to preventative interventions.

1.4 The Government has also reduced the burden of inspection on local authorities, and introduced new powers for both local government and for communities. (See Appendix 3 for further detail)

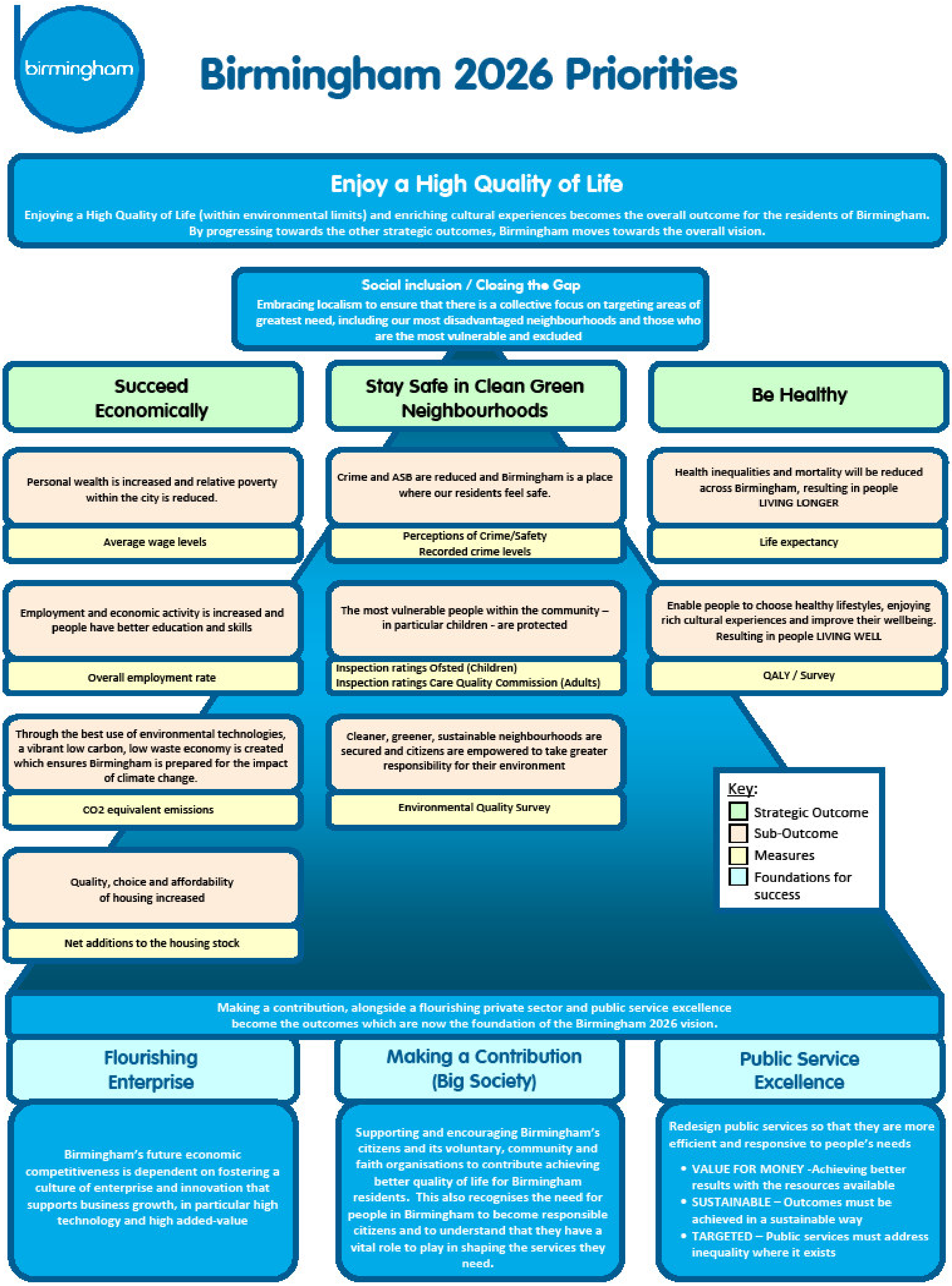
1.5 We are reflecting these national trends in our approaches to service redesign laid out in this plan.

2. Strategic Outcomes and Priorities

Birmingham Community Strategy and City Council Strategic Outcomes

2.1 The Council Business Plan 2012+ is set within the context of the Birmingham Sustainable Community Strategy “Birmingham 2026” which was developed through extensive public consultation and represents the shared ambitions for the city agreed between all local agencies.

2.2 The overarching strategic outcome for Birmingham and its citizens is to be able to **Enjoy a High Quality of Life.** The remaining strategic outcomes all contribute to the achievement of this and are described together with their sub-outcomes, performance measures and foundations for success in the diagram opposite.


birmingham
Birmingham 2026 Priorities
Enjoy a High Quality of Life
Enjoying a High Quality of Life (within environmental limits) and enriching cultural experiences becomes the overall outcome for the residents of Birmingham. By progressing towards the other strategic outcomes, Birmingham moves towards the overall vision.
Social inclusion / Closing the Gap
Embracing localism to ensure that there is a collective focus on targeting areas of greatest need, including our most disadvantaged neighbourhoods and those who are the most vulnerable and excluded
Succeed Economically
Stay Safe in Clean Green Neighbourhoods
Be Healthy
Personal wealth is increased and relative poverty within the city is reduced.
Average wage levels
Crime and ASB are reduced and Birmingham is a place where our residents feel safe.
Perceptions of Crime/Safety
Recorded crime levels
Health inequalities and mortality will be reduced across Birmingham, resulting in people LIVING LONGER
Life expectancy
Employment and economic activity is increased and people have better education and skills
Overall employment rate
The most vulnerable people within the community – in particular children - are protected
Inspection ratings Ofsted (Children)
Inspection ratings Care Quality Commission (Adults)
Enable people to choose healthy lifestyles, enjoying rich cultural experiences and improve their wellbeing. Resulting in people LIVING WELL
QALY / Survey
Through the best use of environmental technologies, a vibrant low carbon, low waste economy is created which ensures Birmingham is prepared for the impact of climate change.
CO2 equivalent emissions
Cleaner, greener, sustainable neighbourhoods are secured and citizens are empowered to take greater responsibility for their environment
Environmental Quality Survey
Key:
Strategic Outcome
Sub-Outcome
Measures
Foundations for success
Quality, choice and affordability of housing increased
Net additions to the housing stock
Making a contribution, alongside a flourishing private sector and public service excellence become the outcomes which are now the foundation of the Birmingham 2026 vision.
Flourishing Enterprise
Making a Contribution (Big Society)
Public Service Excellence
Birmingham's future economic competitiveness is dependent on fostering a culture of enterprise and innovation that supports business growth, in particular high technology and high added-value
Supporting and encouraging Birmingham's citizens and its voluntary, community and faith organisations to contribute achieving better quality of life for Birmingham residents. This also recognises the need for people in Birmingham to become responsible citizens and to understand that they have a vital role to play in shaping the services they need.
Redesign public services so that they are more efficient and responsive to people's needs
• VALUE FOR MONEY -Achieving better results with the resources available
• SUSTAINABLE – Outcomes must be achieved in a sustainable way
• TARGETED – Public services must address inequality where it exists

3. City Council's Priorities

3.1 This Council Business Plan sets out the **Council's priorities** in terms of our contribution to these strategic outcomes and associated sub-outcomes.

3.2 The Council's top priorities remain as follows.

- **Protecting vulnerable people (children and adults)**
- **Helping people into work**
- **Improving education and skills (employability)**
- **A clean and safe city**

3.3 Appendix 1 outlines Directorate high level actions in support of these Strategic Outcomes and the proposals for Directorate service redesign aimed at delivering these priorities with reduced budgets.

3.4 More detailed planning which supports our priority actions is contained within the Directorate Business Plans.

4. Our Approach

4.1 Our approach to planning and delivering services is based on 7 key principles. These are:

- Continuing to transform our efficiency
- Preventing problems to avoid big costs later
- Reducing dependency and enabling self sufficiency
- Collaboration between service areas and public agencies
- Personalisation such as moving to individual budgets giving more choice to service users
- Maximising income streams
- Levering in funds from the private sector

4.2 Throughout the last 8 years, we have made big changes to the Council and the way we do things.

4.3 Last year's Council Business Plan set out our intentions to become a smaller more "enabling" authority, planning our services based on customer/citizen needs and results or outcomes, ensuring that we deliver these services in the most cost effective way (based on best available evidence).

4.4 In 2011/12, we continued to move towards becoming a "commissioning authority". We have begun to provide services in new ways to our stated outcomes and priorities.

4.5 We continue to provide services directly, but will also be delivering services in partnership with others, through arms length companies, social enterprises, co-operatives or a mixture of all – whatever makes best use of the resources and works best for the citizens of Birmingham.

5. Measuring Progress

5.1 Our progress and achievement against these stated priorities and the overarching strategic outcomes are monitored, reviewed and reported on a quarterly basis to Cabinet through an agreed set of targets and Council Business Plan measures.

5.2 The Directorate Priority Actions which support these priorities and strategic outcomes can be found in Directorate Business Plans, summaries of which will be available on the Council's website.

6. What has changed since last year?

6.1 Our Business Plan 2011+ set out ambitious plans for delivering a significant programme of savings starting in 2011/12. Actions had already been taken to deliver 92% (£195.9m) of this year's savings requirement of £212.8m by November, and work continues to address the remainder.

6.2 We have updated our financial position to:

- Review the decisions taken last year
- Learn from our experience of implementing the savings plans
- Take account of some areas of our budget where cost increases can't be avoided, such as rising energy prices.

7. Review of last year's plans

Adult Social Care "New Offer"

7.1 There was a Judicial Review earlier this year into the Council's decision to change the eligibility criteria for publicly funded adult social care services from those with Substantial and Critical care needs to people with Critical care needs only. The judge found that we had not followed a sufficiently robust procedure in reaching our decisions and ruled that, for the time being at least, we could not go ahead with our plans.

7.2 We have reviewed our position, including the related decision concerning the costs of care by other providers, and **we are not now proposing to go ahead with changes to the eligibility criteria**. This leaves a shortfall of £51m in 2012/13, rising to £69m by 2013/14. This policy can only be achieved by finding savings in other areas across the Council.

Home to School Transport

7.3 We currently provide assistance with the costs of transport to school to over 6,200 young people at a cost of £17m. We had made provisional plans to amend the criteria that help us decide who should receive assistance, to bring them in line with the statutory requirements and those applied by other Councils. However, whilst we are still consulting on reviewing the service, and undertaking the equality assessment so that it better meets the needs of children and is more efficiently run, we are not taking any particular view at this stage about eligibility criteria.

8. Learning from our experience

8.1 We have also taken stock of a number of other savings plans and, in the light of experience to date, (subject to consultation and Equality Impact Assessment where appropriate) are looking to make some changes to:

- Alter the speed at which we plan to make some savings – some more quickly and other not quite as fast as originally proposed.
- Amend the level of savings from some initiatives – reducing some and increasing others.

9. Meeting budget Pressures and Policy Priorities

9.1 We have reviewed our spending plans, and we need to provide extra resources in some areas, for example to meet increased energy costs. Our plans also include provision in respect of a number of important service pressures, including in relation to children's social care services (£7.8m).

PART 5 - Our People

1. Our People Strategy

1.1 Following the announcement in December 2010 that there would be reduced funding from Central Government to local councils from 2011 onwards, Birmingham City Council began to implement those plans and changes that had been prepared to address the financial challenges the council faces following this reduction in funding.

1.2 From April 2009, the Council introduced the Bridging the Gap initiative which enabled managed workforce reductions. In April 2010, the Council readjusted Bridging the Gap and incorporated it into a rolling four-year business plan for Birmingham City Council enabling target workforce reductions.

1.3 Through the vision and decisive leadership of the Cabinet Member for Equalities and Human Resources; the council is well placed to deliver this strategy following its investment in Excellence in People Management (EPM) transformation programme which fundamentally changed the culture of the council and increased the performance of our staff. This is now embedded into mainstream Human Resources activities.

1.4 Considerable effort has been made to manage the necessary workforce reductions through effective workforce planning; with 4,800 employees leaving to date; and in a way which minimised compulsory redundancies (around 8% of total reductions in the current financial year). A significant proportion (38%) of this overall reduction has been achieved by voluntary redundancies and in the current financial year, just over 60% of reductions have been achieved in this way.

1.5 Due to its statutory obligations and wish for on-going consultation, in October the City Council issued a S188 Notice and made both the public and staff aware that the required efficiencies within the workforce are estimated to be 1144 in 2012/13 all subject to this Business Plan and Budget 2012+ process and any subsequent consultation, equalities assessment and decision making.

1.6 Again, the Council will do its up-most to minimise any compulsory redundancies required.

1.7 A reduction of this magnitude would mean that over the 3 year period, 2010-13, the Council workforce (excluding schools staff) will have reduced by around 25%.

1.8 The implementation of the strategy sought to ensure that we addressed our duties as an employer to adhere to equality law and to follow the City

Council's existing policies and procedures relating to the management of change.

1.9 This included that any employee reductions or changes in terms and conditions were implemented in a fair and consistent manner across the Council where potential workforce reductions have been identified, this included

- Registering staff as Priority Movers and using In-Source services to explore alternative employment within Birmingham City Council for any remaining displaced staff and facilitating appropriate training and development opportunities to aid such transition.

- The introduction of recruitment controls and either holding vacant posts for potentially displaced staff or the circulation of vacancies and development opportunities to staff within the Directorates to stimulate movement away from potentially at risk areas, minimise any increase in headcount and to maximise the Council's ability to redeploy staff at risk.

- A targeted Voluntary Redundancy exercise is currently underway and if required consideration will be given to further tranches.

- Filling any current funded vacancies with appropriate employees that may be displaced.

- Out placement support and the employment of the Bridge Initiative.

- Identifying if any roles that are currently covered by contract workers that could be filled with appropriately competent employees that may be displaced.

- Ensuring that the usage of agency workers is managed through the agency gateway process to ensure they are only used in those situations that are business critical

- Offering staff that may be displaced the opportunity to apply for new posts created within any new organisational structure in line with the principles agreed with the trades unions regarding assimilation.

- Consideration of applications for job share and reduced working hours, in appropriate cases.

- Enable employees to explore the potential of alternative delivery vehicles such as mutuals.

- Any other measures that are identified and agreed as part of consultation

1.10 Our staff dedication has helped enable the Council to succeed; with this commitment Birmingham is a more vibrant city and better place to work. In order to deliver to the maximum capabilities, staff 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.

1.11 In this climate, it couldn't be more important to have a clear People Strategy that supports the Council Business Plan and Budget. This strategy has been developed by the Cabinet Member for Equalities and Human Resources, in conjunction with his HR leadership team and is driven through the Chief Executive and senior management team. The Council is not static and neither is its strategy. It is reviewed and refreshed on an ongoing basis to ensure it remains relevant to the current business strategy. The Council's People Strategy (i.e. how we manage our staff) aligns to the business strategy.

1.12 Having incorporated EPM into mainstream HR, it has provided a comprehensive and coordinated best practice approach to people management and development in the Council. Through using the new integrated framework, it has significantly helped the Council begin to maximise the value of the workforce and raise standards.

1.13 For example, the expectations and objectives of directly managed council employees are being actively re-focussed to achieve the Council's organisational objectives and priorities. These are measured through the Performance and Development Review (PDR) process to guide, review and record performance that is linked to reward and progression. This has provided employees with clearly defined goals and more transparent development pathways; it has also facilitated employee-manager engagement and supported managers to develop and lead high performing teams; as well as provide the organisation with an improved understanding of their resource and skills, helping the effective and efficient strategic deployment of a more agile workforce.

1.14 Operationally HR has created, led and put in place the Council's revolutionary approach to people management. It has introduced intuitive self service tools, redesigned people management policies with interactive guidance and procedures, a new best-practice behavioural framework, along with improved, accurate and on-demand management information.

1.15 HR is delivering this through its online portal which has been named People Solutions. This is now the single source for information allowing the council to communicate more effectively and is the platform for a new way of working.

1.16 Throughout this process, HR is looking to the future with the Council to ensure it is an employer of choice, has a one council approach, pooling resources and skills and maximising workplace agility within teams to provide the people of Birmingham with an excellent and seamless service.

1.17 In challenging times, the Council is focusing on our staff being more agile and better at what they already do. As services evolve and take on new dimensions, some of which operating in more commercial or commissioned environments, our staff need to be supported and to be agile in a fast changing sector. The Council is clear that it will continue to be a great place to work and employer of choice. To live the Birmingham values through BEST (belief, excellence, success and trust) in a way where managers and leaders have standards and ethics to uphold and will be reviewed through 360 degree performance reviews. Birmingham will be an organisation that encourages, rewards and motivates individuals to perform to the required standards, achieving a high standard against job objectives. Creativity, commercialism, drive and innovative thinking is encouraged within the Council so that it can meet needs in a fast changing public sector environment.

2. Our People Strategy Priorities

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

- Empowering staff to achieve required changes – through feeling connected to the council, helping managers get the best out of their teams and providing opportunities for all to progress their careers;
- Creating a culture of pride at work – being clear about what we stand for, having a clear understanding of employment expectations and purpose;
- Enabling people to work agilely and in a way which reduces bureaucracy, encourages innovation, rewards initiative and enables a truly flexible Birmingham Contract; which allows people to work across the council's job families and maximise their opportunities to learn new skills and develop their potential; and
- Rewarding excellent performance – focusing people in their areas of strength so that they can be deployed in roles which maximise their personal contribution and performance.

Priority 1: EMPOWERING PEOPLE TO MAKE THE CHANGE

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

2.3 Managers will need to be able to manage the changes effectively, involving staff in shaping the changes and deciding how services will be run in the future. 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.

2.4 The Council with the support of HR will ensure that 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.

What the Council is hoping to achieve is to:

- have effective 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; and
- provide opportunities for all of our staff to progress their careers.

Priority 2: CREATING A CULTURE OF PRIDE AT WORK

2.5 Being clear what the Council stands for, articulating how everyone plays his or her part in shaping the future. Creating a feeling of being proud to work for the largest local authority in Europe will be cultivated through a new B-Empowered scheme. This will give our staff a clear expectation of what the Council is offering as an employer and what in return it is seeking from its employees.

What the Council is hoping to achieve is to:

- have a shared expectation of working for the council;
- be accountable for our actions and inactions;
- 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
- feel able to control our own work and direction of services.

Priority 3: ENABLING PEOPLE TO WORK AGILELY AND IN A WAY WHICH REDUCES BUREAUCRACY

2.6 Too often the public sector has a perception of being bogged down with cumbersome and bureaucratic processes. The council wants staff to be encouraged to innovate and to move around the authority gaining new experiences and working across services. The Birmingham Contract allows staff to work across the council's job families and maximise their opportunities to learn new skills and develop their potential.

What the Council is hoping to achieve is:

- an agile workforce that is able to facilitate the delivery of leading edge provision;
- job families which evolve with service redesigns and different models of delivery; and
- individuals who can progress and learn new skills in a way which meets the council's needs and workforce plans.

Priority 4: REWARDING EXCELLENT PERFORMANCE

2.7 At a time of reducing resources and rising customer expectations, it will be increasingly important for managers to develop 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, which maximise their personal contribution and performance.

What the Council is hoping to achieve is to:

- build a high performance culture, with PDRs 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.

2.8 To achieve our People Strategy will be the key to delivering our community strategy and vision so that the Council provides an important role in the heart of this vibrant city and plays an important role in the lives of the people who live, work and visit Birmingham.

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. Along with the necessary staff and technology, the right type of property, in the right place is essential to deliver the Council's services. It is also an expensive resource. 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 Sections 4 to 13 below outline the City Council's overall strategy for property and other assets. Appendix 2 summarises the asset and capital strategies of major service areas.

2. General strategic aims

2.1 The City Council's strategic objectives in relation to its property and other long term physical assets include:

- To utilise the optimum property in accordance with the City Council's strategic objectives and service delivery plans;
- 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 invest in the retained estate to deliver value for money

2.2 The overall strategic aims for the non operational assets (commercial portfolio) are:

- To review the estate and maintain income generation while rationalising and disposing of non performing 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
City Centre Car Parks incl Multi-storey	16
Cemeteries	9
Cemetery & Crematorium	3
Central Administration Buildings (CABs)	40
Children & Family Residential homes	26
Churchyards	24
Community Centres / Halls	63
Community Day Nurseries	18
Housing Revenue Account properties	64,405
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 kilometres)	2517km
'Sure start' Properties	10
Youth Centres	34
Youth Offending Team	7
Commercial and Managed Properties	3101
Held for charitable purposes	13

3.2 The portfolio of the City comprises a mix of service delivery properties and properties let to third parties. A programme of condition surveys is currently being undertaken, and this will evaluate the condition of open spaces and parks as well as buildings.

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 Plan due later in 2012. 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 also being delivered through the Excellence in Facilities Management programme.

Overall property and other physical assets strategy

4. Supporting Council strategic outcomes

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

5. Supporting Service Plans

5.1 Asset Management Plans are now being more closely aligned with Service Plans. These not only take account of changing 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.

5.2 Asset Management challenges are increasing and significant effort is being applied across the Council, looking at innovative ways of delivering services, across portfolios 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.

5.3 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.

6. Service rationalisation and Asset Management Planning

6.1 Most services have undergone substantial service reviews in the last 18 months or so. Their service asset management plans have been updated as a result. The outcomes of those plans are highlighted in the service capital and asset strategies, and 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. The ability of services to disinvest is hampered by the current state of the market. However a disposal strategy is approved which reinforces the linkages between service planning and asset rationalisation. It places clear requirements on services around appropriate consultation to ensure a property is fully considered before it is declared surplus.

"Shared Service Hubs" is a developing and innovative new approach that is becoming an increasingly important area of work for the future.

7. Supporting community involvement

7.1 Following the Quirk review of community management and ownership of public assets, the Council agreed a community asset transfer protocol and process. Since this time all such enquiries in respect of the Council's property and seeking a community transfer have been handled in accordance with this process. The Localism Act 2011 creates the concept of assets of community value affecting not just City Council assets but all public or private property that falls within such a description. Regulations to be made under the Act are likely to have implications for the Council's future policy.

8. Green issues

8.1 The Council is developing its carbon strategies and energy management strategies. In the development of its new CAB estate the council is striving to achieve an "excellent" BREEAM standard for new build, and "very good" for the refurbished estate. Further standards for the corporate estate are anticipated to be developed with the emerging energy conservation and carbon reduction plans.

8.2 Energy conservation is having and will continue to have an impact on services and property going forward. The Council has drafted its Carbon management plan and is signed up to its carbon reduction commitment. The carbon tax is now a reality, and resources of £1m have been provided in this Business Plan in 2012/13 (excluding schools). Regulations are expected shortly requiring energy certificates and management plans for property greater than 500 sq m (currently only required above 1000 sq m).

8.3 Energy prices have risen substantially over the past few years and may be expected to rise further. This places a growing emphasis on 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, energy performance measurement and comparison. The decision about which measures to employ and which are most cost effective varies from property to property. The Council's Procurement practices seek to develop an integrated approach to energy management, energy supply, energy consumption, contract compliance and property data.

9. Health and safety

9.1 The Council has responsibility for the health and safety of its estate including fire risk, asbestos management, legionella, and statutory maintenance compliance. The council has required that every property has a nominated dutyholder to fulfil the function of managing that health and safety responsibility. This has required the alignment of the property data with the dutyholders and to coordinate this information with Corporate Health and Safety officers.

10. Equalities issues

10.1 Equalities issues relating to property in the main focus upon access to services, and the responsibility rests with the service to ensure it has approached such equality issues. A fund for works under the Disability Discrimination Act exists to support services in funding the costs. In the event a property is being withdrawn from service delivery, it is the service responsibility to ensure the future service provision has addressed the equalities issues.

11. Asset Management Plan

11.1 The City Council maintains a five year Asset Management Plan (AMP) which describes in more detail the current position for the management of the property assets, examines influences for change across the Council, and makes recommendations for action. The current AMP 2007-2012 was approved by the Cabinet Committee (Property) and will be reviewed in 2012.

12. Facilities management

12.1 The Single Property Management (corporate landlord) model has been adopted for the Central Administrative buildings portfolio. This seeks to provide central focused management of the CAB estate. The excellence in Facilities Management business transformation programme is seeking to standardise the facilities management service for the corporate estate setting standards and performance KPIs. It is proposed to create an arms length company (ACIVICO) to contract with the council for FM services. Such a move will benefit the council both in the services obtained and in ensuring corporate compliance with health and safety issues. New service delivery models are under construction as part of this transformation programme.

13. Governance

13.1 Property strategy and decisions are overseen by the Portfolio Member for Finance and Cabinet Committee for Property. Ongoing support is managed by the Strategic Directorate of Corporate Resources.

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 priorities, plans and approach described in Part 4 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 national Government is addressing the deficit in the public finances by reducing levels of public expenditure. The Spending Review 2010 published in October 2010 set out a clear medium-term view of the resources within which local authorities will need to plan and manage their services. There were reductions in both revenue and capital resources, and the City Council faced a major challenge in re-shaping its services within the resources which will be available.

1.4 However, the Council has responded to this challenge by continuing to adopt a medium-term approach to the planning of services and finances, thereby taking a strategic approach to the design of future service provision. This Part also sets out a long-term financial strategy and a specific financial plan over a period of up to 10 years. This is regularly updated as new information becomes available and the impact of decisions can be assessed. By focusing on the long-term, the Council is able to ensure that sustainable plans are put in place, and the full on-going consequences of these taken into account, rather than just concentrating on short-term and, potentially, sub-optimal solutions.

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.

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 3A to 3M at the end of the document.

2. Revenue

2.1 The 2012/13 budget is the first year of the updated Long-Term Financial Plan. A net revenue budget of £979.7m is proposed (gross expenditure £3,474.5m). In order to accommodate a reduction in resources of £34.4m and to fund budget pressures, savings totalling £100.8m will be required.

3. Council Tax

3.1 There will be no increase in the City Council's element of the Council Tax for 2012/13, and the revenue budget has been prepared on that basis. The Council is able to take advantage of a one-off Government grant in order to freeze Council Tax at the same level as in 2011/12 (and 2010/11) 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 £1,064m. Like the revenue budget, the Capital Programme is being affected by the economic climate, resource constraints and changing grants. In this environment the City Council 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. A balance is proposed which envisages long term borrowing of around £300m to secure exceptionally low fixed interest rates, whilst maintaining some exposure to short term or variable rates. This will be kept under review as market circumstances develop.

Chapter 2 – Government Resources

1. Summary

1.1 The financial year 2012/13 is the second year of a two-year Government Grant settlement. The City Council will receive general Government Formula Grant of £646.5m in 2012/13 – a decrease of 7.2% compared with 2011/12, which will be the same as the national average reduction of 7.2%. This is further to a 10.2% reduction in 2011/12.

1.2 The Council plans to freeze its Band D basic amount of council tax in 2012/13 for the second year. This will allow the Council to take advantage of the Government's offer of a 2012/13 Council Tax Freeze Grant, which is receivable in 2012/13 only. The Council Tax Freeze Grant received by the Council in 2011/12 has now become part of Formula Grant funding to ensure that it is received annually.

1.3 In addition to these figures, the resources for schools and some central education services are provided for through the Dedicated Schools Grant (DSG). In 2012/13 the Council will receive £5,688.80 per pupil, the same level as in 2011/12. The estimated level of DSG, including funding for academies, is expected to be £987.6m, subject to final pupil numbers. The level of DSG attributable to maintained schools (based on the expected number at April 2012) and central provision is £884.4m.

1.4 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 amount of Pupil Premium being made available nationally will double in 2012/13. The provisional level of Pupil Premium will be £44.6m, subject to final pupil numbers. The level of pupil premium attributable to maintained schools is expected to be £39.2m.

1.5 The City Council also receives a significant amount of resources through individual grant streams. The majority of these Government grants are general in nature (unringfenced) and can be spent on the areas the City Council identifies as priorities. Unlike Formula Grant funding, there will be an increase (£15.6m) in the level of other grant resources available in 2012/13.

1.6 In 2012/13 the City Council will receive £7.4m of New Homes Bonus grant. 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. The City Council will also receive a further affordable housing element of New Homes Bonus of £0.4m. This element of the grant will be reinvested in the Council's housing services.

1.7 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 over how it can spend its funding, mainly consisting of formula grant, general grants and council tax. The Government provides a further grant, called Transition Grant, to provide additional resources to any authority whose calculated reduction in Spending Power is more than 8.8% in 2012/13. The Government has calculated that the City Council will receive an overall reduction in spending power of 4.3% and will not, therefore, receive any Transition Grant.

1.8 For 2012/13 the City Council will be subject to a net reduction in grant funding, excluding schools, of £35.1m.

1.9 With regard to the Council's Housing Landlord function, the current financial framework for the provision of council housing was established by the Local Government and Housing act 1989 (specifically Schedule 4). In particular, this included a national HRA Subsidy System, the introduction of a ring- fenced HRA, a duty to set a balanced budget and preventing a deficit arising on the HRA. A new devolved self financing framework is being introduced from April 2012 that will see local authorities retain all rent income raised locally, the discontinuance of the housing subsidy system and they are taking on the debt attributable to the housing stock.

2. General Government Funding including Business Rates

Formula Grant 2012/13

2.1 2012/13 is the second year of a two-year funding settlement.

2.2 The City Council's Formula Grant for 2012/13 will be £646.5m. The figures are presented in Table 7.2.1 below.

Table 7.2.1 Summary of Formula Grant Settlement

	2012/13 **£m**
Previous Year	691.206
Adjustments[1]	5.350
Re-stated Base for Previous Year	**696.556**
Change	(47.765)
Formula Calculation	**648.791**
Less Damping	(2.271)
Formula Grant Allocation	**646.520**
Annual Percentage Change	**-7.2%**

[1] The Government has adjusted the base Formula Grant position to reflect both a number of transfers of responsibility to and from the Council and 2011/12 Council Tax Freeze Grant which is now built into the ongoing Formula Grant. The relevant Portfolio budgets have been adjusted to reflect these technical changes where appropriate.

2.3 The Government guarantees a maximum level of formula grant decrease for all local authorities. After formula grant allocations have been calculated some local authorities would receive a greater reduction. Therefore the Government tops up the level of grant 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 top up by having their calculated Formula Grant reduced (damped).

2.4 The City Council is 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 formula grant being scaled back by £2.3m.

2.5 The City Council has never received its full entitlement through this process and will have contributed £158.8m to authorities with lower levels of need over the period 2005/06 – 2012/13. In 2012/13 the £2.3m is equivalent to £7.59 in council tax for each Band D equivalent property.

Council Tax Freeze Grant

2.6 The Council is taking the opportunity to freeze council tax for the second year running by utilising the Government’s offer of £8.3m Council Tax Freeze Grant in 2012/13. The Council Tax Freeze Grant received in 2012/13 is a one-off grant that will not be received in future years.

2.7 The funding that was received in 2011/12 is now received through Formula Grant and is a permanent uplift in the resources that the Council will receive.

Local Government Resource Review

2.8 The Government began a review of local government finance in March 2011. Phase one involved a review of how the local retention of business rates can be achieved. The new system will be introduced from 1 April 2013 and the information provided in this section is based on the knowledge that is available to date.

2.9 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 that 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. It is expected that the city council will be a top up authority.

2.10 A “safety net” will be introduced that will ensure that a local authority’s business rates income will not fall more than a given percentage below its 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. No decision has yet been taken over the point at which the safety net will begin.

2.11 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.

2.12 The Government has also stated that all local authorities will be able to implement Tax Increment Financing on a smaller scale as an inherent part of the scheme proposals. The Government has helped to facilitate this by stating that any reset of the business rates system will not take place for ten years. For larger schemes that local authorities wish to implement outside of Enterprise Zones, individual bids will be able to be submitted to the Government requesting that growth in business rates be retained for 25 years, although the number of schemes is expected to be limited.

2.13 The amount of information that the Government has published regarding the Resource Review is helpful, but at a very high level. The Government has set up working groups to determine the finer details of the scheme.

2.14 The Spending Review, announced on 20 October 2010, has provided clear indications of how public sector spending generally and local authority funding specifically will change over the medium term. Overall, local authority funding is expected to fall by 28% in real terms, 20% in cash terms, between 2010/11 and 2014/15. The City Council received cash reductions of Formula Grant of 10.2% and 7.2% in 2011/12 and 2012/13 respectively. Further average local authority reductions in formula grant funding of 1% in 2013/14 and a further 5.5% in 2014/15 have been inferred from the Spending Review.

2.15 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.

2.16 The City Council has based its forecast resource levels (locally retained business rates and top ups) in 2013/14 and 2014/15 on these assumptions and added in a small further reduction for contributions to the floor. It is likely that the Government will want to minimise the level of turbulence that occurs when the new scheme comes into place. Therefore it is prudent that the Council continues to make resource assumptions based on the current system of resource distribution in the medium term until further details of the new business rates retention scheme are announced.

2.17 The forecast levels of retained business rates for 2013/14 and 2014/15 can be seen in Table 7.2.2. These figures have been adjusted from the 2011+ Business Plan in order to reflect the updates inferred from the Chancellor's Autumn Statement.

Table 7.2.2 Medium Term Recources Forecasts		
	2013/14 £m	2014/15 £m
Locally retained business rates and top ups	632.108	587.993
Annual Percentage Change	**-2.2%**	**-7.0%**

2.18 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 overall reductions in public sector funding announced for 2015/16 and 2016/17 will be 0.9% per annum. Given the distribution of reductions announced following the last spending review, for the purposes of prudent advanced planning the LTFP has been revised to include two scenarios:

- Scenario 1 assumes that spending cuts will be applied equally across the public sector and resource levels will reduce by 0.9% in 2015/16 and 2016/17. Following this, resources are then anticipated to remain static in real terms but increase in cash terms by 2% per annum (i.e. in line with inflation) thereafter.
- Scenario 2 assumes that the impact on local government might be considerably higher and be in line with the level of resource reductions applied in this Spending Review Period. Hence the scenario assumes that levels of business rates retained will reduce by around 5.3% in 2015/16 and a further 7.1% in 2016/17. Following this, resources are then anticipated to remain static in real terms but increase in cash terms by 2% per annum (i.e. in line with inflation) thereafter.

2.19 A summary of the impact of the results of this analysis is shown in Appendix 3C.

3. Total Government Grant Funding 2012/13

3.1 The Government states that it is continuing to take a fairer and more progressive approach to calculating grant than that used in the past by focusing on the impact any grant reductions would have on the total spending power of individual councils. “Spending power” is a calculation that includes formula grant, some other government grants, including NHS support for health and council tax income.

3.2 The Government has introduced special support to assist local authorities whose spending power has reduced by more than 8.8%. However, the City Council will not receive any funding from this transition grant because the Government has calculated our total loss of spending power is 4.3%. The average reduction in spending power across the country is 3.3%.

3.3 This is the second year of two years of grant allocations announced by the Government. Table 7.2.3 shows the level of grant funding that the City

Council will receive for each grant stream in 2012/13 over which it can exercise some discretion. This shows that the overall change in grant funding (excluding formula grant and DSG) going into 2012/13 is a £15.6m increase. The overall change in resources going into 2012/13, taking Formula Grant and other grants combined, is a reduction of £34.4m. A breakdown of the total forecast change in Government resources for 2012/13 can be seen at Appendix 3A.

Table 7.2.3 Other Grant Funding Received by BCC			
Funding	**2011/12 (adj) £m**	**2012/13 £m**	**Decrease/ (Increase) £m**
Main Targeted Grant Funding:			
Learning Disability	36.710	37.610	(0.900)
Early Intervention Grant	61.874	64.771	(2.897)
Preventing Homelessness	1.250	1.250	0.000
Indicative Council Tax Freeze Grant[1]	0.000	8.331	(8.331)
NHS Funding to Support Social Care and Benefit Health	15.393	14.661	0.732
Housing and Council Tax Benefit Subsidy Admin Grant	12.389	11.975	0.414
New Homes Bonus	3.202	7.416	(4.214)
Other Announcements and Forecasts:			
Other	23.398	23.886	(0.488)
Subtotal - Grant Funding (excluding Formula Grant)	**154.216**	**169.900**	**(15.684)**
Formula Grant[1]	696.556	646.520	50.036
Total Grant Funding	**850.772**	**816.420**	**34.352**

[1] 2011/12 Council Tax Freeze Grant has been transferred into Formula Grant in 2012/13. The 2011/12 figures have been adjusted to reflect this.

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

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

3.6 From 2013/14 the Government also intends to localise council tax benefit. The Government intends that the Government grant received by the City Council to meet the costs of discounts (formerly benefits) awarded will be unringfenced from 2013/14, and reduced by 10%. However, legislation has yet to be passed. As details of the final scheme are not yet available the City Council has not yet reached a policy decision over how it will approach this funding reduction. A number of potential options are open to the Council including:

- A local council tax discount (formerly benefit) system that would operate within the cash constraints of the grant;
- Maintaining the current council tax discount (formerly benefit) system and finding additional savings from elsewhere within the Council's budget; or
- Incorporating alternative adjustments to the rates of current discounts.

3.7 During 2012/13, the Council will be preparing its local scheme to replace council tax benefit which is due to be abolished with effect from 31 March 2013 as part of the Welfare Reform Act. The City Council envisages consulting with the public on the details of the local scheme for Birmingham during the summer of 2012 ready for implementation for the new financial year.

3.8 This will be subject to further reports to Cabinet. For the City Council with a budget of c£115m for Council Tax Benefit payments, a 10% reduction in grant would equate to over £10m reduction in funding. Dependent on the policy adopted by the Council this may require subsequent amendments to the LTFP for 2013/14 and subsequent years.

4. Dedicated Schools Grant (DSG) and the Pupil Premium 2012/13

4.1 The Government guarantees that DSG will provide a set level of funding per pupil. In 2012/13 this will be £5,688.80 per pupil, the same as is in 2011/12. The final DSG allocation will be based on a January census of pupil numbers, which will be finalised by the end of April 2012. The Council has calculated its own internal estimate of DSG based on the October 2011 census data.

4.2 The Government has made a technical reduction to Formula Grant based on a forecast of the number of schools that will become Academies. The reduction made by the Government is their attempt to estimate the services that will longer be required to be provided to the Academies, or for which a charge will be made. However, a large number of these reductions are not readily achievable by the Council as they relate to fixed costs for example. Therefore whilst the actual reduction to Formula Grant was £3.0m, this was not fully passed on internally and the Children, Young People and Families Portfolio received a technical budget adjustment of only £1.9m to reflect this.

4.3 The internally calculated provisional gross DSG allocation for all Birmingham schools is £987.6m for 2012/13. The gross calculation includes funding that will be provided directly to Academy schools within Birmingham. The amount payable to the City Council has been estimated at £884.4m, but this is likely to change as further schools convert to academies.

4.4 Schools are funded from DSG and post 16 grant received for the education of pupils aged between 16 and 19 years. Individual schools' budget shares are calculated through the Birmingham Fair Funding Formula, after which the amount which is due to Academies is deducted and retained by the Department for Education (DfE). A small proportion of DSG is used to fund specific services, defined in regulations, that may be managed centrally and that support children's education. The Schools Forum must be consulted annually on the allocation of DSG.

4.5 In addition to DSG, the Government has introduced a Pupil Premium. Funding for the Pupil Premium will be over and above DSG. 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 (£600 per pupil)
2. Looked After (£600 per pupil)
3. pupils whose parents are serving members of the armed forces (Service Children) (£250 per pupil)

4.6 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 2012. 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 £43.8m. The City Council expects to receive £0.8m across groups 2 and 3. Therefore the City Council is forecasting it will receive a total of £44.6m including funding for academies. The level of pupil premium attributable to maintained schools is expected to be £39.2m.

Dedicated Schools Grant – Medium Term

4.7 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.

4.8 The DfE has consulted on major changes to the schools funding system with the aim of eliminating what are perceived as historical anomalies and of establishing a more transparent formula for distributing funding between local authorities. No decisions have yet been announced. However, since, under the current arrangements, Birmingham receives a relatively high guaranteed unit of funding per pupil in comparison with other local authorities, it is likely that formula changes will lead to a reduction in funding. It is understood that while the changes could potentially be implemented in 2013/14, it is more likely that they will take effect for the 2014/15 financial year. Further schools converting to academies will also reduce the level of DSG available to the City Council.

4.9 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

4.10 There are no indications 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 2012/13

5.1 In 2011/12 the City Council budgeted to receive £45.7m from the Young People's Learning Agency (YPLA) to fund education and training of 16-19 year olds in sixth forms within schools. As a result of the Education Act 2011, the YPLA will cease to exist from April 2012, with functions becoming the responsibility of the Education Funding Agency (EFA). It is estimated that the City Council will receive a grant from the EFA of £25.2m in 2012/13. This reduction of £20.5m reflects secondary schools that have converted to Academies during 2011/12.

Education Funding Agency – Medium and Long Term

5.2 The DfE also plan to change the funding mechanism for post 16 provisions for the 2013/14 academic year, which may have implications for Birmingham. In addition the Government is committed to raise the age for compulsory participation in education or training to 18 years for all young people by 2015. In 2012/13 it is expected that 98% of 16 year olds and 92% of 17 year olds will be in education and training. The previous YPLA funding mechanism has been adjusted to be more responsive to growth ensuring that providers are funded for additional learners.

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

6. Housing Revenue Account 2012/13

6.1 With regard to the Council's Housing Landlord Function, the current financial framework for the provision of council housing was established by the Local government and Housing Act 1989 (specifically Schedule 4). In particular, this included a national HRA Subsidy System, the introduction of a ring- fenced HRA, a duty to set a balanced budget and preventing a deficit arising on the HRA.

6.2 A review of the national financial framework was commenced in December 2007 following considerable concerns expressed by local Members, tenants and housing professionals. In Birmingham, the annual contribution from the rent account to HM Treasury increased from £12m in 2001/02 to £77m in 2011/12 (excluding the Major Repairs Allowance). In addition, the right to buy (RTB) receipts that have been subject to national pooling were around £170m between 2004/05 to 2011/12.

6.3 The current national financial framework is being dismantled (as part of the Localism Act 2011) and a new devolved self financing framework is being introduced from April 2012. The key components of the new framework will include:

- dismantling of the national HRA Subsidy System including the reallocation of debt between central government and local authorities (£336.1m additional debt to Birmingham)

- 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 and adequate resources to continue to maintain properties to the Decent Homes Standard

- retention of the HRA ring-fence – a principle most valued by Members and tenants

- continuation of the national pooling of RTB receipts until the current Spending Review to 2014/15 (this is now subject to a separate consultation following the publication on the 21 November 2011 of Laying the Foundations – A Housing Strategy for England).

- establishing a debt ceiling for each local authority (based on current debt and new debt allocated or debt written off)

6.4 A balanced HRA Budget for 2012/13 is proposed (further details can be seen in Part 7 Chapter 4) and has been compiled based on the HRA Self Financing Business Plan 2012+ (as reported to Cabinet on 13 February 2012), which can be seen at Appendix 3D.

6.5 The HRA Self Financing Business Plan 2012+ considers the Medium Term (2013/14 to 2014/15) and the Long Term (2015/16 to 2021/22) and is not expected to be affected by national resource allocations.

7. NHS Funding to Support Social Care 2012/13

7.1 In 2012/13 the Council will receive a Section 256 transfer from the NHS of £14.7m which has been included in the Adults and Communities portfolio budget. In addition to the 2012/13 grant allocation, shown in Appendix 3A and included in the gross expenditure estimates of Appendix 3G, it is also expected that there will be an additional £6.2m of unspent Section 256 transfers from prior financial years brought forward from 2011/12 to support adult social care.

NHS Funding to Support Social Care – Medium Term 2013/14 – 2014/15

7.2 There is uncertainty about the total level of funding that will be available in the medium term. The Council estimates that it will receive £14.0m in 2013/14 and £13.3m in 2014/15. When firm allocations are announced spending will be restricted to the level of resources available.

7.3 As part of the Government's proposed NHS reforms, responsibility for some public health activities will transfer to local authorities in 2013/14. At this stage the level of the transfer has yet to be determined and has not been included in the LTFP. Based on historic levels of relevant spend in Birmingham, the expected level of the transfer will be c£50m per year.

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. A schedule of announcements can be seen at Appendix 3B. Services will need to manage within the level of grant that they receive.

Chapter 3 – Long-Term Financial Strategy

1. Introduction

1.1 In combination, the statements of priorities and approach in Part 4 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 4);
- Asset management plans (detailed in Part 6);
- Service developments (detailed in Part 7, Chapter 4, Appendix 1 and Appendix 3E); and
- The savings programme (detailed in Part 7, Chapter 4 and Appendix 3F)

Having a 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 2011+ and the LTFS and LTFP within it adopted a proactive medium-term approach to planning its services and finances. However, primarily as a result of the Judicial Review regarding adults' social care, but also after taking account of 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.

2. Contextual Background

2.1 The current financial climate has had significant impact on the LTFP. Large reductions in the forecast levels of Formula Grant 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 formula grant for local authorities for the period 2011/12 to 2012/13. 2012/13 is the second year of the fixed settlement and as a result there is only one year of financial certainty of the level of grant that will be received from the Government. However, the Spending Review 2010 also gave indications of how the overall level of funding for local authorities will change in the following two years, providing some additional clarity. Further to this the Autumn Statement has clarified that the Government will need to make further spending reductions in 2015/16 and 2016/17 in order to remove the deficit.

2.3 Additionally, the Government has recently concluded a consultation on a new methodology of funding local authorities from 2013/14 onwards (localisation of business rates). The Government made some key headline announcements in December 2011 that provide some clarity. Initially the new system will be based on the resource allocations that would have been issued under the current system. Therefore current overall resource forecasts continue to be based on the current system until further detail is released by the Government.

2.4 Once the new business rates localisation scheme is in place the City Council is expected to be entitled to an annual "top up" grant from the Government which will grow annually in line with RPI. It is expected that this will result in a stream of guaranteed income that will increase annually. There will, however, be financial uncertainty surrounding the forecasting of locally retained business rates income.

2.5 The LTFS and accompanying LTFP run from the period 2012/13 to 2021/22. Therefore all estimates of resources included within the LTFS after 2012/13 have a degree of uncertainty surrounding them, especially in the current economic climate.

Economic Downturn

2.6 Britain emerged from a sustained period of recession in the final quarter of 2009. Whilst growth data for 2010 was relatively strong, 2011 was weaker. Inflation has been significantly above target throughout 2011 but is expected to return to target in 2012/13. The number of unemployed people and other economic pressures are expected to continue to lead to strong demand in certain council services.

2.7 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.

2.8 The City Council does anticipate that some of its services will suffer reductions in income, at least over the medium term. However, despite the economic downturn, the City Council believes there is the potential to generate more income in some areas in 2012/13 than it aimed to in 2011/12 in order to minimise the impact of savings requirements on service provision.

Efficiencies and Value for Money

2.9 The Council recognises that resources will reduce over the short and medium-term but it will safeguard resources for front-line services, so far as is possible, in 2012/13 and beyond. Therefore the Council is looking for new ways to generate ongoing value for money (VFM) efficiency gains and recognises that the need to generate efficiencies will remain for the foreseeable future.

2.10 In order to develop these proposals a number of tactical approaches will be applied:

- Market testing proposals – establish whether the Council's internal provision of services is the most cost-effective method.
- Analysis of the asset base – is the Council (and its public sector partners) making the best use of assets? (e.g. Leisure and Community Assets – whether some services will be better provided through Leisure Trusts)
- Administrative Overheads – can the administrative overheads of the Council be reduced significantly?
- Productivity and unit cost of labour – analysing the Council's unit costs and determining where these can be reduced.
- Systematic "best value" – the Council must continuously assess the level of VFM that it provides and strive to increase this.
- Developing services to reduce dependency and to enable and encourage self sufficiency.
- Generating Income – exploring all opportunities for generating and maximising income.

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.

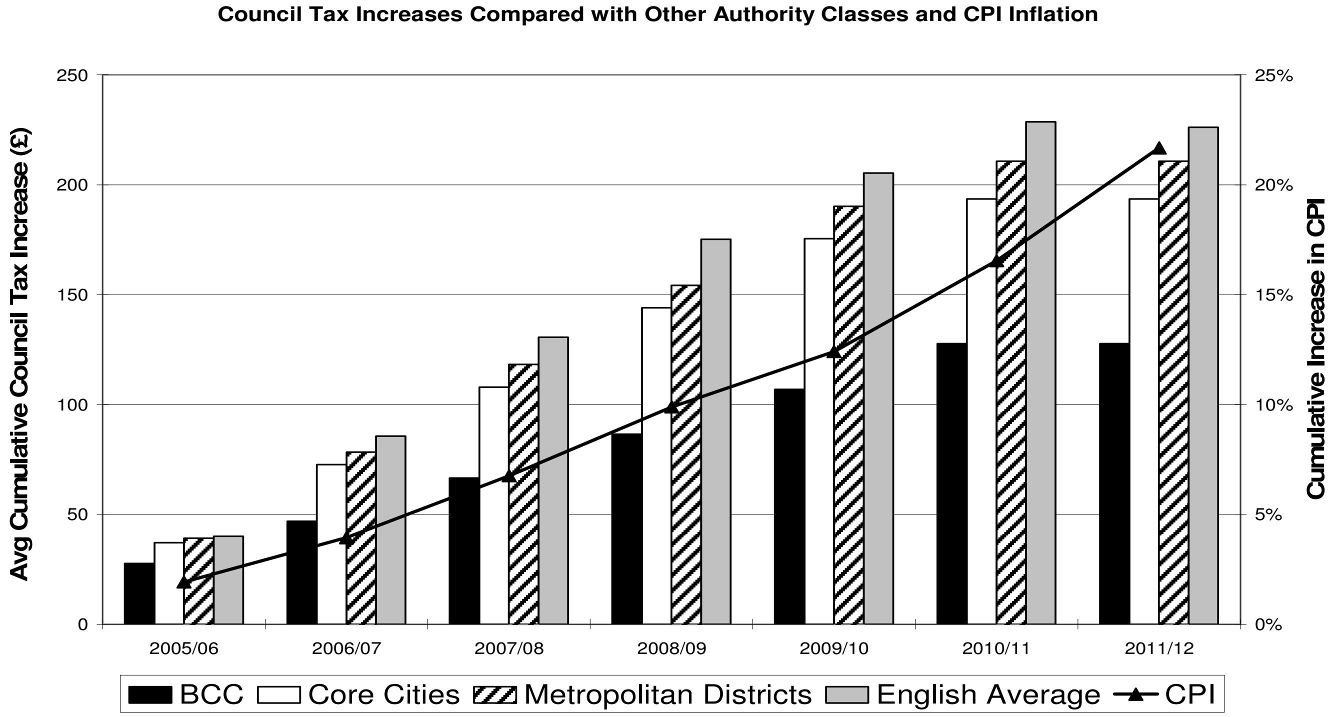
The strategy set out in the HRA business plan is also summarised.

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

4. Low Council Tax Levels

4.1 The City Council is committed to ensure that Council Tax levels, and increases, are maintained at low levels. This is of critical importance when large sections of Birmingham's residents are faced with economic hardship. The City Council has a track record of increasing Council Tax at lower rates than the average of all of its comparator groups of local authorities and the English average and in 2012/13 is freezing its element of the council tax for the second year running to further help the residents of Birmingham. Figure 7.3.1 below illustrates the significant difference between the actual increase in Birmingham's Council Tax and what it would have been had it grown in line with the average for the Core Cities, Metropolitan Authorities and for the country as a whole. This shows that, over the period from 2005/06 to 2011/12, a Band D Council Taxpayer's saving is over £98 per annum compared with the national average increase. It also shows that the Council's element of the Council Tax in Birmingham has increased at a rate below inflation. This has resulted in a 7.4% reduction in real terms over the past seven years in the level of the Council's element of Council Tax that Birmingham residents pay.

Figure 7.3.1



4.2 An increase in the rate of Council Tax of 1.9% per annum is assumed within the LTFP each year from 2013/14 onwards. However, this increase is not enough on its own to maintain a balanced budget once the forecast reduction in resources is also taken into account. Consequently, in order for the Council to maintain its strategy of low Council Tax increases it must also progressively reduce its level of expenditure in real terms.

5. Savings

5.1 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.

5.2 The City Council has a successful record of achieving efficiencies to date but the challenge is becoming progressively harder.

5.3 The City Council itself is committed to a “journey towards excellence”, and has an ambition to be “second to none”. Through its business planning it not only delivers high quality, cost-effective services, but also puts the customer first. The Council does this through transforming the way services are provided and focusing on the outcomes the customer requires.

5.4 The Policy Framework being adopted is set out in Part 4 of this Business Plan, and based on the following approach:

- Transforming our efficiency
- Preventing problems to avoid big costs later
- Reducing dependency and enabling self-sufficiency
- Collaborating effectively across service areas and public agencies
- Personalising public services
- Maximising income streams
- Levering in funds from the private sector

6. Reserves and Balances

6.1 The Council's General Fund (non-schools) reserves are relatively modest for an organisation of its size; the balance at the end of the 2011/12 financial year is expected to be of the order of £105m specific reserves and £16m 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, something which is recognised by the external auditor.

6.2 The only resources which are not earmarked for specific purposes are those in the Corporate Working Balance. As in recent years the Council's strategy is to continue to build general balances by making planned contributions of £1.5m per annum. The strategy is, therefore, to increase general balances to £25.9m by 31 March 2016.

6.3 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 6.3.1	**2011/12 £m**	**2012/13 £m**	**2013/14 £m**	**2014/15 £m**	**2015/16 £m**
Corporate Working Balance	19.9	21.4	22.9	24.4	25.9
Portfolio Carry Forward Balances	(3.9)	(3.6)	(1.8)	0.0	0.0
Total Balances	**16.0**	**17.8**	**21.1**	**24.4**	**25.9**
Reserves for budgets delegated to Schools	55.6	56.1	56.6	57.1	57.6
Treasury Management	2.7	9.9	14.2	19.5	24.9
Insurance Fund	13.5	19.5	19.5	19.5	19.5
Borrowing for Redundancy	(10.6)	(17.7)	(20.2)	(11.4)	(1.3)
Highways PFI Grant [1]	43.5	53.0	76.4	83.3	84.7
Other including portfolio reserves	0.1	1.3	7.0	10.8	14.5
Total Earmarked Reserves	**104.8**	**122.1**	**153.5**	**178.8**	**199.9**
Overall Total	**120.8**	**139.9**	**174.6**	**203.2**	**225.8**

[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.

6.4 The localisation of business rates and the localisation of council tax discounts (formerly benefits) in 2013/14 will increase the significance of Council reserve levels. Both would increase the volatility and uncertainty of future income/net income, the extent depending on the final schemes announced by Government and their implementation. Future financial planning, the Business Plan 2013+ and incorporated LTFP 2013/2023 will track and reflect these developments.

7. Housing Revenue Account

7.1 The HRA Self Financing Business Plan 2012+ was considered by Cabinet on 13 February 2012 and sets out the long term financial strategy. This is based on the continued maintenance of properties to the Decent Homes Standard, provision of new affordable homes, discharging all statutory repair obligations and preserving local housing services.

7.2 The strategy is also based on maintaining strong financial management to promote long term affordability and sustainability. This includes the retention of minimum balances of £4m, 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 £450m by 2025/26.

7.3 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 3D.

Chapter 4 - Revenue Budget 2012/13

1. Summary

1.1 The net General Fund revenue budget for 2012/13 totals £979.7m.

1.2 There will be a reduction in resources available of £34.4m compared with 2011/12, relating to Government grants.

1.3 In order to accommodate these resource losses and to meet the costs of addressing budget pressures, the overall challenge facing the Council to balance the General Fund budget totals £100.8m.

1.4 The indicative schools' funding for 2012/13 is £948.8m. The Housing Revenue Account budget, set under the new self-financing framework for 2012/13, is balanced with gross expenditure and gross income both £267m.

2. Revenue Budget Allocations for 2012/13

2.1 The budget for 2012/13 allows for the following items:-

- Decisions taken in previous years' financial planning
- Grants rolled into core funding
- Budget pressures
- 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 2012/13 is £34.4m, compared with 2011/12. In addition to known, quantified sources of grant funding there are other sources which are still subject to further clarification before they can be incorporated into the Budget and Long Term Financial Plan. Appendix 3B details these and the proactive approach that the Council is taking to ensure their receipt and maximisation.

Budget Pressures

2.3 The budget for 2012/13 allows extra resources of £39.6m to address budget pressures and to fund new investment in priority services. This is planned to increase to £51.7m pa by 2015/16. Further details of these budget pressures are set out in Appendix 3E. The main elements are:

- Investment in adult care services in order to address demographic pressures
- Funding budget pressures in children's services
- Revenue funding for capital financing costs
- Managing the potential costs of redundancy and pension strain
- Further investment in recycling, meeting the costs of waste disposal and grounds maintenance
- Meeting the impact of growth in the highways infrastructure as a result of regeneration/redevelopment
- Meeting the impact of cyclical events on the NEC's trading position
- Meeting the cost of the Carbon Reduction Commitment
- Changes to the ICT contract to protect jobs in Birmingham
- Addressing on-going trading difficulties, e.g. Shelforce, Wholesale Market
- Meeting anticipated increases in employer's superannuation contributions
- Addressing the historic inflation imbalance in Constituencies' SLA budgets
- Sustaining the Marketing Birmingham subvention budget to ensure that we maximise inward investment into the City by continuing to enter into formal contracts for conferences, exhibitions and events.

Inflation

2.4 There has been no general provision for inflationary increases in either expenditure or income budgets in 2012/13. 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 £4.279m is being held, the majority of which relates to energy prices.

Capital 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 £1.8m compared with 2011/12.

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 2012/13, a restructuring of capital funding requirements has made it possible to utilise one-off corporate resources of £10.0m to support the budget. In recognition of the extent and impact of pressures in 2011/12 and 2012/13, the repayment of £11.6m of temporary borrowing from reserves in previous years has been deferred to 2013/14, leaving a net repayment in 2012/13 of £0.5m. The potential costs of redundancy and pension strain will also be smoothed using reserves (see Chapter 3, Table 7.3.1). The Council has also in the past applied corporate reserves as part of the strategy of smoothing out the impact of the costs of the new pay and grading structure (including pay protection) between years.

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

Table 7.4.1 – Movements in Corporate Reserves	**Contribution to/(from)**		**Movement**
	2011/12	**2012/13**	
	£m	**£m**	**£m**
Pay & Grading smoothing	(2.597)	0.000	2.597
Other use of reserves	(4.818)	(10.000)	(5.182)
Sub-total Use of reserves	(7.415)	(10.000)	(2.585)
Repayment/(borrowing) of reserves	12.171	0.457	(11.714)
Borrowing for redundancy/pension strain costs	(17.322)	(7.130)	10.192
Total reserves movement	**(12.566)**	**(16.673)**	**(4.107)**

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

Savings

2.9 The Council faces a financial challenge of £100.8m in 2012/13, composed as shown in Table 7.4.2 below.

Table 7.4.2	**Oct 2011 Figures £m**	**Final Figures £m**	**Change £m**
Business Plan 2011+ budget gap	6.0	6.0	0.0
Impact of not progressing New Offer and School Transport	57.3	57.3	0.0
Original Step-up in March 2011 savings plans	47.8	47.8	0.0
New Directorate service pressures	13.7	13.7	0.0
Less net corporate adjustments	(18.7)	(24.0)	(5.3)
Total savings requirement	**106.1**	**100.8**	**(5.3)**
Revised Step-up in March 2011 savings plans	(41.1)	(38.9)	2.2
Total New Savings	**65.0**	**61.9**	**(3.1)**

2.10 Initially, the savings forecast was £106.1m, which required new savings of £65m in addition to initiatives already underway. The new proposals that made up this figure were put to public consultation between October 2011 and January 2012. The £5.3m reduction in 2012/13 is composed of technical changes and changes in response to comments received during the consultation. The technical changes are:

- Integrated Transport Authority Levy (saving of £1.2m now presented as a reduction in budget pressure)
- Property savings have been rephased, reducing the 2012/13 target by £0.7m

2.11 Following consultation on the proposed new savings, the Council is no longer planning to implement the following savings as originally proposed:

- Supporting People saving has been reduced by £1.9m
- Constituencies' targets have been reduced by £1.0m
- Youth savings step-up of £0.5m has been removed

2.12 Details of the £100.8m of portfolio/ committee savings in 2012/13, are set out in Appendix 3F.

2.13 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 2011+ in February 2011 has been reviewed and amended where necessary.
- Services have needed to implement further savings in order to compensate for local budget pressures.
- 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.

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 The Leader of the Council has stressed the importance of "maximising income streams" and this is set out in the seven principles which drive our approach to savings. Income generation plays a major part in the Council's finances, with over £220m 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, with such income exceeding £58m.

2.17 As noted in para 2.4, no corporate assumption has been made for an increase in 2012/13 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.

2.18 The Cabinet Member for Finance and the Finance Overview and Scrutiny Committee have carried out considerable work on income maximisation during 2011/12, in particular:

- Identifying services with discretionary fees and charges
- Revising the Corporate Charging Policy
- Establishing an Income Star Chamber to review and challenge proposed 2012/13 fees and charges.

2.19 In addition to the general updating of the Council's fees and charges, the Financial Plan contains a number of specific service income maximisation proposals, and further detailed work to identify new sources of income is ongoing.

3. The City Council's Net Revenue Budget for 2012/13

3.1 It is proposed that the City Council net budget for 2012/13 will be £979.7m.

3.2 The components of the budget reduction when comparing the revised Base Budget 2011/12 with the 2012/13 budget can be summarised as follows:

Table 7.4.3 - Movement in Net Budget	£m	£m
Base Budget 2011/12		1,023.404
Re-presentation of Base Budget 2011/12 for comparative purposes:		
Council Tax freeze grant 2011/12 rolled into Formula Grant	8.306	
Changes in council functions – Academies	(1.856)	6.450
Revised Base Budget 2011/12 (For like for like comparison with 2012/13)		**1,029.854**
Changes in corporate Government Grants		
Reduction in NHS contribution	0.732	
Council Tax freeze grant 2012/13	(8.331)	
New Homes Bonus	(4.214)	(11.813)
Cost of Service Changes:		
Pressures and Policy Priorities – from prior years	21.307	
Pressures and Policy Priorities – new	18.332	39.639
Corporate Adjustments:		
Reinstatement of base budgets	38.214	
Movement in use/borrowing of reserves	(4.107)	
Reduction in potential costs of redundancy and pension strain	(21.258)	
Provision for superannuation	2.648	
Inflation provision and contingency	5.556	
Time limited prior year allocations concluding	(0.001)	
Capital Financing Costs	1.818	22.870
Savings:		
Portfolio/Committee Savings – previous decisions	(38.951)	
Portfolio/Committee Savings – new proposals	(61.861)	(100.812)
Base Budget 2012/13		**979.738**

3.3 The budget for 2012/13 includes an allowance of £57.602m in respect of the Integrated Transport Authority Levy (based on a 1.7% reduction in the overall levy on a like-for-like basis, with an adjustment for the Council's relative population share) and £0.305m for the Environment Agency Levy.

Contingencies

3.4 The budget contains a Policy Contingency of £20.321m comprising:

Table 7.4.4 – Contingencies	£m
Partnership Priorities	0.350
Redundancy costs	6.730
Balance of CCTV resources	0.094
Loss of income from car park closures	0.292
Management Capacity for Change	1.000
Building Schools for the Future potential abortive costs	0.497
Carbon Reduction Commitment	1.000
Inflation contingency	4.280
Superannuation contingency	2.648
General	3.430
Total Contingencies	20.321

3.5 The unallocated General Contingency of £3.4m provides risk cover in the overall delivery and management of the budget in 2012/13.

Budgetary Control Framework

3.6 Other than the resources identified to meet specific areas of spending, Portfolio holders and Committees are required to cover spending pressures, grant reductions, other budget commitments and changed responsibilities within the level of resources summarised in Appendix 3G.

3.7 Each Portfolio/Committee budget will be the subject of a separate report, setting out in greater detail the budget for 2012/13, including arrangements for the delivery of savings and organisational changes.

3.8 The main elements of each Portfolio/Committee's budget movements from 2011/12 to 2012/13 are shown in Appendix 3H. 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 portfolios. 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 2011/12 financial year will be carried forward to 2012/13 by the relevant Portfolio(s)/Committee(s), being temporarily funded from reserves at the end of 2011/12.

Schools' Budgets

3.10 Since April 2006, funding for the Schools Budget Block has been through the Dedicated Schools Grant (DSG). For 2012/13, there are three elements to schools' funding:

- The provisional DSG of £884.4m, (see Chapter 2, section 4)
- A Pupil Premium (PP), with a provisional figure of £39.2m, (see Chapter 2, section 4)

- The Education Funding Authority (EFA) Grant for the education and training of 16-19 year olds within schools, estimated to be £25.2m (see Chapter 2, section 5)

3.11 In total, these give overall schools' funding of £948.8m. Whilst the amount of DSG per pupil of £5,688.80 (the same as 2011/12) is now guaranteed, the actual DSG will be based on January 2012 pupil numbers, and will not be confirmed by the Department for Education (DfE) until mid-2012. The PP and EFA amounts are also subject to confirmation of pupil numbers. All three funding streams will be reduced for any schools converting to Academy status. 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 to the Schools Budget Block during 2012/13 to reflect any amendment.

3.12 Final budgets relating to DSG, PP and EFA 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 and Cabinet Member for Children, Young People and Families.

Housing Revenue Account Budget 2012/13

3.13 The HRA Budget for 2012/13 is based on the new financial framework that will be introduced in April 2012 and the HRA Self Financing Business Plan 2012+. The budget strategy for 2012/13 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
- no provisions for pay and price inflation (other than contractual obligations, e.g. repairs and maintenance contracts)
- absorbing service pressures within the approved cash limits
- delivery of planned efficiencies and improving service performance e.g. rent collection.
- a balanced outturn for 2011/12 (in line with the projections)
- retention of minimum balances as recommended by the District Auditor

3.14 A balanced HRA budget for 2012/13 is proposed with gross expenditure of £267m with an equivalent gross income of £267m. The major variations compared to 2011/12 are set out below in Table 7.4.5.

Table 7.4.5 – HRA Budget 2011/12 to 2012/13	£m
Capital Financing Costs (including existing plans and debt allocation under the self financing framework)	**21.1**
Revenue Contributions (to fund capital expenditure including expenditure in lieu of the Major Repair Allowance)	**28.7**
TOTAL COST INCREASE	**49.8**
Additional Income (full year impact of rent increase in October 2011 after taking into account sales/demolitions and void rent loss)	**(10.6)**
Additional Resources (retention of resources under self financing previously clawed back under the former subsidy financial framework)	**(37.9)**
Other minor income	**(1.3)**
TOTAL INCOME INCREASE	**(49.8)**

4. Section 151 Officer Statements

Level of Reserves and Balances

4.1 The scale of savings requirements over 2012/13 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 2012/13 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. This gives rise to a more uncertain context in which to determine the appropriate level of reserves and balances for the Council. 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 9 (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 2012/13 is adequate, but that this needs to be kept under regular review.**

4.2 Looking forward to 2013/14 and beyond, this is particularly with regard to the potential increased level of volatility in General Fund funding associated with the change from Formula Grant to the local retention of business rates growth.

4.3 The revenue budget also includes a policy contingency of £20.3m in 2012/13. This includes specific provision for known items, together with a general allocation of £3.4m. Further details are set out in paragraph 3.4 above. In order to further strengthen the robustness and deliverability of the 2012/13 Budget and the subsequent years financial strategy, the Council will continue to review and challenge the additional funding of the budgetary pressures described in this report. Portfolio budgets will also continue to be closely reviewed with a view to establishing portfolio 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 pressures, which have been addressed. Proposals have been developed by services to deliver the required savings with due regard to consultation and equalities assessment requirements. A reasonable level of over-programming has been included in the financing of the capital programme, based on the experience of previous years. Management arrangements are in place to mitigate any residual risks. 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 – Long-Term Financial Plan

1. Medium-Term Financial Plan – 2013/14 to 2014/15

1.1 The Council's medium-term financial plan runs from 2013/14 to 2014/15. 2014/15 coincides with the end of the current spending review period. Therefore whilst funding levels over this period are not certain, there are clear indications of how funding levels could vary over this period.

1.2 In considering the pressures that the Council faces in 2012/13, 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 3E.

1.3 It is important to plan for the level of resources that the Council expects to receive over the medium-term. As the Council is anticipating continued reductions in funding, it is important that the Council focuses on efficiency savings and restructuring of services. Identifying how and where efficiency savings can be generated in advance, will maximise the opportunity for the release of additional resources with minimal impact on front-line services. The Council's medium term efficiency plan was severely affected by the outcome of the judicial review. Compensating savings have been found for 2012/13. However, further savings will be required over the medium term. The Council's current medium-term savings plans can be seen in Appendix 3F, and this will be updated in subsequent LTFP reviews.

1.4 The current medium-term financial plan can be seen in Appendix 3C as part of the LTFP. The local government resource review and subsequent impacts on the public finances could reveal further challenges for the Council over the medium-term. 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 1.9% in each year and the taxbase continuing to increase at a rolling 4 year 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%, pay awards of 1.0% per annum for 2013/14 and 2014/15 and an expectation that income will be increased by 2.0%.
- Provision for the employer's increased pension costs following the last actuarial revaluation.
- Funding to meet pressures as set out in Appendix 3E.
- The requirement to make the savings which are summarised in Appendix 3F.
- 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 portfolio/committee cash limits unless specifically approved otherwise.

- Other than the above, portfolio/committee budgets continuing at the same level as in 2011/12.

1.6 Council Tax levels are currently assumed in the LTFP to increase by 1.9% annually, recognising the policy of low Council Tax increases. However, Table 7.5.1 shows the effect on available resources if an annual council tax increase of other than 1.9% 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 Increases

Annual Council Tax Increase	2013/14 £m	2014/15 £m
0.0%	(6.304)	(12.771)
1.0%	(2.986)	(6.079)
1.9%	0.000	0.000
2.0%	0.332	0.679
3.0%	3.650	7.504
4.0%	6.967	14.395
5.0%	10.285	21.353

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

1.7 Subject to consultation, all services have developed medium-term workforce plans that take account of known and planned service developments that impact on employees. These have been developed in conjunction with financial plans (see Part 5).

2. Long-Term Financial Plan – 2015/16 to 2021/22

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 2015/16 and 2021/22. These have been included in the LTFP to give indicative future expenditure figures, shown in Appendix 3C.

2.3 The LTFP assumes that the Government will have closed its budget deficit by 2016/17. 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 2015/16 over the longer-term.

2.4 These projections are based on the same assumptions as the medium-term financial plan, with the exception that pay awards will increase at 2.5% per annum.

2.5 Council Tax levels are currently assumed to increase by 1.9% annually. Table 7.5.2 shows the effect on available resources if a council tax increase other than 1.9% is applied.

Table 7.5.2 - Change in Resources Available from Alternative Council Tax Increases

Annual Council Tax Increase	2015/16 £m	2016/17 £m	2017/18 £m	2018/19 £m	2019/20 £m	2020/21 £m	2021/22 £m
0.0%	(19.382)	(26.172)	(33.133)	(40.261)	(47.561)	(55.049)	(62.720)
1.0%	(9.272)	(12.581)	(16.005)	(19.544)	(23.199)	(26.980)	(30.887)
1.9%	0.000	0.000	0.000	0.000	0.000	0.000	0.000
2.0%	1.040	1.419	1.814	2.225	2.655	3.102	3.569
3.0%	11.557	15.837	20.345	25.088	30.074	35.322	40.836
4.0%	22.280	30.681	39.611	49.088	59.139	69.807	81.113
5.0%	33.211	45.959	59.632	74.270	89.929	106.693	124.610

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 3C. The plan shows two scenarios:

- Scenario 1 is based on the local authority spending allocations contained within Spending Review 2010 until 2014/15 and then reduces funding by a further 0.9% in 2015/16 and 2016/17 following announcements made in the Chancellor's Autumn Statement.
- Scenario 2 is based on the local authority spending allocations contained within Spending Review 2010 until 2014/15 and then reduces funding by more than the average annual reduction of 0.9% in 2015/16 and 2016/17.
- Both scenarios then assume modest growth in cash allocations from 2017/18 onwards.

2.7 The LTFP shows the long-term level of savings that will be required to balance the budget in future years under current assumptions. Both scenarios show that significant further savings will be required in all future years, although Scenario 2 would require significantly more savings from 2015/16 than Scenario 1. As in previous years, by identifying at this early stage the level of reserves that will be required, the City Council will be able to plan ahead in order to make these savings.

Chapter 6 - Council Tax

1. Summary

1.1 After taking account of the level of Formula Grant the City Council will receive, as set out in Chapter 2, section 2, the total Council Tax for 2012/13 depends on:

(a) the City Council's net budget;
(b) any estimated Collection Fund surplus or deficit to be brought forward from 2011/12;
(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 2012/13, and the budget has been prepared on this basis. The Council is exercising the option of receiving a Government grant in order to freeze Council Tax at the same level as in 2011/12 (£1,113.67 for City Council services for a Band D property). 87% of responses to our budget consultation supported the use of the Council Tax freeze grant in 2012/13. The total Council Tax in Birmingham, including precepts, can be seen in Appendix 3I.

2. Budget

2.1 The City Council's budget for 2012/13 is £979.738m as set out in Chapter 4.

3. Collection Fund

3.1 It is estimated that the Council Tax Collection Fund will be balanced as at the end of 2011/12. In future years the Collection Fund is also expected to be balanced.

4. Taxbase

4.1 The taxbase to be used for setting the 2012/13 Council Tax was agreed by the Cabinet at its meeting on 16 January 2012. The taxbase consists of 299,208 "Band D equivalent" properties, after allowing for a non-collection rate of 2%. This taxbase is now fixed for the purposes of setting the 2012/13 Council Tax.

4.2 The taxbase has increased by 916 band D equivalent properties compared with 2011/12. However, it is the case that the underlying rate of increase has slowed compared with previous years; this has been taken into account in the LTFP.

5. Council Tax for City Council Services

5.1 It is proposed that the City Council council tax for City Council services will be £333.2m calculated as follows:

Table 7.6.1 - Council Tax Requirement	
	£
Gross City Council Expenditure Less: Estimates City Council Income (excluding Formula Grant and Council Tax)	3,469,143,000 (2,489,405,000)
City Council Net Budget	**979,738,000**
Less: Formula Grant Collection Fund (Surplus)/Deficit	 (646,519,702) 0
City Council Council Tax	**333,218,298**

5.2 Dividing this by the tax base of 299,208 Band D equivalent properties gives a Band D Council Tax for City Council services of £1,113.67. This figure is the same as 2011/12 and, being unchanged for the second year, the movement is once again below the rate of inflation[1].

Fire and Rescue Authority and Police Authority Precepts

5.3 The Police Authority met on 16 February 2012, and the Fire and Rescue Authority met on 13 February 2012, to agree the precepts 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	14.311
Police Authority	29.755
Total	44.066

5.5 For the Fire and Rescue Authority, the Band D precept is £47.83.

5.6 For the Policy Authority, the Band D precept is £99.45.

Parish Precept - New Frankley in Birmingham

5.7 The New Frankley in Birmingham Parish Council agreed its precept on 21 November 2011. The precept for the parish in 2012/13 is £85,120 (2011/12: £88,720). The tax base for the New Frankley in Birmingham

1 Based on the Consumer Prices Index of 3.6% for January 2012, released by the Office for National Statistics on 14 February 2012.

Parish is 2,097. The effect of the parish precept on the level of Council Tax for a Band D property is £40.59. This represents a decrease of 4.7% in the Band D parish precept compared with 2011/12.

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 £333.3m 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	3,469,143,000
Parish Precept	85,120
Less: Estimates City Council Income (excluding Formula Grant and Council Tax)	(2,489,405,000)
City Council Net Budget	**979,823,120**
Less:	
Formula Grant	(646,519,702)
Collection Fund (Surplus)/Deficit	0
City Council "Council Tax Requirement"	**333,303,418**

6.3 Dividing this by the tax base of 299,208 Band D equivalent properties gives a notional Band D Council Tax across Birmingham of £1,113.95.

7. Council Tax Referendum

7.1 The Localism Act 2011 has 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 councils an "excessive" Council Tax would be one where the increase exceeds 3.5%.

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. 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			
	2011/12 £	2012/13 £	Variance
Council Tax Requirement	332,286,877	333,303,418	0.3%
Less:			
Precepts	(88,720)	(85,120)	-4.1%
Levies	(58,787,051)	(57,907,113)	-1.5%
Notional Council Tax requirement	**273,411,106**	**275,311,185**	**0.7%**
Divided by taxbase	298,292	299,208	0.3%
Relevant Basic Amount of Council Tax for Referendum Purposes	**916.59**	**920.13**	**0.4%**

7.2 The above **notional** calculation shows a 0.4% change in the relevant basic amount of Council Tax which is therefore not excessive in relation to the Government criterion.

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 £1,064.0m have been identified to fund the City Council's capital programme from 2012/13-2014/15. These are summarised in Appendix 3J, and can be divided into specific resources and corporate resources.

3. Specific resources

3.1 Specific capital resources total £629.8m over the three years and represent funding which has been obtained by services for a specific 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 £234.0m of capital grants 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 Appendix 3J.

3.3 Revenue contributions of £260.4m are included in specific capital resources. Most of this relates to the funding of Housing investment in accordance with the Government self-financing reform of housing.

4. Corporate resources

4.1 Corporate capital resources total £434.2m over the three years. These represent resources which the City Council has more freedom to allocate to meet its own policy priorities. The main sources are general or un-ringfenced capital grants from the Government, and capital receipts from asset sales.

4.2 The Government has allocated £71.5m of un-ringfenced capital grants to the City Council for the three years (though most grant announcements have not specified figures beyond 2012/13). Although these 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 still exist, it is proposed to allocate these grants in accordance with Government expectations in 2012/13.

4.3 Capital receipts from asset sales are generally available for the City Council to spend in accordance with its own priorities, and the policy is set out in Chapter 8. The economic downturn is severely affecting the level of capital receipts and this is expected to continue for the next few years. The disposals programme is kept under review to assess whether it is better to seek to sell at current prices or to wait for a recovery, and use other financial strategies in the interim. The Business Plan 2011+ last year approved a policy to allocate additional capital receipts (not already taken into account) to repay debt and generate revenue savings. This policy has generated £3.1m of debt repayment to date and is continued in this Business Plan.

4.4 The proposed Capital Programme includes £259.8m of ‘prudential borrowing’ over the Capital Programme period. This includes commitments from earlier decisions including funding for the Library of Birmingham, Business Transformation, and other service projects. This Budget proposes to continue a prudent policy in relation to future prudential borrowing, as set out in the Capital Strategy Chapter below.

5. Overprogramming

5.1 Planned capital expenditure is liable to ‘slip’ each year, and £16.2m of corporate over-programming has been included in 2012/13 to take account of a reasonable level of slippage based on previous years’ experience.

6. Total Resources

6.1 Total capital resources assumed in this Budget are therefore as follows. Further details are in Appendix 3J.

Table 7.7.1

Capital resources	**2012/13 £m**	**2013/14 £m**	**2014/15 £m**	**Total £m**
Specific resources used	332.8	131.9	165.1	629.8
Corporate resources used*	272.6	111.0	50.6	434.2
Total resources used	605.4	242.9	215.7	1,064.0

* includes over-programming and prudential borrowing

Chapter 8 - Capital Strategy

1. Summary

1.1 Service capital plans and asset strategies have been revised in the context of the Council Plan priorities and their future operating models. Major service Capital and Asset Strategies are summarised in Appendix 2 to the Property and other Physical Assets Strategy. Further development of the service capital and asset strategies will 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 Aims

2.1 There are some general strategic aims 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.

3. The Strategic Capital Planning Process

3.1 The strategic capital planning process aims to produce 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 vision for service change and delivery over the next ten years.

3.2 This strategic approach is intended as the basis for ongoing capital planning into the future. In the context of a rapidly changing outlook for public sector capital investment and funding, it is recognised that the capital strategy at both corporate and service levels will be continually developing to meet future needs and resources.

3.3 Capital and asset strategies for individual services (attached at Appendix 2) 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.

4. Overall Capital Strategy

4.1 Changes will be required to service asset portfolios in response to changing service needs in the context of limited capital and revenue resource availability. Some properties which are currently used for service delivery or back office support may be closed and sold, with services provided differently or in replacement buildings.

4.2 The City Council has already implemented radical change in its property portfolios, including Adults Services (where Special Care Centres and other forms of care and support are replacing the previous Elderly Persons Homes) and the Central Administrative Buildings portfolio (where many inefficient buildings are being replaced by fewer, more efficient office buildings). This approach is being rolled out to other areas (for example through cross-portfolio transformation opportunities).

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

4.4 For new capital investment in particular, services will set aside resources into a cyclical maintenance reserve for future cyclical maintenance and replacement needs. As resources allow, the City Council will use its corporate capital resources to prioritise the maintenance and strategic transformation of service asset portfolios through the Strategic Property Fund (see section 7 below).

Capital Policies

5. Prudential Borrowing

5.1 Prudential Borrowing offers local authorities flexibility in their capital planning and ability to borrow for capital, providing they can sustainably afford the revenue consequences. The City Council has made significant use of prudential borrowing to deliver key priorities such as funding Business Transformation, the Library of Birmingham, Special Care

Centres, equal pay settlements (back pay), and many smaller scale service priorities.

5.2 The City Council's policy is to enable services to use prudential borrowing where they can meet the revenue consequences, providing the business case is sound and the proposal is consistent with Council policies, whilst recognising that the capacity for additional borrowing is not unlimited. Major proposals for borrowing of £1m or more will require Cabinet approval.

5.3 The City Council repays its prudential borrowing within the expected life of the assets created (sometimes substantially within the asset's life). This should enable capacity for the Council to consider further borrowing over the years, within the same cost and debt levels.

5.4 The Prudential Code requires authorities to take account of the affordability and sustainability of borrowing in the long-term, and it is recognised that the financial climate in the coming years is likely to reduce the opportunities for further prudential borrowing. The Council's policy is therefore to exercise caution when considering spending plans for the future which use prudential borrowing. No new corporately funded prudential borrowing will be made without Cabinet approval. Full Business Case reports proposing the use of prudential borrowing must be approved stating the amount, repayment period, and source of funding for the revenue consequences.

5.5 The City Council has been assigned the highest possible long term credit rating of Aaa by Moody's credit rating agency, and AA+ by Standard and Poor's. These published 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.

5.6 The Capital Programme, Chapter 9 below, considers the prudential borrowing limit, and Appendix 3M sets out the full Prudential Indicators.

6. Debt repayment policy: the Annual MRP Statement

6.1 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 3L.

7. Facilities Management Financial Policy

7 .1 The City Council's financial policies for facilities management resources will encourage a more 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:

- New capital resources in the Strategic Property Fund will, as resources allow, support the transformation or maintenance of property and the implementation of a strategic plan for the whole service property portfolio concerned. Prudential borrowing will be used where invest-to-save business cases can support the borrowing costs.

- Facilities management revenue budgets are corporately ringfenced, with year end underspends contributed into an earmarked reserve for the portfolio or 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 cost, unless other prudent arrangements specific to the project have been made.

8. Provisional Capital Allocations and Approved Capital Budget

8.1 The City Council's capital appraisal and approval processes require that projects included in the Capital Programme may not proceed to spend until a Business Case report has been approved for the project. The Business Case will take account of relevant considerations including the results of consultation and equalities analysis.

8.2 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.

9. Asset sales and Capital Receipts Policy

9.1 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.

9.2 The general policy for the application of capital receipts approved previously is as follows (in summary):

- Incentive share: service receives 25% (up to £1m)
- For property managed by Constituencies: 25% to the Constituency and 10% to the strategic service involved (within the £1m limit)
- Housing Right to Buy sales: Housing receives 100% of the retained element (25%-100% of the disposal proceeds, subject to Government consultation proposing a requirement that an element of any receipt is used for reprovision of affordable housing)

- Other Housing land sales: Housing receives 80% of open market value to fund decent homes, less discounts from the sale price, and s.106 requirements
- Disposals at the NEC site: 100% for reinvestment at the NEC
- Some other specific receipts approvals agreed by Cabinet.
- Other receipts are treated as 100% corporate.

9.3 As part of the revenue savings programme identified to support this budget, the Council will continue the principle approved in the Business Plan 2011+ that additional capital receipts in relation to General Fund services which were not taken into account in funding the capital programme as at June 2010 will, in general, be used to repay borrowing and thus generate revenue savings, rather than being used to fund additional capital expenditure. Services will continue to receive an incentive share of 25% (up to £1m).

9.4 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 reduces the capital resources available to fund the capital budget. 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 is £2m per annum for 2012/13 and 2013/14.

10. Un-ringfenced Capital Grants Policy

10.1 The Government provides capital resources to local authorities via a mixture of ‘ringfenced’ and ‘un-ringfenced’ capital grants.

10.2 Un-ringfenced capital grants are 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.

10.3 For 2012/13, the City Council will use these un-ringfenced grants in line with the Government department assumptions, as follows:

Table 7.8.1 – Un-ringfenced Capital Grants 2012/13

	£m
Education	44.6
Housing	0.0
Transport	9.5
Social Services	2.9
Total	**57.0**

This policy will be reviewed in the Business Plan 2013+.

Chapter 9 - Capital Programme

1. Summary

1.1 The multi-year Capital Programme totals £1,064.0m, of which £605.4m is budgeted in 2012/13.

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 Chapter 6 has set out the forecast capital resources available over the next three years. The Capital Strategy in Chapter 8 has described 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 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 resources amounts to £629.8m in this Budget. Given that further corporate funding is unlikely to be available, services will need to rely on obtaining external funding and internally generated resources.

2.2 Within this budget framework further projects funded from service-supported prudential borrowing could also be agreed during the year, where projects are self-financing or resources are identified to meet the borrowing costs and other revenue costs. However, borrowing will need to be contained within the prudential limits set out in Section 4 of this chapter and Appendix 3M.

2.3 Due to the expected low levels of capital grants and capital receipts from asset sales, there are no new general allocations of corporate capital resources in this Business Plan. However, a limited amount of new corporately supported prudential borrowing has been provided to fund a local improvements budget of £5m in 2012/13; a capital Community Chest of £1m per annum for three years (providing £25,000 pa additional capital resources per Ward); £3.7m for the development of the former Bournville Lane Baths, and £1.5m for relocation of indoor bowls to the Indoor Tennis Centre. £12.5m has also been provided to CYPF Portfolio in 2012/13, for which the government provided a supported borrowing allocation in 2007 in advance of the spending need in 2012. £10m of borrowing has also been included to replace revenue resources previously planned to finance capital but now proposed to be used to support the revenue budget. £5m of prudential borrowing is also proposed in 2012/13 to keep the level of potential overprogramming to a reasonable level.

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 4, the Property Strategy in Part 6 and the Capital Resources and Strategy in Part 7. The programme by Portfolio/Committee is therefore as follows:

Table 7.9.1 - Capital Programme by portfolio/committee

Capital Expenditure	**2012/13 £m**	**2013/14 £m**	**2014/15 £m**	**Total £m**
Leader's	6.1	26.8	7.4	40.3
Deputy Leader's	24.9	8.9	2.1	35.9
Adults & Communities	9.3	4.1	-	13.4
Children Young People & Families	140.7	3.7	-	144.4
Equalities & Human Resources	0.3	0.2	-	0.5
Finance	0.6	-	-	0.6
Housing	104.7	98.2	110.7	313.6
Leisure Sport & Culture	85.8	26.2	7.4	119.4
Local Services and Community Safety	0.1	-	-	0.1
Transport, Environment & Regeneration	222.5	72.3	72.6	367.4
Corporately held resources	10.4	2.5	15.5	28.4
Total Programme	**605.4**	**242.9**	**215.7**	**1,064.0**

3.2 Appendix 3K 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 3M provides the Prudential Indicators which result from the above capital budget.

4.2 The Capital Strategy, Chapter 8, sets out a cautious policy for prudential borrowing, in the context of the difficult medium term financial outlook for the City Council. Revenue sums set aside for the prudent repayment of borrowing amount to £115.6m in 2012/13 and increase in the following two years. The prudential limit retains some scope for new prudential borrowing, for example where the revenue costs can be met from additional income or savings. This flexibility to use limited prudential borrowing will be a major tool in delivering the invest-to-save projects which will be important in the next few years.

4.3 In the light of this strategy the Council's forecast gross debt is expected to rise from £2,884m to £3,140m during 2012/13. 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. Most of the Council's borrowing costs are funded from Government grants or from additional income or savings generated by the associated projects.

4.4 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 2012/13 allows for:

- borrowing of £336.1m on 28 March 2012 to fund the HRA Self-financing payment required by the Localism Act 2011;
- borrowing to finance capital expenditure of £170.2m (analysed in Appendix 3J(ii).
- £202.1m of other forecast cashflow movements during the year;
- a revenue provision of £115.6m to repay debt. Statutory Regulations require the Council to make 'prudent provision' for the repayment of debt, as described in the Capital Strategy, Chapter 8. The proposed level of repayment provision is in accordance with the City Council's 'MRP' policy at Appendix 3L,
- allowance for potential day-to-day fluctuations in debt levels, for borrowing in advance of need, and for potential funding needs during 2012/13 which are not included in the budget;
- a small increase in other long term liabilities, mainly reflecting progress in the Building Schools for the Future and Highways PFI contracts.

The overall limit is therefore built up as follows:

Table 7.9.2 - Borrowing Limits

	Loan Debt £m	Other Long term Liabilities £m	Total Debt £m
Forecast opening balances at 1.4.2012	2,884	330	3,214
Capital expenditure financed from borrowing and other long term liabilities	170	75	245
Other cash flows	202		202
Less debt repayment provision	(116)	(26)	(142)
Forecast closing balances at 31.3.2013 (operational boundary)	3,140	379	3,519
Allowance for day-today fluctuations, advance borrowing, and other potential borrowing	400	50	450
Authorised Limit for Debt	**3,540**	**429**	**3,969**

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 2012/13 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.[2]

2 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 risk - 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 Corporate 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):		
	2012/13	**2013/14**	**2014/15**
upper limit on net fixed rate exposures	130%	130%	130%
upper limit on net variable rate exposures	35%	35%	35%

These percentages are limits within which the Council should remain. 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 2011/12**
under 12 months	0% to 30% of gross loan debt	11%
12 to 24 months	0% to 30%	1%
24 months to 5 years	0% to 30%	5%
5 to 10 years	0% to 40%	8%
10 to 20 years	5% to 55%	16%
20 to 40 years	10% to 60%	28%
40 years and above	10% to 60%	31%

2.3.2 The City Council will have regard to forecast cashflows, in particular MRP (minimum revenue provision for debt repayment), in managing the maturity profile.

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 cash outflows. 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 or to replace maturing loans.

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.

2.3.5 The Prudential Code includes an indicator for borrowing in advance, which is expressed below in terms of the level of surplus cash invested:

Table 7.10.3
Prudential limit – investments as % of gross loan debt

	% of loan debt:		
	2012/13	**2013/14**	**2014/15**
upper limit on investments	30%	30%	30%

Investment Strategy for temporarily surplus cash

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 7.10.4

Borrower	**Lending Limit**	**FITCH Short term rating**	**FITCH viability and support rating**
Banks and Building Societies	£25m	F1+	aa-,2
Banks and Building Societies	£20m	F1+	a-,2
Banks and Building Societies	£15m	F1	a-,2
Money Market Funds	£40m		Highest possible rating from Fitch, Moody’s or S&P
Local Authorities	£25m	N/A	N/A
UK Government (incl. DMO & Treasury Bills)	None	N/A	N/A

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 financial market information is taken into account, including the ratings of other rating agencies and commentary in the financial press. This includes analysis and review of country, sector and group exposures and Money Market Fund portfolios. The use of some counterparties may be restricted should conditions become uncertain.

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

Table 7.10.5
Prudential limits on investing principal sums for over 364 days:

1-2 years	£200m
2-3 years	£100m
3-5 years	£ 50m

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. Loans for any new HRA borrowing will be separately identified (starting from the £336.1m settlement payment). On this method, all the Council's existing short term loans will fall to the General Fund, although the HRA may develop its own short term loans in future.

The detailed accounting policy arising from the 'two pool' method will be approved 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 Corporate 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 the 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 within the financial services exclusion from the EU services directive, 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 Staff 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.

3. Treasury Management Strategy

3.1 Summary

3.1.1 The economic and financial market outlook for 2012/13 is currently particularly uncertain, which means that there are high risks to the level of future interest rates. The City Council is likely to maintain a significant short term loan debt in the next two or three years, combined with substantial long term fixed rate borrowing from the PWLB or from market sources, given the risk of rising interest costs in future years. 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.

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 Corporate Resources and the Director of Finance hold regular 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 2012 is forecast to be as follows, on the assumption that the HRA settlement on 28 March 2012 will be funded from long term PWLB loans:

Table 7.10.6 - Summary of Loan Debt Portfolio		Debt £m
Short term and variable debt		371.5
Fixed Rate:	Under 5 years	238.4
	5-9 years	170.7
	10-19 years	498.3
	20-39 years	855.5
	40+ years	749.2
Gross debt		**2,883.6**
Investments		-
Forecast Net loan debt at 31 March 2012		**2,883.6**

Note: the above table assumes that the HRA settlement loans will be taken at 20 years or more, but final decisions on maturity will be taken close to the time.

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 £3,019.4m over the coming three years to 31 March 2015. 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 7.10.7 – Forecast borrowing requirement

	2012/13 £m	2013/14 £m	2014/15 £m
Net loan debt 1 April	2,883.6	3,140.3	3,140.7
Capital financed from borrowing	170.2	82.0	7.6
Provision for debt repayment:	(115.6)	(127.8)	(129.5)
Day-to-day variables in cashflow	202.1	46.2	0.6
Net loan debt 31 March	3,140.3	3,140.7	3,019.4

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 £80m (£20m in 2012/13 and £60m in 2013/14) of these options have the potential to be exercised during the coming three financial years, but this would not materially change the net exposure to variable rates shown above.

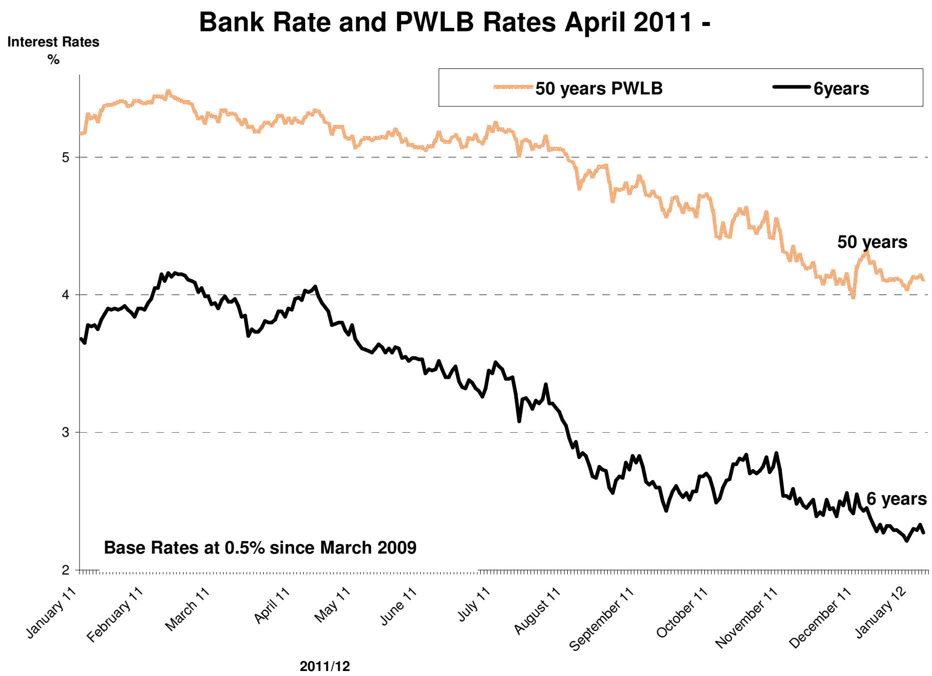
3.5 Interest Rate Outlook

3.5.1 The outlook for the world and the UK economy continues to be weak. The continuing banking and sovereign debt crisis is expected to result in further financial austerity and low growth. In this context, many commentators expect base rates to remain at 0.5% for the whole of 2012, and further quantitative easing is likely in the UK and elsewhere.

3.5.2 Long term fixed interest rates are harder to predict, and will be affected by the development of the banking and eurozone sovereign debt crises. Paragraph 3.9 below outlines some potential upside and downside risk scenarios. One plausible outcome is that the eurozone manages to navigate a path, without either a major disaster or a convincing success. This might result in UK Government bond yields (gilts) and PWLB rates remaining relatively close to current levels. However, with gilt yields at ultra-low levels (the 10 year gilt is 2.02% at the time of writing), 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 significant long term funding in the coming year or so.

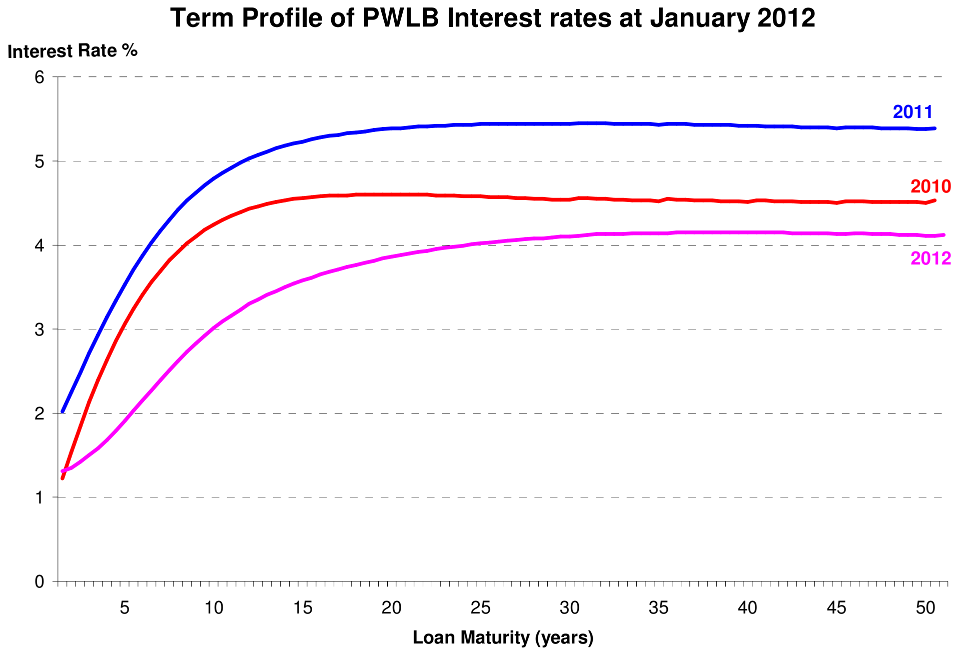
3.5.3 Figure 7.10.1 below shows how base rates and long term PWLB rates have moved since January 2011 – although past performance is, of course, not necessarily a guide to the future.

Figure 7.10.1



3.5.4 Figure 7.10.2 shows PWLB loan rates in early January 2010, 2011 and 2012. Although the profile of interest rates has "flattened" with the reduction in longer term rates, 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 7.10.2



3.6 Sources of borrowing

3.6.1 The increase of nearly 1% in PWLB rate margins in October 2010 has had major implications for the City Council's borrowing strategy, because it raises the possibility that at any given time market borrowing might be cheaper than the PWLB. The number of recent changes in PWLB interest rate terms and other conditions also raises doubt about the cost of PWLB borrowing in future, and for this reason also, it is appropriate to diversify the Council's possible sources of borrowing.

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, and the Council will use any of these if the terms are suitable. The Greater London Authority last summer issued a £600m bond at around 0.2% below the equivalent PWLB rates. Bond margins have subsequently increased due to the financial markets turmoil, but the Council will consider use of the capital markets especially if margins fall back significantly below PWLB rates.

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 Capital market borrowing generally requires a credit rating to get the lowest interest rates on a bond issue, and Commercial Paper investors generally require two credit ratings. In order to potentially facilitate these, the City Council has therefore obtained long term credit ratings. The Council has been assigned ratings of Aaa from Moody's (the highest possible rating) and AA+ 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 market turmoil keeps bond margins higher than PWLB.

3.6.7 The Government has made PWLB loans available at the previous lower margins for the HRA settlement borrowing only. This is likely to be much cheaper than all alternatives, so it is likely that the PWLB will be used to fund the provisional HRA payment of £336.1m on 28 March 2012.

3.7 2012/13 Strategy

3.7.1 It is likely that the provisional HRA debt settlement of £336.1m on will be funded from PWLB fixed rate loans, substantially in the 20 to 50 year maturity area in order to lock in the uniquely low PWLB interest rates on offer for that transaction.

3.7.2 Long term fixed rate borrowing costs are (at the time of writing) unprecedentedly low, and we expect the cost of fixed rate borrowing to rise, perhaps significantly, over the next few years. 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. The budget assumes further fixed rate borrowing of around £300m by the end of 2012/13. This takes advantage of the extraordinarily low long term fixed rates currently available, and reduces the impact of future interest cost increases. However, taking fixed rate funding during 2012/13 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 accordance with the strategy above is as follows:

Table 7.10.8 - Forecast Variable Rate Exposure based on the proposed borrowing strategy

(taking account of debt maturities and proposed long term borrowing)	**2012/13 £m**	**2013/14 £m**	**2014/15 £m**
Whole City Council			
Year end net exposure to variable rates	300.5	310.8	280.5
Closing total net debt	3,140.3	3,140.7	3,019.4
Variable exposure %	9.6%	9.9%	9.3%
General Fund			
Year end net exposure to variable rates	300.5	310.8	280.5
Closing General Fund net loan debt	1,997.8	1,998.2	1,876.9
Variable exposure %	15.0%	15.6%	14.9%
Year end variable rate assumption provided for in the budget	1.0%	1.8%	2.8%

The variable rate exposure shows that a 1% rise in variable rates would cost the Council around £3.0m. However the level of variable rates 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 +35%. 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 Corporate 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.

3.7.5 The advantages and disadvantages of different sources of borrowing will be kept under review. A substantial capital markets bond issue, private placement or Commercial Paper issue may form part of the implementation of this strategy.

3.8 Treasury Management revenue budget

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

Table 7.10.9 - Treasury Management Budget

	2012/13 budget £m	2013/14 forecast £m	2014/15 forecast £m
Net interest costs	143.3	151.6	152.3
Revenue charge for debt repayment	115.6	127.8	129.5
Other costs	0.7	0.6	0.6
Total	259.6	280.0	282.4
recharged to HRA	(57.7)	(57.1)	(56.7)
recharged to other services	(96.7)	(99.9)	(96.9)
contributions to (from) reserves	0.6	(0.2)	(1.3)
Net Treasury Management budget	105.8	122.8	127.5

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 2012/13 relate to the development of the banking and Eurozone crises.

Upward pressure on interest rates:

- Substantial fiscal union in the eurozone and major ECB intervention
- 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 defaults
- Further weakness in UK and international economy
- Disorderly resolution of the eurozone crisis e.g. partial break-up of the currency
- continued financial market difficulties/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 Corporate Director of Finance in accordance with treasury management delegations.

3.10 Investments

3.10.1 During 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. During the growing Eurozone crisis of 2011/12, exposure to the banking sector (including Money Market Funds) has been further reduced, and a larger proportion of deposits have been placed with the UK Government. As and when a degree of stability returns to the banking sector, more use may be made of money market funds and direct lending to financial institutions meeting the Investment Policy criteria.

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. Some temporary restrictions within the Council's general policy are likely to continue during 2012/13, and are kept under review (at least weekly) in the light of financial market circumstances.

3.10.3 In managing investment risks the City Council will as always give a high priority to the security of capital, accepting that this will 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 3M.

Part 8 - Risk Management

1. Council Plan 2012+ 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 refresh of this Plan and the following summary risk register has been compiled by a cross directorate group 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 building blocks essential for the delivery of improved safeguarding services are in place or being put into place. 16 new Integrated Family Support teams are in place and the social care service has been substantially remodelled to enable improved quality of service provision. Other actions include immediate improvements to secure good practice to the front-line, a strengthened quality assurance operating framework, improved data systems and management information.	Medium	High
2	Need to effectively collaborate across public agencies to achieve key long-term common priorities and deliver cost effective, fit for purpose services	Continue to develop effective collaborative working and innovate in commissioning new models of service delivery. Developing client –side expertise regarding commissioning services and in monitoring contracts. Recognise the need for strong governance processes and accountability to manage the quality of service, including robust complaints processes. Encouraging continued progress in reducing dependency, enabling self sufficiency and the greater personalisation of budgets.	Medium	High

Risk / Issue		Council Action	Residual risk	
			Likelihood	**Impact**
3	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. Guidance being developed regarding move towards BCC commissioning services.	Medium	High
4	Need capacity to respond to major changes in national priorities / legislation	Planning and performance management processes in place. Clearly communicate BCC's response, and public expectations of BCC, in implementing changes arising nationally and the impact that adjusting to change has on the delivery of existing local priorities.	Medium	Significant
5	Need to demonstrate compliance with requirement of Equality Act and single equality duty.	Implementation of the Equality Act Programme to support and monitor the delivery of compliance with the Equality Act. Directorates required to undertake Equality Assessment of changes and additions to policies and plans. Equalities data is published. Equalities compliance required as part of Annual Assurance Statements from Directorates. Cabinet member reports include information regarding equality assessment.	Medium	Medium
Consultation				
6	Need to effectively communicate and consult regarding the choices made by BCC to change services.	Extensive corporate and directorate 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. Some	Low	Significant

Risk / Issue		Council Action	Residual risk	
			Likelihood	Impact
		Directorate consultation on potential service developments are ongoing at time of setting the budget and will need to be taken into account before final decisions are made to implement individual actions.		
Property and other physical assets plan				
7	Addressing Shortage of capital resources to maintain physical assets	Directorate Plans include capital asset plans. A review of property assets and the ongoing rationalisation of buildings to match future Service provision are taking place. Non-essential property is disposed of. Protection of FM budgets. Overall level of corporate capital resources reviewed.	Medium	Medium
8	Ongoing need to refresh and maintain the advancement of Information Technology for effective service delivery.	Includes progression of a hardware and software desktop refresh and significant investment in ICT via our Business Transformation projects.	Medium	Significant
Financial Plan				
9	Need to achieve necessary savings.	Implementation of savings is subject to rigorous project management, governance arrangements and review and monitoring processes. Change programmes will be actively managed, with early consultation with key stakeholders.	Medium	Medium
10	Achieving income budgets and income streams maximised	Realistic income generation targets and moving towards traded services. Issues addressed in the budget pressures (details in Appendix 3E). Working with partners to	Medium	Medium

Risk / Issue		Council Action	Residual risk	
			Likelihood	Impact
		ensure appropriate funding arrangements. Firm announcements now made by Government in relation to a number of financing streams.		
11	Budget pressures exceed the amount provided for in the budget.	Known pressures included within budget following a corporate and directorate review. All budgets monitored proactively from the start of each financial year. Early management response where necessary. Some contingency provision included in budget.	Medium	Low
12	Preventing Overspendings in 2011/12	Continued action to manage budgets and contain overspendings, with regular reporting to senior managers and Cabinet Members. Any residual overspendings in 2011/12 will need to be carried forward.	Medium	Low
13	Potential ongoing equal pay and related litigation	Pay and grading practices with potential equal pay implications being addressed. Ongoing management of equal pay claims against the Council.	High	High
14	Changes in funding regimes or amounts for specific government grants.	Known changes have been reflected in portfolio budgets. Funding opportunities are being maximised wherever possible (see Appendix 3B). The response to changes in specific funding regimes from 2013/14 will be planned when more information becomes available.	Medium	Medium

Risk / Issue		Council Action	Residual risk	
			Likelihood	Impact
15	Need to secure capital receipts to fund investment plans	Receipts forecasts have been revised and spending plans and alternative sources of funding modified accordingly. A medium-term, rather than short-term, view is taken of resource planning. Marketing of land takes account of market conditions, in order to optimise the capital receipts to the Council.	Medium	Medium
16	Capital projects being delivered within approved programme.	Robust project management controls and rigorous project assessment, incl. risks and affordability. Regular programme monitoring.	Low	Medium
17	Security of investments and liquidity	Risk management arrangements set out in Treasury Management Strategy and Policy.	Low	High
18	Minimising borrowing cost increases	Our borrowing strategy is set out in Chapter 10 of Part 7 of this plan. Debt financing costs included in LTFS, projects subject to rigorous assessment, most debt at fixed rates and with staggered maturity profile.	Low	Low
19	Adequate reserves, balances and contingencies	Resources have been re-assigned where appropriate to address pressures and policy priorities. Some contingency provisions. Reserves assessed as being at an acceptable level and medium-term strategy to build general balances. The budgetary position will be closely monitored.	Medium	Medium

Risk / Issue		Council Action	Residual risk	
			Likelihood	Impact
20	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 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
21	Managing the impact of changes in pension arrangements	Impact of most recent re-valuation built into LTFP. Long term changes not certain, but prudent assumptions made about continuing increases in contribution levels. Funding to address impact of retirements agreed with Pension Fund and built into financial plans.	Low	Low
Our People				
22	Significant shift in skills required of staff moving into wholly owned companies, social enterprises or trusts.	Assistance and guidance provided to staff moving into new service delivery models. Good engagement / communication regarding changes with staff.	Medium	Medium
23	Capacity, skills and knowledge to manage the significant workforce changes.	Supporting managers to develop their capability to manage transformed services. HR expertise available to support managers with specific technical issues. BCC as a whole continues to workforce plan effectively, taking into account both internal transformation and the wider use of new service delivery models/ commissioning.	Medium	Significant

Risk / Issue		Council Action	Residual risk	
			Likelihood	Impact
24	Capacity locally within the private sector and 3rd sector to respond to commissioning and provide services no longer to be directly provided by BCC	Continue to work closely with partners to help build capacity in other organisations, manage volunteers and encouraging public engagement and participation. .	Medium	Significant

Key:

Level	Description	
	Likelihood	Impact
High	Almost certain, is expected to occur in most circumstances. Greater than 80% chance.	Critical impact on the achievement of objectives and overall performance. Critical opportunity to innovate or improve performance missed or wasted. Huge impact on costs and/or reputation. Very difficult to recover from and possibly requiring a long term recovery period.
Significant	Likely, will probably occur in most circumstances. 50% - 80% chance.	Major impact on costs and objectives. Substantial opportunity to innovate or improve performance missed or wasted. Serious impact on output and/or quality and reputation. Medium to long term effect and expensive to recover from.
Medium	Possible, might occur at some time. 20% - 50% chance.	Waste of time and resources. Good opportunity to Innovate / improve performance missed or wasted. Moderate impact on operational efficiency, output and quality. Medium term effect which may be expensive to recover from.
Low	Unlikely, but could occur at some time. Less than 20% chance.	Minor loss, delay, inconvenience or interruption. Opportunity to innovate or make minor improvements to performance missed or wasted. Short to medium term effect.

Appendix 1A- Adults & Communities

Priority actions which contribute to the achievement of the Sustainable Community Strategy outcomes detailed in part two include the following:

Stay Safe in Clean Green Neighbourhoods	
SCS sub outcomes	
1	Crime and anti-social behaviour is reduced and people feel safer
2	Protecting the most vulnerable people within the community – in particular children
3	Securing cleaner, greener, sustainable neighbourhoods empowering citizens to make their neighbourhoods better places to live
Directorate Actions contributing to sub outcomes	
	Deliver personalised support for the vulnerable and to safeguard those most vulnerable in the community from abuse
	To deliver personalised support to those vulnerable people who meet our eligibility criteria
	To safeguard those most vulnerable in the community from abuse.
Be Healthy	
SCS sub outcomes	
1	Reduced health inequalities and mortality across Birmingham, resulting in people living longer
2	More people enabled to choose healthy lifestyles, enjoying rich cultural experiences and improve their wellbeing, resulting in people living well
Directorate Actions contributing to sub outcomes	
	Supporting people to maintain or regain their health and wellbeing and independence within the community
Succeed Economically	
SCS sub outcomes	
1	Increasing individuals' personal wealth and reducing relative poverty within the city
2	Increasing employment and economic activity within the city. Ensuring that people have the education and skills to make the most of job opportunities
Directorate Actions contributing to sub outcomes	
	Supporting adults to update their skills to improve their job prospects

Service Proposals

The challenge for Adults and Communities is how we can make the best use of our resources to meet the needs of the vulnerable adults in Birmingham who need adult social care, at a time when we have to make savings.

We will continue with our transformation of the way we deliver adult social care so that more people receive help earlier so they can maintain their independence.

This will give people choice, control and support to achieve the best possible outcomes. This approach to adult social care is called personalisation and is in line with the Government's commitment to transforming adult social care. Self-directed support is part of personalisation, and is a way of providing social care which puts you in control. Self-directed support means you can choose how you want to manage your care services, giving you more control over the social care support you can get. In this way, we are providing a much more personal approach to adult social care services.

Our business plan called the 'Revised Full Business Case' includes plans for achieving savings of £191m by 2017/18 by:

- providing better information, advice and signposting for all;
- identifying people who are most at risk of needing care and providing early support to prevent or delay people needing a more intensive service later on;
- developing an enablement service that provides support to people for up to six weeks and helps them learn or relearn the skills they need to be able to live independently at home;
- moving to Individual Budgets to give service users choice and control;
- supporting people to claim all the state benefits they may be entitled to, for example attendance allowance, so that they have more money to support their social care needs; and
- reshaping the social care market to provide efficient services that promote people's independence and reduce the number of people needing local authority services

For 2012/13 our priorities will be:

1. To invest in and develop preventative services.
2. To develop our enablement services.
3. To provide social care funding through Individual Budgets to meet assessed eligible needs.
4. To develop and change social care services to meet the needs of people in Birmingham. This is known as 'shaping the market'.
5. To invest in social care services to benefit people's health

To invest in and develop preventative services.

Preventative services prevent people needing care in the first place, or delay their need for intensive social care and support.

In our business plan we have made a commitment to support people to remain independent and promote their wellbeing so they can make good choices and are better able to manage illness and long term conditions and live the life they choose.

We are developing ways of identifying people who are at most risk and therefore predict who will need support. We will work with NHS partners to design a new set of services that will work with people who may be at risk of having falls, developing dementia or having a stroke. We will help them manage their condition for themselves which should avoid or delay them losing their independence, and so prevent them needing care from Adults and Communities.

To develop our enablement services.

In our business plan we 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. We call this ‘enablement’.

Enablement focuses on supporting people to live independently with choice and as high a quality of life as possible, for as long as possible, whilst at the same time reducing their need for ongoing support. We plan to offer enablement support for up to six weeks to all new and existing service users who could benefit from it.

To provide social care funding through Individual Budgets to meet assessed eligible needs.

Last year service users told us quite clearly that they did not want the eligibility criteria to change. We heard that quite clearly, but there is still a need for us to reduce our expenditure.

During the consultation which began on 12th October 2011, we heard that service users and carers had difficulty in understanding how the proposals around revised assessment and the introduction of a Universal Resource Allocation System would impact upon them. A further round of communication and consultation is planned to take place in early summer 2012. The intention would be to seek to implement a fresh proposal from 1st April 2013, informed by the responses to the consultation.

To develop and change social care services to meet the needs of people in Birmingham. This is known as 'shaping the market'.

There are always things that we can look at to see if we can do things differently to get better value for our money, for example, the cost and value of the services provided by Birmingham City Council. Another factor is that as more and more people take their Individual Budget as a direct payment, they may not want to buy our services.

Although we are already looking at how to make our services as efficient as possible, no additional specific proposals have been made. When these are identified, there may be a need for further consultation.

To invest in social care services to benefit people's health.

Last year the government announced that the health service would receive funds to support social care in 2011/12 and 2012/13. This funding is for local authorities to invest in social care services to benefit people's health. With the support of the NHS in Birmingham, we propose to use this funding to develop and support adult social care services.

This will now continue to at least into 2014/15, with the recent national confirmation that this funding extends to that year. This will allow the City Council, jointly with the NHS and increasingly GPs in particular, to further develop early intervention/prevention services and support, such as falls prevention, stroke support, early diagnosis and support for dementia, and frailty generally. This is part of a whole health and care system programme to use our combined resources better to improve the experiences and outcomes for frail elderly people in Birmingham and Solihull.

On an important, wider note, the City Council will increasingly take responsibility for the transition/transformation of public health and health improvement into local government (currently planned for April 2013), involving all Council services to help reduce health inequalities across Birmingham. Crucial to this will be the local authority-led Health and Wellbeing Board, the establishment of which is described, along with emerging Clinical Commissioning Groups, as a key driver for improvement across the NHS – one of the four top themes for 2012/13 for NHS organisations nationally.

Appendix 1B - Children, Young People and Families

Priority actions which contribute to the achievement of the Sustainable Community Strategy outcomes detailed in Part 2 include the following:

Succeed Economically	
SCS sub outcomes	
1	Increasing individuals' personal wealth and reducing relative poverty within the city
2	Increasing employment and economic activity within the city. Ensuring that people have the education and skills to make the most of job opportunities
3	Create 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	Raise quality, choice and affordability of housing
Directorate Actions contributing to sub outcomes	
	Improve engagement in learning and achievement in education, focusing 14-19 educational experiences and activities on known and forecast future employment opportunities, continuing the development of collaborative networks of schools and colleges, and ensuring sufficiency of school places.
Stay Safe in Clean Green Neighbourhoods	
SCS sub outcomes	
1	Crime and anti-social behaviour is reduced and people feel safer
2	Protecting the most vulnerable people within the community – in particular children
3	Securing cleaner, greener, sustainable neighbourhoods empowering citizens to make their neighbourhoods better places to live
Directorate Actions contributing to sub outcomes	
	Protect children from significant harm by implementing fully the changes to children's services and, with partners, ensure early identification of need, multi-agency assessments and early intervention.
Be Healthy	
SCS sub outcomes	
1	Reduced health inequalities and mortality across Birmingham, resulting in people living longer
2	More people enabled to choose healthy lifestyles, enjoying rich cultural experiences and improve their wellbeing, resulting in people living well
Directorate Actions contributing to sub outcomes	
	Supporting the transition of the public health function to the local authority and strengthening interagency collaboration with Health, including work to reduce levels of teenage conception, obesity and infant mortality and to address the emotional health of children and young people.

Service Proposals

In relation to children and young people, our priorities for 2012/13 are to:

- **Protect children from significant harm,** by particularly addressing the key factors of domestic violence, poverty & neglect, drug, alcohol and mental health problems in families.

- **Improve engagement in learning and achievement in education,** by particularly addressing the key factors of attendance, behaviour, curriculum & ethos, language, literacy & numeracy, social literacy, and the employability skills of young people.

- **Reduce health inequalities,** by particularly addressing the key areas of infant mortality, childhood obesity, teenage conception and emotional health.

The previous structure and operational arrangements in the Children, Young People and Families Directorate were not considered suitable to deliver the three priorities stated above in a sufficiently integrated way. The Government's Improvement Notice which focuses on safeguarding children and young people provided an important driver to redefine operational arrangements which put safeguarding at the core of all that we do. The unprecedented financial challenges we face also made the previous operational arrangements unaffordable.

We acknowledge the shift in the balance of the local authority's role between direct provision of services and acting as a commissioner, highlighting the importance of partnership working. As a provider the Directorate is focused on ensuring it is an efficient and effective service provider which delivers public value, and does so in collaboration with other agencies. As a commissioner it is focused on agenda setting, place shaping and developing collaborative and integrated arrangements to drive improved outcomes for children, young people and families by creating a greater focus on outcomes and maximising the total resources that are available.

Progress in respect of safeguarding our children and young people has been recognised by Ofsted and recent inspections acknowledged the improvements we have made, the signs of positive change and the work that still needs to be done. That includes providing a consistent and high quality service particularly to children in care or who are subject to a child protection plan, for example through timely reviews and visits, and meeting more effectively our corporate parenting responsibilities.

Children's Services have Changed

Changed service arrangements were introduced in September 2011 but will need to be further developed and strengthened throughout 2012/13. They are based on four geographical areas: East/North/ South/West and Central, which have then been subdivided into sixteen delivery areas called 'localities' that reflect school consortia and children's centre reach areas.

The model is based around universal services, early identification of need and multi-disciplinary working, use of the common assessment framework and lead professionals and is made up of:

Integrated Access Teams (IATs) which provide a single point of contact for professionals and members of the public who want to seek support or raise concerns about a child. There is one IAT in each of the four geographical areas.

Integrated Family Support Teams (IFSTs) which bring together professionals from a range of children's services. They work in a coordinated way to meet the needs of the child and the family where additional support is required. There are sixteen IFSTs working in defined geographical areas that fit with school consortia and children's centre reach areas.

Children's Social Care – First Response Teams which deal with referrals related to child protection concerns, or issues around the safeguarding of a child who may be at risk of significant harm. They comprise:

- Safeguarding Service – the majority of children known to social care will be, for example, subject to Children Protection or Child in Need Plans.
- Children in Care Service – for children who are likely to remain in Council care for a considerable period of time.
- After Care Service – it provides services to young people who require ongoing support as they leave the care system.

Disabled Children's Social Care teams which offer a city-wide service and include occupational therapy, family support, and safeguarding teams

Children's Centres which bring together childcare, early education, health, family support, training and employment services for families with children under five years old to improve outcomes and narrow the gaps, particularly for families in greatest need.

Education and Commissioning

Whilst we have seen year-on-year progress in terms of educational achievement across the city the fact remains that there is great variability in terms of individual school performance, and there are a small number of primary and secondary schools that have been below the floor standard for a number of years. In line with the White Paper "The Importance of Teaching" published in November 2010, our emphasis is on facilitating school-to-school support, with autonomous schools securing external support from a variety of providers, and outstanding and good schools providing peer support and challenge. We have been active in creating a school improvement strategy that recognises that some of our schools have very talented leaders and that we want to use that expertise to support others. Our work to date has focused upon providing immediate support to those schools deemed most vulnerable, whilst developing the systems and structures to make sure school improvement activities are undertaken across the city in a coherent and focused way.

We are seeking to create an inter-dependent school system. Birmingham schools and the local authority are committed to delivering the best education possible for all the city's children and young people and that all achieve their full potential. The aim is that none of the Birmingham schools are below the floor targets, none are in an Ofsted category and that we strive for all of our schools to be at least good. We aim to continue to raise achievement at Key Stages 2 and 4, with a focus on English and maths.

From April 2012 the responsibility for offering impartial careers education and guidance to young people will be the responsibility of schools. We will support schools to meet this responsibility and provide impartial careers information, advice and guidance to key groups of young people, enabling them to make positive transitions and engage in and remain in education, employment and training.

We will support young people to make positive choices and provide appropriate diversion from crime and anti-social behaviour. At the same time we will invest in reducing the number of first time entrants into the youth justice system and supporting the rehabilitation of young people who offend.

To reach their potential, children and young people need experiences which broaden their horizons, enrich their cultural experience and understanding and improve their wellbeing. We will work with cultural partners, the creative sector and the voluntary sector to ensure that these are accessible on both a universal and targeted basis. The *myplace* centres and youth settings will play a key role in providing hubs of activity within communities maximising the use of these assets.

We are commissioning delivery of appropriate services via children's centres, schools and colleges, particularly because the vast majority of children and young people – even those with complex and additional needs - are placed in universal settings. Our school improvement and wider commissioning will be aligned to the four area and sixteen locality structures.

The Directorate has a key role in ensuring the effective transition of Public Health to the Council and leading on developing collaborative commissioning arrangements. We will provide children, young people, parents, carers and the professionals who work with them with accurate and accessible information and support to enable children and young people to choose healthy lifestyles and for parents and carers to make positive parenting choices.

The operating model provides a 'co-terminus' planning and service delivery structure to the West Midlands Police and links strategically to the new commissioning arrangements for Health. The new arrangements emphasise early screening, prevention and early intervention and use of the Common Assessment Framework (CAF). We are making full use of the opportunities of the Government's Community Based Budget pilot around families with complex needs in Shard End.

Sustaining improvement requires clear leadership, robust performance management and the support of senior managers, elected members and partners to drive the programme forward and to ensure that all the risks to service delivery during the early phases of implementation are actively managed and mitigated.

Appendix 1C – Corporate Resources

The Corporate Resources Directorate has the responsibility for the majority of corporate support and governance activity. The functions include:

Equalities and Human Resources
Legal and Democratic Services including Scrutiny
Corporate Strategy
Finance and Audit
Birmingham Property Services
Revenues and Benefits
Corporate Performance Management
Corporate Information Management
Share Services Centre
Corporate Procurement

In addition, the Directorate oversees the joint venture arrangements with Service Birmingham.

The Directorate has undergone significant change and subject to appropriate consultation with staff and service users this carries on as the Council needs support services to be making a significant contribution to the savings challenge.

The services aim to provide the following key benefits for elected members and both external and internal customers by providing:

- a single point of advice
- a focus in the Council on performance
- Excellent Corporate Governance
- Policy and Strategy direction
- Business intelligence and robust evidence for service re-design
- Support to major projects
- Change management support

Specific improvement measures being put in place include the move of the majority of staff to a single location in Woodcock Street, near Aston University which enables the central administration costs to be minimised but provides opportunities for agile working and a team based approach to solving customer problems.

There are a number of specific challenges before us, including:

- Responding to the changes in the funding of local authorities
- Major changes in the benefit system for 2013
- Reducing semi-fixed costs linked to ICT to support a reduced level of activity
- Speeding up of year end financial accounts and performance reporting
- Managing the ongoing legal issues around equal pay

- Providing corporate leadership on major projects such as New Street Station; Troubled Families and the transition of Public Health functions to the city council;
- Driving/Supporting organisational change

Appendix 1D - Development

Priority actions which contribute to the achievement of the Sustainable Community Strategy outcomes detailed in Part 2 include the following:

Succeed Economically	
SCS sub outcomes	
1	Increasing individuals' personal wealth and reducing relative poverty within the city
2	Increasing employment and economic activity within the city. Ensuring that people have the education and skills to make the most of job opportunities
3	Create 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	Raise quality, choice and affordability of housing
Directorate Actions contributing to sub outcomes	
	We are building successful partnerships through the Greater Birmingham and Solihull Local Enterprise Partnership (LEP) to drive economic growth. The LEP has an overall target of creating 100,000 private sector jobs across the area by 2020 and increasing GVA by over £8bn.
	We are managing the delivery of the Birmingham City Centre Enterprise Zone.
	We will further develop the Core Strategy as a key mechanism to deliver the Growth Agenda for Birmingham. This will include a programme of proposals for Sustainable Urban Neighbourhoods and supporting infrastructure to develop sustainable regeneration and growth in the city.
	We will continue to engage with the private sector and partners to support Birmingham residents to secure jobs, skills and training. We will invest in the infrastructure to support enterprise bringing forward projects leading to inward investment and employment growth such as the Area Investment prospectus, Longbridge, Icknield Port Loop and Bordesley Park.
	We are bringing all existing Sustainability, Energy and Green Economy strategies into a single coherent 'Greenprint', promoting delivery of the sustainability and the provision of district energy systems within suitable locations. We will support the development of 'green technology' supply chains and provide clear guidance to ensure all developments assist the city to achieve its carbon, energy and environmental targets. We will consult on a new Supplementary Planning Document "Places for Growth" which will drive a sustainable future and encourage green developments, job and investment.

	We are establishing a High Speed wireless network which will accelerate next Generation mobile network across the City and increasing digital inclusion in Birmingham.
	We will complete the construction of the new Library of Birmingham creating a unique centre for learning and skills development, business support and an inspirational place for readers, writers and performers.
	We will complete the construction of the new Eastside City Park as part of the Big City Plan. We will take forward the Eastside Master Plan and this will be used as a basis for discussion with HS2 and developers.
	Birmingham City Council and Centro will work towards the implementation of the Midland Metro Birmingham City Centre Extension.
	We continue to support all aspects of the High Speed 2 project with HS2 Ltd and regional and City Region Partners and work with partners to improve existing rail, road and Metro infrastructure.
	We are producing a high level and radical integrated transport strategy and Action Plan for the City Centre with the Business Improvement Districts and Centro.
	We will continue to develop Business Improvement Districts in local centres to support the sustainability of these areas.

2012+ Service Proposals

Background and rational to the proposals

The Directorate's priorities are being refocused to ensure that limited resources are directed to those areas which have the greatest impact and benefit to the citizens and economy of Birmingham.

We have completed the first phase of the reorganisation that brought together the development planning and regeneration services with planning management.

The new structure has enabled greater integration and a new improved customer focus to our Planning and Regeneration services in the context of a significant reduction in resources and the changing political and partnership landscape. This gives a much stronger connection between strategy, policy and delivery and enhanced service delivery.

New ways of working

Our new structure reorganises the 'core' strategic and regulatory functions of the Development Directorate under two Service Directors resulting in a reduction in senior management posts and greater integration and efficiency.

The Service Director for **Sustainability, Transportation and Partnerships** has responsibility for:

- Transportation functions such as Strategy, Development and Projects

- Sustainability, Climate Change, Energy and Green Economy
- Economic Strategy, Research and Bidding
- Regional, European & International affairs
- Strategic Partnerships and Intelligence, including the LEP, Be Birmingham and Digital Birmingham
- Employment, Worklessness, Social Regeneration, and Economic Inclusion

The functions of the new division respond to external changes at national and international level, particularly in the areas around the creation and development of the Local Enterprise Partnership to support growth and jobs in the Greater Birmingham area, Climate Change and Environmental issues in the areas subject to mitigation and adaptation to reduce energy consumption and CO^2 emissions. We are responding to government initiatives to reshape the delivery of public services and to the significant budget pressures in the Council and the Directorate.

Effective service delivery requires collaboration across agencies and geographical areas to secure funding to deliver innovative solutions to economic challenges and reinforce Birmingham's presence on a world stage with particular emphasis to address social and economic inclusion. Priorities for 2012+ are to embed sustainability and management of carbon reduction in the future city and council activities, and also build the momentum for economic success using Green Sector initiatives. **Digital Birmingham** will be integral to driving forward the City's Growth Agenda and Birmingham becoming a Smart City. **Be Birmingham** will support the delivery of **Vision 2026**, and the **Community Budgets** (formerly Total Place), **Social Inclusion** and **Big Society** agendas.

We are engaging with partners to develop Birmingham's **Big City Plan,** and **Vision for Movement** which reflects the need to improve transportation systems across the Greater Birmingham area. This requires the development of city-wide infrastructure to unlock development sites for employment, housing and economic growth while supporting Birmingham's environmental and social agendas.

Specifically, we are working with developers and government to facilitate investment in the city to bring forward major development sites such as **Paradise Circus** and the areas around the **HS2** stations. It is important to develop city infrastructure and realign the limited available funding to facilitate private investment.

During the year, proposals will be developed to bring forward projects that integrate Transportation, Sustainability and Digital Birmingham.

The **Service Director for Planning and Regeneration** has responsibility for:

- Regeneration programmes and projects to deliver physical regeneration for the city centre and target neighbourhoods.
- The Big City Plan, the Enterprise Zone, City Centre Management and Business Improvement Districts (BIDs).
- Strategic planning for the city, including the Core Strategy.

- Four area teams bringing together regeneration, development planning and planning management.
- Business support, relationships and inward investment, including Marketing Birmingham and Finance Birmingham.

Greater integration and efficiencies through re-organisation into a leaner fit-for-purpose structure focuses on key priorities, taking account of the changing external operating environment e.g. the GBSLEP, the Enterprise Zone and the Localism Act, in particular national planning reform.

We will continue to seek ways to secure funding from available sources such as S.106 agreements, New Homes Bonus Scheme, and external funding. We will also seek new ways to deliver priorities such as the Enterprise Zone, which will be a key component in securing investment to deliver the Big City Plan.

Teams will focus available resources to deliver key priorities by:

- providing an effective planning management service for residents, businesses and developers.
- supporting the development of the Big City Plan and ensure the City competes at national and international level.
- producing locally-based Development Plan Documents and other frameworks, to meet both the Council's strategic objectives e.g. growth and its statutory responsibilities.
- providing frameworks and other documents that satisfy the needs of the development market by providing the right conditions for investment; co-ordinate and champion private sector investment to secure redevelopment and regeneration.
- preparation of local regeneration strategies and frameworks to secure resources for regeneration objectives.
- enhancing the place-making capabilities of the City Council and promoting the principles of high quality design to partners from the public and private sectors, including providing advice on urban design, landscape, archaeology, tree preservation, etc.
- operating an income generating model to deliver programmes of business support, embrace opportunity to influence business support agenda through GBSLEP and support provision of the 'single front door' for businesses through Birmingham Business Hub.

We have established the **Business Hub for Birmingham** with Marketing Birmingham, Finance Birmingham, Birmingham Forward, Birmingham Chamber, Greater Birmingham and Solihull Local Enterprise Partnership, ART, and Birmingham Science City. This will be the single point of contact for all international Foreign Direct Investment enquiries on behalf of the LEP. This will ensure a coherent approach and offer is made to potential investors on behalf of Birmingham.

ACIVICO

Acivico Limited is a new Birmingham City Council Wholly Owned Company (WOC) that delivers various specialised transactional services to the City Council and other local authorities through subsidiary Special Purpose Vehicles (SPVs). The first two SPVs will be the Directorate's trading services of Urban Design and Building Consultancy. These will be moved into Acivico in accordance with the transition plan. The Acivico model offers both service areas greater flexibility to focus on income generation and develop shared services with other local authorities.

Urban Design will deliver construction and property services including facilities management whilst Building Consultancy will deliver the City Councils statutory Building Regulation service and associated legislation (which includes the management of demolition contracts, fire risk assessments of City Council premises, health and safety for outdoor events and party wall surveying).

Appendix 1E - Environment & Culture

Priority actions which contribute to the achievement of the Sustainable Community Strategy outcomes detailed in Part 2 include the following:

Succeed Economically	
SCS sub outcomes	
1	Increasing individuals' personal wealth and reducing relative poverty within the city
2	Increasing employment and economic activity within the city. Ensuring that people have the education and skills to make the most of job opportunities
3	Create 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	Raise quality, choice and affordability of housing
Directorate Actions contributing to sub outcomes	
	Continue to work towards a world class library of Birmingham and to work to maximise the contribution of our cultural assets to the promotion of Birmingham.
	Continue with major investment in highway infrastructure whilst promoting job opportunity through contact and supply chain arrangements
	Minimise residual household waste and municipal waste that is land filled
	Introduce LED street lighting on a large scale for residential roads of Birmingham
	Minimising traffic congestion and maximising accessibility through innovative traffic management initiatives
	To review and explore other recycling opportunities including food waste collections.
	Attract, promote and present a programme of high quality sports and cultural events in partnership with organising bodies and private/public funding sources.
	Lead work with the local enterprise partnership to develop the Creative City initiative supporting the growth of cultural and creative businesses and making Birmingham a more attractive place to live, work and visit.
Stay Safe in Clean Green Neighbourhoods	
SCS sub outcomes	
1	Crime and anti-social behaviour is reduced and people feel safer
2	Protecting the most vulnerable people within the community – in particular children
3	Securing cleaner, greener, sustainable neighbourhoods empowering citizens to make their neighbourhoods better places to live
Directorate Actions contributing to sub outcomes	
	Continue the implementation of the new future operating model (FOM) for Fleet and Waste Management built around prevention and co-production to improve waste and street cleaning services
	To review and explore other recycling opportunities including food waste collections
	Encourage and maximise the use of volunteers
	Deliver a programme of locally determined highway schemes
	Deliver a programme to improve accessibility and road safety around schools
	Encourage community resilience through partnerships

	Explore the potential for the extraction and sale of surplus heat from the Tyseley Energy from Waste plant and any other suitable sources.
	Remove Offensive Graffiti from public areas
	Meet compliance levels for all grounds maintenance programmes throughout the City
	Provide safe children's play provision
	Meet user needs in respect of health and safety in parks to ensure an enjoyable and safe environment
	Manage the Streetscene to improve the physical environment in respect of litter, weeds, graffiti and trees

Be Healthy	
SCS sub outcomes	
1	Reduced health inequalities and mortality across Birmingham, resulting in people living longer
2	More people enabled to choose healthy lifestyles, enjoying rich cultural experiences and improve their wellbeing, resulting in people living well
Directorate Actions contributing to sub outcomes	
	Continue to support the arts and to increase participation in a range of cultural activities within the city by developing new ways of delivering services.
	Expand opportunities for pedestrians and cyclists by developing the role of the Pedestrian and Cycling Task Force
	Continue to promote healthy lifestyles and encourage more people to take up sport or active recreation
	Ensure that the citizens of Birmingham enjoy a healthy lifestyle through schemes such as Be Active
	Raise the profile of the contribution that parks and open space make to the physical and mental health and wellbeing of the community
	Increase volunteer opportunities through Friends of Parks and other groups, Ranger-led activities and community use of parks for events
	Retain high level occupancy of allotment plots to encourage health lifestyle through healthy eating

Service Proposals

The directorate provides a significant range of functions that contribute to the Council's priorities. These services range from the provision of Waste Management and street scene activities including the Highways, Traffic Management, Streetworks and Car Parking functions to the management of the Council's Resilience and Corporate Communications teams. The management of Parks, Strategic Sports & Events, Strategic Community & Play, Museums, Cultural activities and the Strategic Library Services all contribute to the quality of life for Birmingham's citizens and generate economic growth for the City. The provision of a burial and cremation service is equally vital to the wellbeing of the City. Management of the City's Markets also plays an important role to the prosperity of the City.

All of these services underpin the Council's priorities which we are proposing to review as follows:

- Commissioning of Services - In 2011-12, E&C has reviewed the operation of a number of services in order to determine the most effective future delivery models. These include establishing a charitable company to run the Museums Service from April 2012 and undertaking options appraisal in relation to future library provision associated with the Library of Birmingham; externalisation of the city's golf courses; commissioning of community development and play services against corporate priorities to replace historic grant funding arrangements; benchmarking of the Bereavement Service; establishing terms of reference for review of clinical waste arrangements; testing the market for new operating arrangements for the Old Rep theatre.
- A systematic review of opportunities for increasing income
- Investigation into options for the use of Volunteering to assist in the delivery of services
- Reducing overheads
- Reviewing all options for redesigning services

We will review our services against the council's principles of service redesign as follows:

1. Transforming our Efficiency

By redesigning the way we deliver Fleet and Waste Management (FWM), management and support, Museums, and Community & Play we propose to reduce cost and protect priority outcomes. We propose also to transform the way we generate income from our services and from using our assets. We propose to collaborate with our partners, stakeholders and suppliers to improve our traffic management services to promote the role of pedestrians and cyclists as major Highway users; reshape our Parking services through implementing new technology; and improve our Streetscene through effective management of our Highway maintenance, Waste management, Parks and Grounds Maintenance activities.

2. Preventing problems to avoid big costs later

By redesigning our leisure and cultural services we propose to increasingly support people to be healthy and improve wellbeing, have a high quality of life, succeed economically and contribute to the growth of the local economy. The activities commissioned, delivered and promoted by the Directorate will;

a. Provide positive routes to engage young people
b. Provide diversionary activities to reduce crime and anti social behaviour
c. Provide sporting, cultural and leisure opportunities for unemployed residents
d. Encourage civic pride

e. Develop volunteering
f. Build community cohesion

We will build on our established models such as Be Active and Arts Champions.

We will create a new Museum Trust with a vision to increase participation beyond the current 1m people who visit the museums each year.

The Library of Birmingham will become the busiest cultural destination outside London.

The Directorate's events programmes will link strategically to participation schemes, providing a continuum from first engagement to high performance levels, inspiring the next generation of high achievers in sports and cultural disciplines.

We will promote our cultural and sporting offer in partnership with Marketing Birmingham, with arts and cultural organisations and event organisers to increase visitors to Birmingham, increase the media value of coverage or our programme, improve visitor perceptions and support inward investment strategies.

We will redesign our fleet and waste management services to drive down waste, prevent increasing landfill tax costs and to help to keep the city clean and green.

3. Reducing Dependency and Enabling Self Sufficiency

By increasing the input from volunteers the Directorate will provide opportunities for people to contribute to their community, develop their skills for employment and reduce our costs.

4. Collaborating effectively

The Environment and Culture Directorate continues to improve collaboration both internally and externally. Internally it will help us to deliver more cost effective services, particularly in respect of our proposals to transform our management and support. Externally we will be working closely with contractors and volunteers to reduce our costs. The Directorate will also work with key partners towards jointly commissioning services around Cultural, Sporting, Community Development and Play activities.

Working with all agencies the Environment and Culture Directorate has increased Birmingham's rating as a great place to visit from 72% in 2009 to 83% in 2010. The 2012 Olympics will be a great opportunity for Birmingham to showcase its offer and a range of sporting and cultural events are planned.

5. Personalising Public Services

Whilst the majority of our services are universally available we continue to provide personalised services to meet customer needs. We help vulnerable people live independently. For example through our **supportive leisure programmes** we provide the following:

- **Be active plus**: Patients referred by the Health Service receive a 12 week personalised support programme of activities related to their conditions.

- **Falls prevention** (Be Active extended offer). Activities are aimed at older people and those who require care aimed at building up core stability and independent standing and moving skills.

- **Easy gyms** provide one to one programmes for people recovering from specific health conditions including operations and heart attacks.

Many citizens take an active role in the development and planning of our parks through "Friends of the Park" groups;

Through BIG Lottery Funding five local libraries are actively engaging local communities in the development, delivery and management of library services. In Bereavement Services individual services are tailored to meet needs of families through a range of personalised options.

Refuse collection and other waste management staff who are around Birmingham's streets on a daily basis will report on a wide range of service issues (such as faulty street lights and pot holes) to ensure that local neighbourhoods are fully maintained.

Appendix 1F - Homes & Neighbourhoods

Priority actions which contribute to the achievement of the Sustainable Community Strategy outcomes detailed in Part 2 include the following:

Succeed Economically	
SCS sub outcomes	
1	Increasing individuals' personal wealth and reducing relative poverty within the city
2	Increasing employment and economic activity within the city. Ensuring that people have the education and skills to make the most of job opportunities.
3	Create 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	Raise quality, choice and affordability of housing
Directorate Actions contributing to sub outcomes	
	Supporting the local construction industry through our housing investment programmes (all our repairs and investment programmes are delivered by external service partners).
	Developing new affordable council housing and quality market rented homes for aspiring households.
	Continue to develop Birmingham Municipal Housing Trust model for development on publicly owned land.
	Progress major housing led re-development schemes (Icknield Port Loop, Kings Norton and Newtown)
	Securing inward investment from the Homes and Communities Agency (Public Land Initiative) and Registered Social Landlord Partners
	Improving the energy efficiency of our council homes (current SAP rating of 64.5%) and building new properties to Code 4 level.
	Working with national utility companies to promote energy efficiency programmes e.g. Combined Heat and Power Scheme, energy savers and CESP (Community Energy Saving Programmes) work to fit external insulation to non-traditional properties in CESP areas.
	Deliver a refreshed statutory Homelessness Strategy with a focus on the prevention of homelessness.
	Deliver major policy changes in response to the Localism Act (allocations, tenancies, and homelessness)
	Ensuring business compliance with legislation to protect the economic interests of consumers and businesses.
Stay Safe in Clean Green Neighbourhoods	
SCS sub outcomes	
1	Crime and anti-social behaviour is reduced and people feel safer
2	Protecting the most vulnerable people within the community – in particular children
3	Securing cleaner, greener, sustainable neighbourhoods empowering citizens to make their neighbourhoods better places to live
Directorate Actions contributing to sub outcomes	

	Working with partner organisations to make our neighbourhoods safer to live and to increase public awareness of safety.
	Continued maintenance of council homes having reached the Decent Homes Standard.
	Provision of local estate based services e.g. environmental maintenance programmes, concierge security services in multi-storey blocks, local caretaking services.
	Working with private sector landlords to promote good standards of accommodation (Landlords Forum) and enforcing appropriate standards in multiple occupied properties (HMO Licensing)
	Promoting the efficient use of empty private sector properties in Birmingham.
	Developing more efficient ways of interfacing across our diverse range of partners.
	Implement the outcomes of the strategic review of the Supporting People programme.
	Ensuring the hygiene of food premises across the city, the safety of consumer goods and taking formal action against those who threaten the safety of citizens, businesses and visitors.
	Dealing with Health and Safety incidents in businesses reactively and through a proactive programme on intervention and advice.
Be Healthy	
SCS sub outcomes	
1	Reduced health inequalities and mortality across Birmingham, resulting in people living longer
2	More people enabled to choose healthy lifestyles, enjoying rich cultural experiences and improve their wellbeing, resulting in people living well
Directorate Actions contributing to sub outcomes	
	Delivery of major local facilities for our customers e.g. Sports and Leisure Centres, Community Play
	Delivery of major programmes to promote healthy living through our adaptations programme.
	Continuing to secure inward investment through the Health Service e.g. BeActive.
	Work with partners to ensure the efficient, effective and economic transfer of the Public Health role into the Local Authority.
	Providing an excellent Coronial service.
	Providing an efficient and effective Licensing service to ensure the comfort and safety of those using licensed premises and vehicles.

Service Proposals

The Directorate provides a significant range of services which underpin the Council's priorities. Services span from gas repairs in Council dwellings to supporting people; from community development to asset management; from school crossing patrols to homeless centres. These services underpin the council priorities. We are proposing to redesign the service by example:

- Improving personalisation through Choice Based Lettings

- Developing collaboration by close working with other social landlords
- Commissioning support services to enable self sufficiency
- Investing in large scale preventative maintenance programmes
- Developing more efficient ways of interfacing across our diverse range of customers

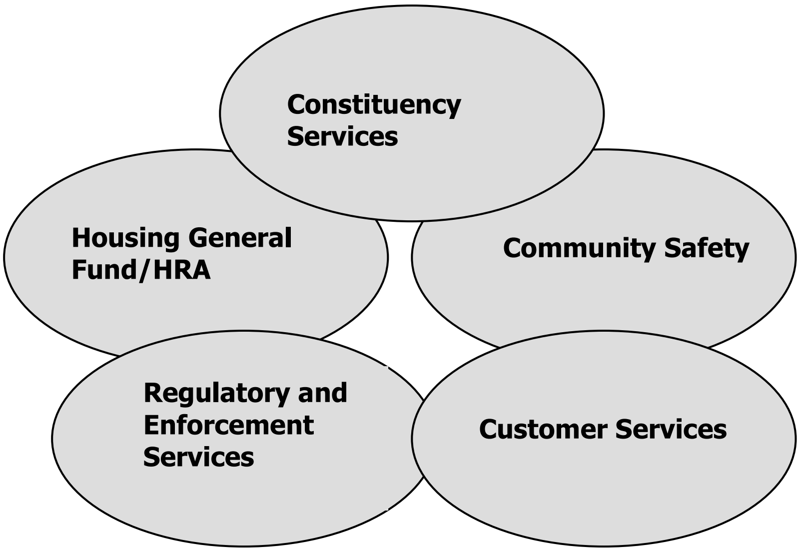
In recognition of the financial challenge planning work has been undertaken with a view to developing a future operating model to support the proposed redesign of the service in a number of key areas:

Service Reviews

- Sport and Leisure
  - Focus remains on high use sites (90% of stock) and opportunities to enhance income.
  - Potential development of new partnership service delivery framework.
- Libraries
  - Retaining all of our libraries, but reduction in levels of staff at each site. 16 libraries open five days a week and 23 libraries open four days a week.
  - Introduction of self-service technology in some libraries.
- Neighbourhood Offices
  - Year one savings delivered through the modernisation of neighbourhood offices, the introduction of Customer Service Centres and more efficient management and working practices.
- Car Parking, Engineers, Community Play, School Patrols
  - Review charging levels, where appropriate, consolidate teams.
  - Integration of services and reductions in management costs - seek contribution from other relevant stakeholders.
- Community Safety
  - Continue to support Safer Birmingham Partnership strategic outcomes.
  -
  - Realign current spending which has been heavily reliant on specific Government grants
- Landlord Services
  - Provide a focused locally-based neighbourhood management service that is integrated and reflects the strategic priorities.

The proposed Future Service Model seeks to protect the frontline and integrate area working

Protecting the Frontline



- Sharing back office services across full range of front office activities.
- Acting and managing as one organisation. (Customer First)
- Removing overlap, duplication and unnecessary transactional costs.
- Seeking a disproportionately higher cut in overhead costs to protect frontline.
- Focussing on statutory services and services with key strategic outcomes.
- Reducing levels of activity or ceasing services which are not statutory or are not strategically important.
- Supporting the Council's transformation of the Customer Experience.

Future Operating Model

• Local delivery - Homes (Housing) - Neighbourhoods (Constituencies)	- A phased approach to local management to reflect the strategic priorities of safe, clean neighbourhoods, community services and a good quality housing offer irrespective of tenure.
• Remove service boundaries	- Cease passing the customer between different parts of Council. - Remove management layers and errors in transactions.

• Efficient governance	- Leaner local arrangements - developing proximity working. - Identify efficiency savings and delivery of statutory and strategic key local services.
• Savings achieved	- Through service synergies, short and medium term. - Cutting overheads and helping to sustain front line services.
• Commission services rather than directly deliver	- Specify outcomes reflecting on customer experiences / feedback. - Acknowledging the move to a self financing landlord service.

Major Service Asset and Capital Strategies

1. Strategic Housing and Public Sector housing

1.1 The Housing capital strategy is set within the context of a number of existing Strategic Plans, including the HRA Business Plan 2012+, Housing Plan, Private Sector Housing Strategy, Planning for Housing in Later Life and the Homelessness Strategy, taking account of the limited resources available.

Strategic housing investment

1.2 Private Sector housing interventions are limited due to funding constraints following the cessation of a number of specific grant regimes including Urban Living, Kick-Start and New Growth Points. The main areas where activity will continue are focussed on Independent Living and Affordable Housing.

1.3 Independent Living needs will be met solely through Disabled Facilities Grant which will be available for mandatory adaptations cases. The strategy reflects that this grant is likely to continue at a similar level to previous years. Programme delivery includes an increased emphasis on signposting to lower cost solutions, with adaptations prioritised for higher need cases.

1.4 Affordable Housing support will continue through Commuted Sums and Land Receipts available for specific interventions, such as bringing homes into use through the Empty Property Strategy.

1.5 The loss of Regional Housing Executive Grant and completion of other initiatives, such as Kickstart and Urban Living, means that the only funding sources available for Strategic Housing are Disabled Facilities Grant, Empty Property Receipts and Commuted Sums.

Public sector housing

1.6 The Capital Strategy for public sector housing is 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 focuses on maintaining the retained council housing properties at or above the Decent Homes Standard, including any structural works needed to the fabric of the buildings.

1.7 The strategy also includes investment in the building of new homes alongside plans to clear non-viable and obsolete stock and continued regeneration of Kings Norton and Newtown in particular. Highlights of the asset management strategy include:

- Continued investment to maintain Decent Homes (renewal of key property elements based on life cycles)
- Provision of New Affordable Housing – 2,000 homes planned in the 10 year period (subject to land availability)
- Continued investment in the provision of adaptations in properties for the benefit of council tenants
- Clearance of obsolete housing
- Other programmes

1.8 From 1 April 2012, under the new HRA finance reforms, the HRA and the funding of public sector housing investment will be self-financed following the abolition of the current HRA subsidy system.

1.9 Funding assumptions for the capital investment programme included within the HRA Business Plan do not assume any contribution from general corporate resources, other than the continuation of existing policies for the treatment of useable capital receipts from RTB and housing land sales.

2. Transportation and Highways

2.1 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 Portfolio aims 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 Portfolio also aims to improve the city's transport infrastructure and networks and tackle congestion, working with partners to improve road and transport safety, encourage the use of sustainable modes and increase the range of low carbon transport options available to all citizens and road users.

2.2 The Portfolio's Strategy recognises the need for continuing support towards the delivery of major capital projects including the Birmingham City Centre Interchange, Birmingham Gateway (New Street Station), the City Centre Metro Extension, and the proposed High Speed 2 rail link.

2.3 It is recognised that future funding for major projects should be sought from developer, central government and European contributions so as not to call on limited Council capital resources. However, it is expected that government funding will continue to be made available. This may well be supplemented by funding via the Greater Birmingham & Solihull Local Enterprise Partnership (GBS LEP) in relation to improvements to transport infrastructure which will be required to enable development, growth and employment opportunities in the LEP area. Transport improvement priorities will be discussed with the GBS LEP, to ensure that the focus for projects will be on supporting development, economic growth and access to employment.

2.4 Improvements on local and strategic roads are mainly funded from Department for Transport (DfT) Local Transport Plan (LTP) Integrated

Transport Block allocations. These are provided to support locally determined minor transport projects in order to deliver LTP priorities.

2.5 The Council's capital programme can be supplemented by resources generated from new development. At the moment this is primarily through Section 106 developer agreements, but in the future there is the opportunity to widen this through the use of the Community Infrastructure Levy (CIL).

2.6 A key element of the Highways service strategy aims to keep the City's highway network in 'good working order' and to undertake specifically targeted initiatives to improve its operation. The City Council entered into a 25 year Highways Maintenance and Management PFI (HMMPFI) contract in June 2010 with the objective of restoring the network to a sustainable condition within the first 5 years of the contract via a major capital investment programme. Thereafter, in addition to routine maintenance, the contractor will be required to provide additional ongoing investment to maintain the asset in a fit for purpose condition.

2.7 Innovation in project design and the removal of highway inventory ("decluttering") will be considered with the objective of minimising revenue growth for City Council generated capital projects. Major projects will need to be reviewed on the basis of individual business cases.

2.8 The HMMPFI contract is being considered in the light of HM Treasury Guidance on achieving savings from PFI contracts and this is reflected within the Efficiency Savings assumed as part of the Council's Long Term Financial Plan.

Car Parking

2.9 The Portfolio's Car Parking Strategy has sought to establish an ongoing maintenance strategy for the strategically managed Car Parks (excluding devolved Car Parks which are a matter for the relevant constituencies) and On and Off Street Pay and Display equipment. This Strategy is funded wholly from Car Parking Revenue resources and no further Council funding is planned to deliver the strategy.

2.10 However, future income streams are continuing to decline due to various factors (including the change in public transport use, the reducing volume of vehicles entering the City Core area, changing work and shopping patterns and the economic position). This limits the scope for future reinvestment from Car Parking income streams.

3. Regeneration

3.1 The Regeneration capital strategy has been prepared in the context of the current economic climate and with the knowledge that there are limited capital resources currently available through the City Council to support the regeneration priorities identified.

3.2 Capital investment is however required over the short, medium and long term to deliver the 'Succeed Economically' outcome set out in the Council Plan 2012+. The strategy will seek transformational change in the City centre and local neighbourhoods, creating new local employment, business and investment opportunities for local people whilst further strengthening Birmingham's position amongst the world's top global cities.

3.3 Future population and economic growth will need to be supported and enabled by new employment and high quality infrastructure opportunities, increased investment and improvements in quality of life. Regeneration and Transportation Portfolio will work with other portfolios and public and private sector partners to develop an integrated approach to investment to support this strategy.

3.4 The Regeneration 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 and tackling worklessness by increasing employment and reducing poverty across all communities.
- Working with partners to deliver a high-speed rail link between Birmingham and London (HS2).
- Increasing inward investment and enterprise.
- Delivering the climate change agenda to significantly reduce CO_2 emissions and develop sustainable outcomes.
- Working with partners to deliver critical rail and rapid transport infrastructure within the GBSLEP.

3.5 The following capital investment priorities will focus on delivering growth across the City, and are key to achieving transformational change:

- the Big City Plan (BCP),
- The Greater Birmingham & Solihull Local Enterprise Partnerships (GBS LEP) including the Enterprise Zone
- Growth, Regeneration and Employment
- High Speed 2
- Sustainability and Energy Infrastructure

3.6 Other major projects in the City Council's regeneration capital strategy include, Birmingham Gateway (New Street Station), Eastside, Longbridge and Icknield Port Loop/Western Corridors, using an integrated approach to regeneration that includes: economic development, housing and regeneration, transport and skills.

3.7 The Regeneration capital strategy focuses on maximising external resources and exploring alternative operational and financial models. Funding options that have been successful include the Regional Growth Fund, Growing Places Fund and ERDF Priority 2 and 3 funding. Other funding sources that were highlighted in the 2011 Autumn Statement will be explored, including the Regional Growth Fund Round 3, Community Infrastructure Fund, Enterprise Zones, Joint European Support for Sustainable Investment in City Areas (JESSICA), and EU2020 Vision (post 2013 Structural Funds).

3.8 The Portfolio's various service capital strategies also recognise the importance of the City's digital infrastructure for economic growth (e.g. 4G network for the City). As opportunities allow, investment in appropriate digital infrastructure will be incorporated within the Portfolio's capital projects.

4. Environmental

Fleet and Waste Management

4.1 The Fleet and Waste Management service's overall service strategy is to achieve waste minimisation, meet challenging recycling targets, reduce reliance on landfill and move to more sustainable disposal methods with a modernised service delivery. The Capital Strategy reflects these objectives by seeking to establish an appropriate and effective operational infrastructure with which to deliver services.

4.2 The FWM capital strategy has 3 primary elements, each contained within the overall Future Operating Model (FOM) for the service:

1. Modernisation of the current depot and Household Recycling Centre (HRC) infrastructure: By 2013/14, the proposal is to refurbish the infrastructure at the Perry Barr, Montague Street and Lifford Lane depots. The remaining depot, Redfern Road, will be the subject of a full evaluation about its future involvement in service delivery. The depot may not necessarily close but it may be that the site is utilised for future service provision.
2. Rationalisation of the vehicle fleet: The FOM outlines a strategy for better usage of the current fleet and an overall reduction in size of around 10%. Further reductions in expenditure on hire vehicles, maintenance and repairs and fuel usage will be targeted. Reducing the fleet is linked to being able to provide the services from the depots.
3. Tyseley Waste Disposal energy from waste plant: The Council is seeking an external partner willing to invest in the site and potentially develop a third energy from waste stream (around an additional 175,000 tonnes capacity per annum) which can then be used to further reduce landfill or for other commercial arrangements. As part of this project, the Council would also wish to consider the business case around converting the facility to a Combined Heat and Power operation.

Bereavement Services

4.3 The capital strategy for the service aims to provide a safe environment for employees and visitors to the cemeteries; an infrastructure fit for purpose; and the development of the service to meet the changing and future needs of the citizens of Birmingham, and retain market share and income to the City Council.

4.4 The property portfolio currently consists of approximately 443 acres of developed cemetery land and a further 51 acres which remains undeveloped. One of the Key priorities of the service is to maintain burial facilities in the north and south of the City. Works commenced in December 2011 in relation to Phase 2 of Kings Norton Cemetery which will provide 2,250 new graves. At current usage rates, it is estimated that this will provide burial land on the South of the city for a further 14 years. Full Business Cases will be assessed for additional roadways to provide access to burial sections in phase 1 of Sutton New Hall Cemetery, and the development of further burial sections as part of Phase 2 during 2012.

4.5 A number of cemeteries contain listed buildings or structures that require capital investment. Proactively working in partnership with Conservation Planning, Friends of Groups, the Jewellery Quarter Regeneration Programme and the Conservation Trust has secured some funding from external sources. Options for further funding are being explored for future projects.

5. Children, Young People & Families

5.1 As part of the Council's response to the Improvement Notice from the Department for Education (DfE) issued in February 2010 and revised in September 2011, CYPF Directorate is developing appropriate, co-ordinated asset management strategies across all services within the directorate, aligned to revenue streams. These will be regularly reviewed in order to respond to the impact of on-going changes to some of our services.

5.2 The review of residential provision for looked after children will impact on the organisation and quantum of our children's homes and the subsequent maintenance impact of the current provision. The Youth Service development of the two new My Place buildings is linked to the redesign of the service into a hub-and-spoke model.

5.3 Education Capital Programmes of work will focus on enabling the Authority to meet its statutory obligations:

- Strategy for Special Provision basic need will require the refurbishment, relocation and increase of identified special provision facilities

- Additional Primary Place Provision will see the delivery of a further 1600 additional primary school places by September 2013, in addition to the 8000 places provided to date.
- Additional Secondary Place Planning will strategically plan delivery of 10,000 secondary places by 2019, with a requirement of1350 places for September 2014.
- Raising the Participation Age Plans will quantify additional provision required to ensure that we fulfil our statutory responsibility for appropriate education pathways for all young people up to the age of 17 from 2013.
- Health and Safety/critical condition need – the City Council will continue to respond quickly and appropriately to acute, significant property issues that may jeopardise health & safety and /or security or may lead to closure of the facility or disruption to service provided.

5.4 The CYPF capital strategy will utilise DFE Basic Need Funding and DFE Capital Maintenance Grant along with CYPF Capital Maintenance grant to deliver requirements. In order to maximise the funding to meet statutory obligations, we will implement an efficient and effective disposal strategy to realise capital receipts and work with partners to maximise value for money and develop creative solutions.

5.5 The Education and Skills Strategy team continue to co-ordinate a total of £335.5m of capital projects in delivery through Phase 1 of Building Schools for the Future, BSF and the Primary Capital Programme (PCP), the latest of which are due to be completed April 2013.

5.6 The Directorate is supporting corporate compliance requirements for the mandatory CRC Energy Efficiency Scheme. It is also working to support its school estate to reduce energy consumption and contribute towards meeting the city's 60% carbon reduction target set for 2026.

5.7 Other activity includes securing benefits from the Corporate Business Transformation with a review of office bases/centres. CYPF continue to work closely with corporate colleagues on the WFTF, CAB and agile working developments to ensure a fit between those and the accommodation requirements of the new operating model.

6. Leisure, Sport and Culture

6.1 This portfolio covers a wide range of services with an extensive property portfolio used directly by most residents. These services do not receive regular capital funding from Government and this makes the maintenance and renewal of property particularly challenging, in order to maintain health and safety and provide facilities that will enable the delivery of performance targets such as active participation in sports and physical activities.

6.2 The development of major projects continues and is a key element of the Portfolio's strategy and contribution to policy priorities. The new Library of Birmingham is well-progressed and is running to programme and within budget.

6.3 The Harborne Swimming Pool and Fitness Centre is complete and opened in early January 2012. A procurement process for a Framework contract to facilitate the development and operation of other 'first tranche' pools and possibly other Leisure Centres has started. Other key sports-related capital investment includes improvements to Alexander Stadium which are essential to hosting the USA Olympic Track and Field Team prior to the 2012 Olympics. The development of a new stand at Alexander Stadium has also been completed.

6.4 The Council has entered into a long term contract to manage and operate its golf courses. Whilst the ownership of the courses remains with the Council, the operator will invest in the courses which will improve club houses, courses and provide new facilities.

6.5 The City Council has invested a further £5m to enable a series of improvements to parks and libraries in order to maintain essential local services and the safety of facilities. In this regard the programme of safety works in pools and reservoirs continues.

6.6 Looking forward the Portfolio continues to develop its Asset Management Plans, which assist in determining priorities for directing limited capital resources to maintain key assets.

7. Adults and Communities

7.1 Within Social Care Services, the current National policy is to empower service users to be able to make their own decisions as to the nature of the care that they receive, when it is received and who provides it. As part of this exercise of control there has been a shift away from residential care into domiciliary care and other forms of support in the community and from provision delivered by the City Council to provision purchased externally. The Directorate's strategy remains, therefore, to:

- Disinvest from capital assets and ensure that resources are made available to support service users to obtain the care that they require
- Maintain those assets that are retained to a high standard
- Create new assets only where there are specific needs for a service that is more expensive to purchase externally or is not provided externally
- Use telehealthcare to support people to continue to live in their own homes with the minimum of intervention
- Ensure that the IT infrastructure enables the Directorate to use the latest technology in supporting its activities

- Earmark capital receipts from the sale of redundant assets to reinvest in the reprovision of services as appropriate or repay borrowing to reduce the charges to the Directorate's revenue resources

7.2 The Directorate has continued to deliver its core vision over the last four years which has resulted in the closure of:

- 25 residential establishments, 16 of which had attached day centres. It is planned to close a further 4 establishments by 2013
- 7 day centres
- 4 office buildings
- 1 Adult Education Centre

7.3 The Directorate over this period has opened 4 Care Centres that provide support to service users with high levels of need.

7.4 This rationalisation of assets has enabled the Directorate to implement its Transformation Strategy and change the way that services are provided to the community which has also allowed the Directorate to reduce its workforce by in excess of 1,100 full time equivalent posts over the last 2 years.

8. NEC Group facilities

8.1 The capital strategy for the NEC Group assets is to maintain the NEC Group venues at their current market position.

8.2 Funding is currently available within the Business Plan to cover the cost of:

- long term maintenance for planned items of refurbishment and upgrade spend
- the balance of the £40million venue improvement programme provided in 2005/06 to facilitate material upgrades to the NEC
- projects funded through prudential borrowing
- IT investment

9. Commercial Property Portfolio

9.1 Over the last few years commercial property rentals have fallen by 10% - 15% regionally which has created very challenging market conditions. However the Council's commercial property portfolio has held up very well and the portfolio has been able to maintain year on year net returns comparable to the periods prior to the economic downturn. The ongoing pro-active management of the portfolio is critical to maintain a continued strong performance over the medium to long term.

10. Working for the future

10.1 The Working for the Future programme is on target to transform the Council's property portfolio, particularly the re-provision of suitable office accommodation in the Central Administrative Buildings (CAB) programme, to underpin all of the other transformation programmes enabling Directorates to implement their new Operating Models helping them to make significant improvements to their customer service delivery and enhance the working environment for employees.

10.2 The Working for the Future aim of providing modern, fit for purpose buildings and work space for customers and employees, is now a reality with a wide adoption of agile working practices such as desk/space sharing, mobile and home working in place. The Corporate Landlord service is helping to provide a Council-wide property and facilities management service freeing up managers' time so they can focus on service delivery. The Central Administrative Buildings (CAB) sub-programme has made significant progress. With the completion of 10 Woodcock Street in October 2011, the programme has moved fully into implementation, having delivered the new transformed office estate. This will provide significant ongoing revenue savings in the 2012/13 financial year.

10.3 The Cross Portfolio sub-programme is aimed at improving front line service delivery buildings. The creation of the Customer Service Centre at New Aston House Newtown, and the new joint scheme (primarily with the Heart of Birmingham PCT) at Farm Road Sparkbrook, is enabling the Programme to start delivering projects that will help deliver improved services to users in these areas of the city. The scheme at the Poolway, Yardley is being assembled. This is a City Council led scheme that will include a number of public sector partner services as well as a wide range of City Council services. The Council continues to seek ways to optimise the use of public resources in conjunction with other public sector partners.

11. Information and communications technology

11.1 The strategy for ICT funding includes use of prudential borrowing, rolling replacement programmes funded from revenue, and other resources as available. Service-specific ICT is funded from service revenue or capital resources. Corporate ICT infrastructure programmes will review internet security, the Government Code of Connection (for data transfer from Government), a data warehouse, and collaboration systems enabling staff to work together with external partners.

Changes in Grant Funding from 2011/12 to 2012/13					
Funding Streams	**2011/12 adjusted**	**2012/13**	**Decrease/(Increase)**		
			Directorate	**Corporate**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**
Main Targeted Grant Funding:					
Learning Disability	36.710	37.610	(0.900)	0.000	(0.900)
Early Intervention Grant	61.874	64.771	(2.897)	0.000	(2.897)
Preventing Homelessness	1.250	1.250	0.000	0.000	0.000
Council Tax Freeze Grant*	0.000	8.331	0.000	(8.331)	(8.331)
NHS Funding to Support Social Care and Benefit Health	15.393	14.661	0.000	0.732	0.732
Housing and Council Tax Benefit Subsidy Admin Grant	12.389	11.975	0.414	0.000	0.414
New Homes Bonus	3.202	7.416	0.000	(4.214)	(4.214)
Other Announcements and Forecasts:					
Lead Local Flood Authority	0.157	0.322	(0.165)	0.000	(0.165)
Community Safety Fund	0.000	0.626	(0.626)	0.000	(0.626)
DCLG Allowance for Collection of NNDR	1.921	1.921	0.000	0.000	0.000
Workstep/Workchoice	0.548	0.548	0.000	0.000	0.000
Asylum Seekers	1.401	1.401	0.000	0.000	0.000
New Deal for Communities (NDC)	0.007	0.007	0.000	0.000	0.000
Birmingham Sports & Physical Activity Programme	0.200	0.000	0.200	0.000	0.200
Prison Library Service	0.010	0.011	(0.001)	0.000	(0.001)
Registrar General Stabilising Payment	0.010	0.010	0.000	0.000	0.000
Youth Justice	3.498	3.010	0.488	0.000	0.488
Golden Hello	0.540	2.613	(2.073)	0.000	(2.073)
Discretionary Housing Payment	0.767	1.516	(0.749)	0.000	(0.749)
Substance Misuse Grant	0.471	0.059	0.412	0.000	0.412
Sport England - Participation Sport	0.042	0.042	0.000	0.000	0.000
Museum Operations Grant	0.107	0.000	0.107	0.000	0.107
FE funding from LSC - 19+ funding	12.933	11.800	1.133	0.000	1.133
Higher Education Funding Council (HEFC) Payments	0.786	0.000	0.786	0.000	0.786
Subtotal - Grant Funding (excluding Formula Grant)	**154.216**	**169.900**	**(3.871)**	**(11.813)**	**(15.684)**
Formula Grant	696.556	646.520	0.000	50.036	50.036
Total Grant Funding	**850.772**	**816.420**	**(3.871)**	**38.223**	**34.352**

* 2011/12 Council Tax Freeze Grant has been transferred into Formula Grant

Government announcements with financial implications

April 2011– January 2012

Ref	Announcement and date	Total money available	BCC Allocation	Allocation process	Timescales	Notes and use of funding in Birmingham
1.	10 January. Youth sports strategy.	Total £1bn over five years. £32m in total for School Games Improved links between sports clubs and schools – unknown funding.	Not yet known	By application awaiting details	Five year programme	Focus on 14-25 year olds, Community access to Educational establishments and greater links to schools and clubs. Focus on FE establishments.
2.	3 January. Additional money for PCTs to allocate to local authorities for care services that assist NHS in	£150m	Not yet known.		Allocation urgent (applies to winter months)	

Ref	Announcement and date	Total money available	BCC Allocation	Allocation process	Timescales	Notes and use of funding in Birmingham
	winter months. Additional money for Disabled Facilities Grant	£20m	£0.322m	2011/12	To be spent in 2011/12	Will be used to fund additional DFG spend (current allocation of £4m)
3.	15 December. Early intervention ("troubled families").	£450m nationally.	Unclear. Payment by results to local authorities with councils expected to meet 60% of the cost. Will also fund a network of "troubleshooters" to be appointed by local authorities.	Not clear. Government announcement implies it is for 2012-15, paid retrospectively each year.		
4.	December. New Homes Bonus	£431m	£7.4m	Formula		Includes £3.2m ongoing benefit from 2011/12, £3.8m 2012/13 allocation and £0.4m 2012/13

Ref	Announcement and date	Total money available	BCC Allocation	Allocation process	Timescales	Notes and use of funding in Birmingham
						affordable homes premium. Business Plan 2011+ stated affordable homes element would be reinvested in the Council's housing services.
5.	25 November. Youth Contract. Youth Contract – wage subsidies and apprenticeships Extra support to those persistently NEET	160,000 x max £2,275 20,000 x incentive payments of £1,500 £150m nationally over three years.		Application by employers Application by employers Unclear	2012-15	No information as yet as to whether this will come through local authorities or other agencies

Ref	Announcement and date	Total money available	BCC Allocation	Allocation process	Timescales	Notes and use of funding in Birmingham
	Extra 250,000 work experience places.					
6.	23 November. Housing Strategy. Get Britain Building Fund (kickstarting stalled housing schemes), Consultation on reconsideration of existing s106 agreements. Increased discounts for RTB with local retention rate uncertain. Tackling the worst concentrations of empty homes.	£400m Nationally. £50m nationally		Private developers applications Unknown – through HCA.	From April 2012	Available to the Private Sector only. Consultation closed on 2 February. Current assumptions are that 25% will be retained locally.

Ref	Announcement and date	Total money available	BCC Allocation	Allocation process	Timescales	Notes and use of funding in Birmingham
7.	November. Warm and Healthy People Fund	£20m	£0.6m 2011/12	Bid	To be spent before 31 March 2012	
8.	2 November. New strategy on gangs.	£10m nationally for improving mainstream services. £1.2m over three years for major urban areas – tackling sexual violence against young people.	£1.3m provisionally. This figure is not yet certain and is not therefore included in the budget figures.	Bids – up to 30 local areas. Unclear.	2012-13 2012-15	
9.	1 November. Consultation on council tax flexibilities.					Various options involving second homes, empty homes and payment processes. Response provided.

Ref	Announcement and date	Total money available	BCC Allocation	Allocation process	Timescales	Notes and use of funding in Birmingham
10.	31 October. Regional Growth Fund round two allocation.	£950m nationally		Bidding process.	Various	GB&S LEP area had 5 successful bids, one sponsored by the LEP, in addition to the Advanced Manufacturing Supply Chain project which is cross-LEP.
11.	3 October. Conservative Party Conference, fund to maintain weekly refuse collections and encourage recycling.	£250m nationally	Not yet known	Bidding process. Announcement February 2012		Enquiry on allocation sent to DCLG from Cllr Huxtable (ref. food recycling service). Need to establish response and national situation.
12.	3 October. Conservative Party Conference, council tax freeze for second year.	£800m nationally.	£8.3m revenue estimated (2012/13 one-off)	Formula if applied for.	2012-13	Later details revealed that the scheme was not as generous as the first year. This grant will be received for one year only.

Ref	Announcement and date	Total money available	BCC Allocation	Allocation process	Timescales	Notes and use of funding in Birmingham
13.	22 September. Core Cities amendments to Localism Bill	Not known		Application for transfer of functions. Consultation, Parliamentary scrutiny and Sec. of State approval.	Probably brought into force in April 2012.	Developed in parallel to "City Deals" discussion with LEPs on powers over economic development, transport etc and consultation on powers of elected mayors in the cities.
14.	19 September. Lib Dem Conference – interest rates on housing debt.	Est. £100m nationally				Interest rate lowered for HRA self-financing Reform debt. Taken into account in updated HRA business plan...
15.	19 September. Lib Dem conference – Growing Places Fund	£500m nationally.	£14.9m capital for GB&S LEP. However, BCC has not, as yet, received a formal offer letter from the Government.	Formula but prospectus and pre-qualification questionnaire must be submitted.	Allocations will be confirmed late January.	Details announced 7 November. Money goes to the LEP and can be used to establish a "rolling fund" with

Ref	Announcement and date	Total money available	BCC Allocation	Allocation process	Timescales	Notes and use of funding in Birmingham
						investment and recycling of returns.
16.	11 August. Immediate response to the riots.	Nationally £10m on top of Bellwin. £20m High Street Support Fund.	£0.1m revenue 2011/12	Formula plus bidding	Deadline for allocations to businesses extended to January 2012.	A further £2m is estimated to be received from the High Street Support Fund.
17.	10 August. Consultation on localisation of council tax benefits system.	N/A	N/A		2013-14	10% cut in national funding combined with local choice on benefit recipients, though pensioners protected. Consultation responded to. Major implications for income and political and practical difficulties around response.

Ref	Announcement and date	Total money available	BCC Allocation	Allocation process	Timescales	Notes and use of funding in Birmingham
18.	20 July. LG Resource Review - consultation on local retention of business rates and TIF.	N/A	N/A Please see also section 2 in Chapter 2 of Part 7		TIF and new NNDR scheme from 2013 following legislation.	Major implications for grant income and growth incentives as well as investment. Consultation response submitted.
19.	6 July. LGA conference announcements, community budget pilots.	Support in kind but CB relates to pooling of local resources.		Bids to pilot schemes.	Bidding this autumn, roll out of pilots over 18 months.	Birmingham has progressed to the next stage with three neighbourhood level pilots (Shard End, Castle Vale and Balsall Heath), but not with the city wide ("whole place") pilot.
20.	6 July. LGA Conference announcements, support to development of local Health and Wellbeing Boards.	£1m		Unknown	To 2013	May not be available until the Health & Wellbeing Board goes live in 2013/14.

Ref	Announcement and date	Total money available	BCC Allocation	Allocation process	Timescales	Notes and use of funding in Birmingham
21.	6 July. Dilnot report on funding of adult social care.	Not known		Formula	Not known	Significant implications for local government finance. Awaiting Government response.
22.	6 July. Graham Allen's report on early intervention.	£200m endowment fund recommended				Government response published on 20 July. Pilots of payment by results in children's centres, no mention of endowment fund.
23.	25 May. Green Investment Bank update	Est., £3bn 2012-15		Investments in national and local projects, private, voluntary or public sector led.	Initial development stage 2012-15, with full borrowing and lending role after 2015.	Funding will be in the form of risk mitigation, capital and innovative finance investments. Further guidance and more detailed plans are anticipated.

Ref	Announcement and date	Total money available	BCC Allocation	Allocation process	Timescales	Notes and use of funding in Birmingham
24.	23 April. Giving white paper	Around £115m in total.		A variety of funds and bidding processes, including match funding.	Variable	Money goes mainly to community and voluntary organisations. See separate summary produced by Jason Lowther
25.	12 April. Regional Growth fund round 1 allocations.	£450m nationally		Bid process	Variable	Money goes to private sector businesses or is overseen by the LEP, with the local authorities acting as accountable bodies.
26.	4 April. Neighbourhood planning pilots	£20k each pilot			Neighbourhood plan will be developed by spring 2012	Money is for local authorities to support community consultation, expert support and plan production. One conclusion from the pilots is that

Ref	Announcement and date	Total money available	BCC Allocation	Allocation process	Timescales	Notes and use of funding in Birmingham
						this is inadequate and (probably reasonably successful) lobbying is happening on "new burdens" approach.

Long-Term Financial Plan 2012/13 - 2021/22

	2012/13 £m	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
Base Budget 2011/12	1,023.404	1,023.404	1,023.404	1,023.404	1,023.404	1,023.404	1,023.404	1,023.404	1,023.404	1,023.404
Pay & Price Inflation	8.204	26.294	40.968	62.845	85.032	107.867	131.329	155.434	180.249	204.294
Grant Transfers	6.450	6.450	6.450	6.450	6.450	6.450	6.450	6.450	6.450	6.450
Reinstating Base Budget	38.214	38.214	38.214	38.214	38.214	38.214	38.214	38.214	38.214	38.214
Meeting Budget Pressures and Policy Choices	39.639	37.328	50.245	51.738	62.852	72.858	79.695	88.118	97.760	107.422
General Fund Savings	(100.812)	(171.224)	(181.821)	(194.891)	(200.097)	(205.571)	(205.870)	(206.170)	(206.470)	(206.770)
Corporate Adjustments:										
Net Repayment to Corporate Reserves	(4.107)	28.549	29.827	31.093	24.049	17.010	17.010	17.010	17.010	17.010
Costs of Organisational Change	(21.258)	(22.833)	(24.350)	(20.573)	(16.517)	(24.417)	(24.417)	(24.417)	(24.417)	(24.417)
Time limited prior year allocations concluding	(0.001)	(2.054)	(2.054)	(2.054)	(2.054)	(2.804)	(2.804)	(2.804)	(2.804)	(2.804)
Capital Financing Costs	1.818	17.620	22.006	12.253	(0.723)	(10.093)	(17.142)	(20.699)	(17.263)	(20.582)
Changes in Corporate Government Grants	(11.813)	(6.023)	(8.475)	1.573	(1.629)	(1.629)	(1.243)	(1.243)	(1.243)	(1.243)
Total Expenditure	**979.738**	**975.725**	**994.414**	**1,010.052**	**1,018.981**	**1,021.289**	**1,044.626**	**1,073.297**	**1,110.890**	**1,140.978**
Resources Scenario 1										
Council Tax (assumed 1.9% p.a. increase)*	(333.218)	(340.840)	(348.492)	(355.899)	(363.793)	(371.863)	(380.052)	(388.379)	(396.952)	(405.705)
Formula Grant (Scenario 1)*	(646.520)	(632.108)	(587.993)	(582.232)	(573.015)	(585.109)	(598.142)	(608.521)	(622.266)	(635.309)
Savings required to balance	0.000	(2.777)	(57.929)	(71.921)	(82.173)	(64.317)	(66.432)	(76.397)	(91.672)	(99.964)
Total Resources Scenario 1	**(979.738)**	**(975.725)**	**(994.414)**	**(1,010.052)**	**(1,018.981)**	**(1,021.289)**	**(1,044.626)**	**(1,073.297)**	**(1,110.890)**	**(1,140.978)**
Resources Scenario 2										
Council Tax (assumed 1.9% p.a. increase)*	(333.218)	(340.840)	(348.492)	(355.899)	(363.793)	(371.863)	(380.052)	(388.379)	(396.952)	(405.705)
Formula Grant (Scenario 2)*	(646.520)	(632.108)	(587.993)	(557.030)	(517.753)	(528.387)	(539.761)	(548.828)	(560.966)	(572.318)
Savings required to balance	0.000	(2.777)	(57.929)	(97.123)	(137.435)	(121.039)	(124.813)	(136.090)	(152.972)	(162.955)
Total Resources - Scenario 2	**(979.738)**	**(975.725)**	**(994.414)**	**(1,010.052)**	**(1,018.981)**	**(1,021.289)**	**(1,044.626)**	**(1,073.297)**	**(1,110.890)**	**(1,140.978)**

* Significant changes are anticipated in local government funding from 2013/14 onwards as a result of the local government resource review and changes proposed to council tax benefit. The legislation relating to these changes has not been passed and there is limited information available to explain the details of the scheme that would be important to assess the financial implications of each. Therefore the intricate financial changes that will be introduced by these schemes have not been reflected in the formula grant and council tax figures. Instead the resource forecasts are linked to the Spending Review 2010 control totals and the Chancellor's Autumn Statement.

Scenario 1 assumes that local authority funding reduces in line with the Spending Review until 2014/15 and then falls by 0.9% in 2015/16 and 2016/17 in line with the Chancellor's Autumn Statement. Local authority funding is then assumed to increase at 2% in line with inflation.
Scenario 2 assumes that local authority funding reduces in line with the Spending Review until 2014/15. It then assumes that local authority funding will fall by an amount greater than the average in 2015/16 and 2016/17 as it has done in the current Spending Review Period. Local authority funding is then assumed to increase at 2% in line with inflation.

HOUSING REVENUE ACCOUNT BUSINESS PLAN	Year 1 2012/13 £m	Year 2 2013/14 £m	Year 3 2014/15 £m	Year 4 2015/16 £m	Year 5 2016/17 £m	Year 6 2017/18 £m	Year 7 2018/19 £m	Year 8 2019/20 £m	Year 9 2020/21 £m	Year 10 2021/22 £m	.....	Year 30 2041/42 £m	Year 1 to 30 Total £m
Income													
Rental Income	(241.309)	(253.107)	(265.458)	(278.077)	(289.920)	(298.213)	(306.995)	(316.035)	(325.342)	(334.922)		(598.367)	(12,121.382)
Voids	4.362	4.594	4.834	5.083	5.318	5.480	5.645	5.816	5.992	6.173		11.204	224.738
Net Rental Income	**(236.947)**	**(248.512)**	**(260.624)**	**(272.994)**	**(284.602)**	**(292.733)**	**(301.350)**	**(310.219)**	**(319.349)**	**(328.749)**		**(587.163)**	**(11,896.644)**
Service Charges / Recharge / Other Income	(29.210)	(29.917)	(30.612)	(31.324)	(32.055)	(32.804)	(33.572)	(34.359)	(35.167)	(35.995)		(56.563)	(1,254.353)
Efficiencies	(0.390)	(0.822)	(1.298)	(1.820)	(1.904)	(1.962)	(2.021)	(2.082)	(2.145)	(2.210)		(4.011)	(77.999)
Total Revenue Income	**(266.547)**	**(279.252)**	**(292.534)**	**(306.138)**	**(318.560)**	**(327.498)**	**(336.943)**	**(346.660)**	**(356.661)**	**(366.954)**		**(647.737)**	**(13,228.996)**
Expenditure													
Repairs	66.225	67.717	69.292	70.874	72.497	74.292	76.186	78.127	80.115	82.151		135.026	2,893.725
Management (including Arrears)	52.833	54.216	55.478	56.751	57.588	58.601	60.032	59.802	60.429	61.198		99.934	2,186.503
Estate Costs	23.513	24.101	24.703	25.321	25.954	26.603	27.268	27.950	28.648	29.365		48.117	1,032.284
Capital Financing - Loan Redemption	0.000	0.000	0.000	30.918	33.320	40.565	46.186	53.134	60.626	68.699		3.548	699.306
Capital Financing - Interest and Other Costs	58.461	57.888	56.693	56.165	54.426	51.904	48.978	46.274	50.199	46.649		24.901	1,090.634
Subsidy	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000		0.000	0.000
Efficiencies	(4.752)	(5.137)	(5.629)	(6.820)	(2.963)	(2.493)	(3.552)	(2.322)	(8.948)	(8.642)		(20.495)	(338.833)
Contribution to Capital	70.267	80.468	91.996	72.929	77.738	78.027	81.845	83.696	85.593	87.536		356.706	5,665.377
Total Revenue Expenditure	**266.547**	**279.252**	**292.534**	**306.138**	**318.560**	**327.498**	**336.943**	**346.660**	**356.661**	**366.954**		**647.737**	**13,228.996**
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**

2012/13+ Pressures				
Detail	**2012/13 £m**	**2013/14 £m**	**2014/15 £m**	**2015/16 £m**
Leader's Portfolio				
Marketing Birmingham - phased reinstatement of major events funding	0.500	0.800	0.400	0.400
NEC - net pressure	1.817	(10.027)	(7.572)	(3.524)
Total Leader's Portfolio	**2.317**	**(9.227)**	**(7.172)**	**(3.124)**
Deputy leader's Portfolio				
BT costs and repayments	5.130	0.038	3.747	2.781
Corporate ICT costs	(0.088)	(0.208)	(0.392)	(0.169)
No longer offshoring services	1.270	1.270	1.270	1.270
Design & Print - Lost Net Income Contribution	0.400	0.400	0.400	0.400
Additional support required for Carbon Reduction Commitment and Sustainability / Climate Change	0.000	0.050	0.050	0.050
Wholesale Markets pressure	0.800	0.900	0.900	0.900
Total Deputy Leader's Portfolio	**7.512**	**2.450**	**5.975**	**5.232**
Adults and Communities Portfolio				
Year on year demographic increase per A&C Transformation RFBC	6.095	12.338	18.659	25.141
NHS support for social care to benefit health	(0.732)	(1.393)	(2.143)	(15.393)
Total Adults and Communities Portfolio	**5.363**	**10.945**	**16.516**	**9.748**
Children, Young People and Families Portfolio				
Social Care pressures	7.839	7.839	7.839	7.839
Funding lost due to transfers to Academies	4.000	4.000	4.000	4.000
Total Children, Young People and Families Portfolio	**11.839**	**11.839**	**11.839**	**11.839**
Equalities and Human Resources Portfolio				
Single Status/Equal Pay administrative costs	0.427	(1.895)	(3.195)	(3.195)
Total Equalities and Human Resources Portfolio	**0.427**	**(1.895)**	**(3.195)**	**(3.195)**
Finance Portfolio				
WMITA Levy	(0.876)	0.694	2.461	4.687
Increased contribution to insurance reserve	1.670	1.670	1.670	1.670
Savings attributable to non-General Fund services	0.052	0.100	0.100	0.100
Total Finance Portfolio	**0.846**	**2.464**	**4.231**	**6.457**
Housing General Fund Portfolio				
Temporary Accommodation	(0.500)	(0.500)	(0.500)	(0.500)
Extra Care Housing	0.000	0.200	0.200	0.000
Contribution to build additional affordable homes	0.386	0.386	0.386	0.386
Total Housing General Fund Portfolio	**(0.114)**	**0.086**	**0.086**	**(0.114)**
Leisure, Sport and Culture Portfolio				
Grounds Maintenance Contract Indexation	0.300	0.600	0.900	1.200
Alexander Stadium - reducing income	0.100	0.100	0.100	0.100
Library of Birmingham - capital financing charges (as per Business Plan 2011+)	1.500	3.000	4.500	4.500
Library of Birmingham operational budget reinstated within agreed 2007 budget level	0.000	1.690	1.690	1.690
Library of Birmingham transitional costs	0.000	2.020	0.550	0.200
Running costs of City Park	0.300	0.300	0.300	0.300
Continuation of Major Sporting Events Funding	0.000	0.450	0.450	0.450
Total Leisure, Sport and Culture Portfolio	**2.200**	**8.160**	**8.490**	**8.440**

2012/13+ Pressures				
Detail	**2012/13 £m**	**2013/14 £m**	**2014/15 £m**	**2015/16 £m**
Local Services and Community Safety Portfolio				
Community Safety (fall out of WNF and other grants)	0.100	0.100	0.100	0.100
Total Local Services and Community Safety Portfolio	**0.100**	**0.100**	**0.100**	**0.100**
Transport, Environment and Regeneration Portfolio				
Provision for costs associated with VR trawl e.g. pension strain	0.862	0.150	0.150	0.150
Shelforce - increased trading deficit	1.000	1.000	1.000	1.000
Legislative increases in Landfill Tax	0.099	0.647	0.647	0.647
E.U. regulations changes re Landfill.	0.048	0.195	0.195	0.195
Reducing Car Parking Income	0.500	0.500	0.500	0.500
FWM - Increased Fuel Costs	0.300	0.300	0.300	0.300
Highways Maintenance - return to committed level of expenditure	2.000	3.000	3.000	3.000
End of agreement - Non Fossil Fuel Obligation (NFFO) income	1.100	1.100	1.100	1.100
Waste Disposal Contract indexation	0.501	0.866	0.866	0.866
Waste Disposal - impact of long-term financial strategy forecast	0.278	0.810	1.529	2.259
Local Transport Plan - additional maintenance costs	0.250	0.500	0.750	1.000
Total Transport, Environment and Regeneration Portfolio	**6.938**	**9.068**	**10.037**	**11.017**
Constituency Committees				
Repayment of prior year overspends	0.100	1.600	1.600	1.600
Reintroduction of historic inflation not provided through SLAs	0.200	0.200	0.200	0.200
Total Constituency Committees	**0.300**	**1.800**	**1.800**	**1.800**
Council Business Management				
Additional costs of holding mayoral referendum and Police Commissioner elections	0.571	0.208	0.208	0.208
Total Council Business Management	**0.571**	**0.208**	**0.208**	**0.208**
Licensing Committee				
Retention of savings within ring-fenced accounts	0.018	0.036	0.036	0.036
Total Licensing Committee	**0.018**	**0.036**	**0.036**	**0.036**
Public Protection Committee				
Retention of savings within ring-fenced accounts	0.022	0.044	0.044	0.044
Total Public Protection Committee	**0.022**	**0.044**	**0.044**	**0.044**
Corporate Contingencies				
Carbon Reduction Commitment	1.000	1.000	1.000	3.000
Increase in General Contingency	0.300	0.250	0.250	0.250
Total Corporate Contingencies	**1.300**	**1.250**	**1.250**	**3.250**
Total Pressures	**39.639**	**37.328**	**50.245**	**51.738**

Savings Description - Agreed March 2011	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m
Leader's Portfolio				
Cabinet Office redesign of service	(0.001)	(0.150)	(0.150)	(0.150)
Service re-design to create Sustainability, Transportation and Partnership functions	(0.046)	(0.046)	(0.046)	(0.046)
Total Leader's Portfolio	**(0.047)**	**(0.196)**	**(0.196)**	**(0.196)**
Deputy Leader's Portfolio				
Corporate Procurement staffing reductions and income generation	(0.132)	(0.203)	(0.203)	(0.203)
Corporate Policy & Performance redesign	(0.086)	(0.296)	(0.296)	(0.296)
Reduction in LINKS grant	(0.100)	(0.100)	(0.100)	(0.100)
Performance and Information (ex Corp, Info, Governance) redesign	(0.024)	(0.025)	(0.025)	(0.025)
Performance and Information (ex Intelligent Client Function) redesign	(0.002)	(0.071)	(0.071)	(0.071)
Corporate Director of Governance - running costs	(0.009)	(0.031)	(0.031)	(0.031)
Net change in central BT savings	0.760	0.783	0.761	0.761
Cross Cutting workstreams	(0.002)	(0.005)	(0.008)	(0.008)
Corporate review of car allowance, finance, etc	(0.020)	(0.031)	(0.031)	(0.031)
Review of markets	(0.050)	(0.150)	(0.150)	(0.150)
Redesign Directorate Support	(0.261)	(0.261)	(0.261)	(0.261)
Additional income- more strategic advertising	(0.300)	(0.300)	(0.300)	(0.300)
Redesign Customer Services	(1.169)	(2.248)	(2.248)	(2.248)
Total Deputy Leader's Portfolio	**(1.395)**	**(2.938)**	**(2.963)**	**(2.963)**
Adults and Communities Portfolio				
Central BT Savings	(0.898)	(0.955)	(1.061)	(1.061)
Arms Length Community Enterprise	0.000	(4.800)	(4.800)	(4.800)
Corporate initiatives to reduce costs	(0.211)	(0.477)	(0.598)	(0.598)
A&C Transformation Programme	(3.362)	(9.483)	(14.090)	(26.037)
Reduction in Programmes funded by grants	(1.500)	(3.900)	(3.900)	(3.900)
Productivity improvements from grants to the Third Sector	(1.765)	(1.765)	(1.765)	(1.765)
Closure of additional 4 Care Homes	(0.300)	(1.083)	(2.500)	(2.500)
Cross Cutting workstreams	(0.001)	(0.001)	(0.001)	(0.001)
Redesign Directorate Support	(0.137)	(0.137)	(0.137)	(0.137)
Total Adults and Communities Portfolio	**(8.174)**	**(22.601)**	**(28.852)**	**(40.799)**
Children, Young People and Families Portfolio				
Centrally Managed BT Savings	(1.290)	(1.555)	(1.555)	(1.555)
Reduction in other non-frontline services	(1.057)	(1.057)	(1.057)	(1.057)
Crosscutting workstreams	(0.608)	(1.216)	(1.216)	(1.216)
EMT Workstreams	(0.420)	(0.780)	(0.780)	(0.780)
Reduce funding for Youth Offending Board projects	(0.087)	(0.087)	(0.087)	(0.087)
Commissioned work through Voluntary Organisations (formerly Children's Fund activities)	(0.133)	(0.133)	(0.133)	(0.133)
Youth Support Services	(0.048)	(0.048)	(0.048)	(0.048)
Home to School Transport	(1.000)	(1.000)	(1.000)	(1.000)
Total Children, young People and Families Portfolio	**(4.643)**	**(5.876)**	**(5.876)**	**(5.876)**

Savings Description - Agreed March 2011	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m
Equalities and Human Resources Portfolio				
Equalities redesign	(0.001)	(0.002)	(0.002)	(0.002)
HR service redesign and income generation	(1.107)	(2.082)	(3.476)	(3.476)
Centrally Managed & Cross Directorate BT	(0.003)	(0.004)	(0.007)	(0.007)
Total Equalities and Human Resources Portfolio	**(1.111)**	**(2.088)**	**(3.485)**	**(3.485)**
Finance Portfolio				
Centrally Managed & Cross Directorate BT	(0.283)	(0.496)	(0.678)	(0.678)
Corporate Finance (staffing reductions)	(0.193)	(0.759)	(0.759)	(0.759)
Birmingham Audit redesign fall out of yr 1 implementation costs	(0.036)	(0.037)	(0.037)	(0.037)
Revenues - transfer back office to Service B'ham	(0.329)	(0.799)	(0.799)	(0.799)
Revenues (Council Tax & NNDR) Data Matching	0.238	0.013	0.141	0.141
Benefits Subsidy & Redesign	0.049	(0.473)	(0.473)	(0.473)
BPS general efficiencies and redesign of Corporate Landlord Service	0.610	(1.308)	(2.299)	(2.299)
Shared Services redesign- staffing reductions and income generation	(0.214)	(0.451)	(0.451)	(0.451)
Redesign of Organisational Management Support using PSS	(0.059)	(0.124)	(0.124)	(0.124)
Other Services - reduction in non pay budget	(0.006)	(0.019)	(0.019)	(0.019)
Cross Cutting - legal charges	0.162	0.325	0.479	0.479
Legal Services (external income)	(0.253)	(0.507)	(0.751)	(0.751)
Benefits and Property Services - savings brought forward	(0.400)	0.000	0.000	0.000
Formation of Wholly Owned Company for future delivery of key trading services	(0.121)	(0.314)	(0.314)	(0.314)
Redesign Birmingham City Labs- staffing costs	(0.016)	(0.049)	(0.049)	(0.049)
Total Finance Portfolio	**(0.851)**	**(4.998)**	**(6.133)**	**(6.133)**
Housing General Fund Portfolio				
Corporate BT programme	(0.026)	(0.045)	(0.074)	(0.074)
Private Sector Housing statutory services only	0.043	(1.183)	(1.194)	(1.194)
Supporting People reductions in Formula Grant	(2.411)	(7.117)	(7.164)	(7.164)
Total Housing General Fund Portfolio	**(2.394)**	**(8.345)**	**(8.432)**	**(8.432)**

Savings Description - Agreed March 2011	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m
Leisure, Sport and Culture Portfolio				
Central BT Savings	(0.130)	(0.254)	(0.361)	(0.361)
Cross Cutting workstreams	0.037	0.075	0.064	0.064
Corporate review of car allowance, finance, etc	(0.091)	(0.136)	(0.136)	(0.136)
Birmingham Museums Trust Efficiency	(0.905)	(1.115)	(1.115)	(1.115)
Temporary use of reserves re tree maintenance	0.100	0.100	(0.200)	(0.200)
Efficiencies through use of employee management system	(0.055)	(0.055)	(0.055)	(0.055)
Reduction in Support to Arts Organisations	0.000	0.000	(1.417)	(2.417)
Borrowing from Reserves	(0.583)	(1.417)	0.000	1.000
Sports & Events Team restructure	0.000	(0.450)	(0.450)	(0.450)
Central Library - trust status	(0.373)	(0.373)	(0.373)	(0.373)
Redesign Directorate Support	(0.818)	(0.818)	(0.818)	(0.818)
Reduce payments major contracts	(0.083)	(0.140)	(0.140)	(0.140)
Total Leisure, Sport and Culture Portfolio	**(2.901)**	**(4.583)**	**(5.001)**	**(5.001)**
Local Services and Community Safety Portfolio				
Redesign of Income Maximisation Unit (staffing savings)	(0.015)	(0.051)	(0.051)	(0.051)
Central BT Savings	(0.005)	(0.005)	(0.008)	(0.008)
Community safety Partnership- review and simplification of core team costs	(0.236)	(0.543)	(0.546)	(0.546)
Review voluntary sector support and Legal Entitlement Services to move to a commissioning model	(0.410)	(0.412)	(0.413)	(0.413)
Total Local Services and Community Safety Portfolio	**(0.666)**	**(1.011)**	**(1.018)**	**(1.018)**
Transport, Environment and Regeneration Portfolio				
Central BT Savings	(0.575)	(0.726)	(0.887)	(0.887)
EMT workstreams - redesign of City Finance function	(0.330)	(0.349)	(0.349)	(0.349)
Remodel Forward 4Work Service	(0.375)	(0.400)	(0.400)	(0.400)
Reduce Directorate support functions	(0.108)	(0.108)	(0.108)	(0.108)
Service re-design to create sustainability, transportation and Partnership functions	(0.764)	(0.764)	(0.764)	(0.764)
Regeneration and Planning services redesign	(0.543)	(0.636)	(0.636)	(0.636)
Redesign of Business Development & Innovation team	(0.248)	(0.448)	(0.448)	(0.448)
Review City Centre Management Activities & Support	(0.059)	(0.164)	(0.164)	(0.164)
Cross Cutting workstreams	(0.021)	(0.041)	(0.063)	(0.063)
Corporate review of car allowance, finance, etc	(0.141)	(0.236)	(0.236)	(0.236)
Reduction in cremator maintenance/energy budgets	0.010	(0.020)	(0.020)	(0.020)
Car Parking - extend Controlled Parking Zones	(0.025)	(0.025)	(0.025)	(0.025)
Highways - other efficiencies	(0.132)	(0.254)	(0.254)	(0.254)
Increased car parking charges	(0.186)	(0.372)	(0.472)	(0.472)
Income- recycling and trade waste	(0.300)	(1.100)	(1.100)	(1.100)
Redesign Directorate Support	(0.413)	(0.413)	(0.413)	(0.413)
Fleet and Waste Management - Future Operating model	(4.900)	(11.400)	(11.400)	(11.400)
Reduce payments major contracts	(2.317)	(6.060)	(6.060)	(6.060)
Recharge made to travellers Service	(0.002)	(0.004)	(0.004)	(0.004)
Total Transport, Environment and Regeneration Portfolio	**(11.429)**	**(23.520)**	**(23.803)**	**(23.803)**

Savings Description - Agreed March 2011	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m
Constituencies Committee				
Corporate BT programme	(1.506)	(1.642)	(1.776)	(1.776)
Service Reviews from Neighbourhood Offices, Sports and leisure and other constituency services	(2.532)	(7.336)	(7.381)	(7.381)
Total Constituencies Committee	**(4.038)**	**(8.978)**	**(9.157)**	**(9.157)**
Council Business Management Committee				
Democratic Services redesign	(0.001)	(0.002)	(0.002)	(0.002)
Lord Mayor's Parlour (redesign & hospitality costs)	(0.027)	(0.065)	(0.065)	(0.065)
Elections service redesign	0.045	0.043	0.043	0.043
O&S - staffing savings	(0.039)	(0.134)	(0.134)	(0.134)
Centrally Managed & Cross Directorate BT	(0.002)	(0.002)	(0.003)	(0.003)
Total Council Business Management Committee	**(0.024)**	**(0.160)**	**(0.161)**	**(0.161)**
Licensing Committee				
BT Public Protection and Licensing, Customer First, SAP	(0.001)	(0.001)	(0.001)	(0.001)
Total Licensing Committee	**(0.001)**	**(0.001)**	**(0.001)**	**(0.001)**
Planning Committee				
Central BT Savings	(0.005)	(0.009)	(0.017)	(0.017)
Regeneration and Planning services redesign	(0.050)	(0.050)	(0.050)	(0.050)
Redesign Directorate Support	(0.021)	(0.021)	(0.021)	(0.021)
Total Planning Committee	**(0.076)**	**(0.080)**	**(0.088)**	**(0.088)**
Public Protection Committee				
Realignment of Building Consultancy Services to maintain a balanced trading position	(0.027)	(0.079)	(0.079)	(0.079)
BT Public Protection and Licensing, Customer First, SAP	0.034	0.034	0.033	0.033
Registrars Income generation	(0.092)	(0.277)	(0.277)	(0.277)
Reduction in overall cost of coroner's service	(0.061)	(0.194)	(0.194)	(0.194)
Redesign Environmental Health & Trading standards- staffing costs from restructure	(1.044)	(1.908)	(1.908)	(1.908)
Maximise Pest Control income	(0.011)	(0.028)	(0.028)	(0.028)
Total Public Protection Committee	**(1.201)**	**(2.452)**	**(2.453)**	**(2.453)**
Corporate Savings				
Savings on property	0.000	(0.578)	(1.695)	(2.518)
Total Corporate Savings	**0.000**	**(0.578)**	**(1.695)**	**(2.518)**
Step up in savings in Business Plan 2011+ as revised	**(38.951)**	**(88.405)**	**(99.314)**	**(112.084)**

New Savings Proposals 2012/13 to 2015/16	Financial Years				Consultation status
	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m	
Leader's Portfolio					
Review of Democratic Services	(0.350)	(0.350)	(0.350)	(0.350)	Not part of public consultation
Total Leader's Portfolio	**(0.350)**	**(0.350)**	**(0.350)**	**(0.350)**	
Deputy Leader's Portfolio					
Extension of the current efficiency programme	(0.100)	(0.100)	(0.100)	(0.100)	Not part of public consultation
Review of communications	(0.200)	(0.200)	(0.200)	(0.200)	Completed
Emergency Planning staff reductions	0.000	(0.100)	(0.100)	(0.100)	Ongoing
Service efficiencies	(0.086)	(0.091)	(0.111)	(0.141)	Ongoing
Total Deputy Leader's Portfolio	**(0.386)**	**(0.491)**	**(0.511)**	**(0.541)**	
Adults and Communities Portfolio					
Commissioning efficient services	(2.600)	(5.500)	(5.500)	(5.500)	Ongoing
Prevention & Prediction, including Telecare as agreed by Cabinet August 2011	(7.331)	(6.083)	(3.687)	(2.818)	Ongoing
Full year effect of the Birmingham Contract	(2.480)	(2.480)	(2.480)	(2.480)	Ongoing
Reductions in Directorate running costs	(3.000)	(3.465)	(4.442)	(5.311)	Ongoing
Support from NHS for Social Care to benefit Health	(10.000)	0.000	0.000	0.000	Ongoing
Vacancy management	(0.886)	0.000	0.000	0.000	Ongoing
Bringing forward the benefits from Individual Budgets as set out in in the Revised Full Business Case from future years.	0.000	(1.743)	(1.743)	(1.743)	Ongoing
Increasing effectiveness of enablement services to reduce demand for care services over and above those already planned in the Revised Full Business Case and included in the LTFP.	(3.540)	(6.191)	(6.191)	(6.191)	Ongoing
Service efficiency adjustment	0.093	0.093	0.093	0.093	Ongoing
Total Adults and Communities	**(29.744)**	**(25.369)**	**(23.950)**	**(23.950)**	
Children, young People and Families					
Academies cost recovery	(4.000)	(4.000)	(4.000)	(4.000)	Not part of public consultation
Children's centre provision	(5.300)	(5.300)	(5.300)	(5.300)	Ongoing
Various admin efficiencies	(0.199)	(0.199)	(0.199)	(0.199)	Not part of public consultation
Children in care placement strategy	(6.720)	(7.857)	(7.857)	(7.857)	Ongoing
Reduction in Connexions provision	(4.130)	(4.130)	(4.130)	(4.130)	Ongoing
Children's Services new operating model	0.000	(23.573)	(24.480)	(24.480)	Not part of public consultation
Reduction in Fostering & Adoption service staff	(1.030)	(1.030)	(1.030)	(1.030)	Ongoing
Recommission specialist & court based assessments	(0.500)	(0.500)	(0.500)	(0.500)	Not part of public consultation
Early Intervention Grant	(0.180)	(0.180)	(0.180)	(0.180)	Ongoing
Commissioning of childcare & early years provision	(0.535)	(0.535)	(0.535)	(0.535)	Ongoing
Total Children, young People and Families Portfolio	**(22.594)**	**(47.304)**	**(48.211)**	**(48.211)**	

New Savings Proposals 2012/13 to 2015/16	Financial Years				Consultation status
	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m	
Finance Portfolio					
Extension of the current back office efficiency programme	(1.543)	(1.943)	(1.943)	(1.943)	Not part of public consultation
Total Finance Portfolio	**(1.543)**	**(1.943)**	**(1.943)**	**(1.943)**	
Housing General Fund Portfolio					
Additional income from HMO licences	(0.100)	(0.100)	(0.100)	(0.100)	Completed
Reducing sickness absence and improving productivity	(0.100)	(0.100)	(0.100)	(0.100)	Not part of public consultation
Reconfigure Debt and Advice services	(0.400)	(0.400)	(0.400)	(0.400)	Completed
Supporting People Reductions including internal providers	(1.889)	(1.889)	(1.889)	(1.889)	Completed
Total Housing General Fund Portfolio	**(2.489)**	**(2.489)**	**(2.489)**	**(2.489)**	
Leisure, Sport and Culture Portfolio					
Reduction in office accommodation costs	(0.250)	(0.250)	(0.250)	(0.250)	Ongoing
Restructuring of back office functions	(0.100)	(0.100)	(0.100)	(0.100)	Ongoing
Service efficiencies	(0.179)	(0.189)	(0.230)	(0.292)	Ongoing
Restructuring of Sports and Events	(0.100)	(0.100)	(0.100)	(0.100)	Ongoing
Golf course tender	(0.300)	(0.300)	(0.300)	(0.300)	Ongoing
Increased sponsorship towards community events	(0.400)	(0.400)	(0.400)	(0.400)	Ongoing
Review Community Development and Play grants and service provision	(0.500)	(0.500)	(0.500)	(0.500)	Ongoing
Income maximisation initiatives	(0.100)	(0.100)	(0.100)	(0.100)	Completed
Further efficiencies in Grounds Maintenance	(0.200)	(0.200)	(0.200)	(0.200)	Completed
Total Leisure, Sport and Culture Portfolio	**(2.129)**	**(2.139)**	**(2.180)**	**(2.242)**	
Transport, Environment and Regeneration Portfolio					
Shelforce- explore business options for a new operating model to mitigate the on-going trading deficit	(1.000)	(1.000)	(1.000)	(1.000)	Ongoing
Service efficiencies	(0.601)	(0.634)	(0.773)	(0.981)	Ongoing
Further redesign of Highways Services	(0.075)	(0.150)	(0.150)	(0.150)	Completed
Fleet & Waste Management- review of charitable waste procedures	(0.400)	(0.400)	(0.400)	(0.400)	Completed
Total Transport, Environment and Regeneration Portfolio	**(2.076)**	**(2.184)**	**(2.323)**	**(2.531)**	
Council Business Management Committee					
Review of Democratic Services	(0.550)	(0.550)	(0.550)	(0.550)	Not part of public consultation
Total Council Business Management Committee	**(0.550)**	**(0.550)**	**(0.550)**	**(0.550)**	
Total New Savings Options	**(61.861)**	**(82.819)**	**(82.507)**	**(82.807)**	

Reconciliation of Savings Programme to Budget Consultation Document

	2012/13 £m	2013/14 £m	2014/15 £m	2015/16 £m
Savings from Business Plan 2011+	**(41.079)**	**(91.405)**	**(103.037)**	**(114.984)**
Changes:				
Removal of Youth Services savings	0.500	0.500	0.500	0.500
Rephased savings on City wide property	0.628	1.100	0.823	0.000
Constituency Service Review savings adjustment	1.000	1.000	1.000	1.000
Major events grants funding support to Marketing Birmingham reclassified as a pressure	0.000	0.400	1.400	1.400
Total Changes	**2.128**	**3.000**	**3.723**	**2.900**
Total savings per Appendix 3F (i)	**(38.951)**	**(88.405)**	**(99.314)**	**(112.084)**

New savings options as per consultation document	**(65.000)**	**(86.458)**	**(86.146)**	**(86.446)**
Changes:				
WMITA Levy reclassified as a pressure	1.250	1.750	1.750	1.750
Supporting People Reductions adjustment	1.889	1.889	1.889	1.889
Total Changes	**3.139**	**3.639**	**3.639**	**3.639**
Total savings as per Appendix 3F (ii)	**(61.861)**	**(82.819)**	**(82.507)**	**(82.807)**

Revenue Budget - Gross Expenditure

	2011/12 Budget £m	2012/13 Budget £m
Portfolios		
Leader's	50.834	48.985
Deputy Leader's	112.429	125.308
Adults & Communities	384.364	384.205
Children, Young People and Families	1,399.224	1,339.971
Equalities & Human Resources	14.345	15.178
Finance	717.658	722.566
Housing General Fund	88.278	63.980
Housing Revenue Account	295.327	266.547
Leisure, Sport & Culture	53.120	51.347
Local Services & Community Safety	12.661	10.396
Transport, Environment & Regeneration	208.676	303.179
Committees		
Constituencies		
Edgbaston	8.807	8.014
Erdington	11.307	10.720
Hall Green	9.821	9.398
Hodge Hill	8.271	8.070
Ladywood	15.842	15.247
Northfield	10.261	9.939
Perry Barr	11.012	10.449
Selly Oak	12.310	11.693
Sutton Coldfield	12.327	11.730
Yardley	12.080	11.530
Citywide Constituencies	2.573	5.084
Council Business Management	9.632	9.465
Licensing	2.973	3.116
Planning	10.347	9.889
Public Protection	16.776	17.682
Trusts & Charities	0.195	0.185
Total Portfolio/Committee Expenditure	**3,491.450**	**3,483.873**
Capital accounting & financing costs	(10.553)	(38.340)
Contingencies	31.950	20.321
Total Expenditure on Services	**3,512.847**	**3,465.854**
Repayment of borrowing from corporate reserves	12.171	1.789
Contribution to General Balances	1.500	1.500
Total Gross Expenditure	**3,526.518**	**3,469.143**

Revenue Budget - Gross Income

	2011/12 Budget £m	2012/13 Budget £m
Portfolios		
Leader's	(27.359)	(22.064)
Deputy Leader's	(37.672)	(31.216)
Adults & Communities	(114.516)	(115.374)
Children, Young People and Families	(1,147.068)	(1,101.832)
Equalities & Human Resources	(8.939)	(8.916)
Finance	(653.188)	(652.994)
Housing General Fund	(33.821)	(12.966)
Housing Revenue Account	(295.327)	(266.547)
Leisure, Sport & Culture	(9.810)	(7.962)
Local Services & Community Safety	(2.107)	(1.293)
Transport, Environment & Regeneration	(99.701)	(199.101)
Committees		
Constituencies		
Edgbaston	(0.910)	(0.581)
Erdington	(2.053)	(1.961)
Hall Green	(0.943)	(0.959)
Hodge Hill	(0.503)	(0.502)
Ladywood	(1.741)	(1.741)
Northfield	(1.286)	(1.287)
Perry Barr	(1.865)	(1.865)
Selly Oak	(3.214)	(3.164)
Sutton Coldfield	(3.480)	(3.480)
Yardley	(2.958)	(2.958)
Citywide Constituencies	0	0
Council Business Management	(0.079)	(0.079)
Licensing	(2.789)	(2.771)
Planning	(7.092)	(6.226)
Public Protection	(5.261)	(7.172)
Trusts & Charities	(0.186)	(0.186)
Total Portfolio/Committee Income	**(2,463.868)**	**(2,455.197)**
Corporate Grants	(11.507)	(15.746)
Capital accounting & financing costs	(3.002)	0
Total Income from Services	**(2,478.377)**	**(2,470.943)**
Use of corporate reserves	(7.415)	(10.000)
Borrowing from corporate reserves	(17.322)	(8.462)
Total Gross Income	**(2,503.114)**	**(2,489.405)**

Revenue Budget - Net Expenditure

	2011/12 Budget £m	2012/13 Budget £m
Portfolios		
Leader's	23.475	26.921
Deputy Leader's	74.757	94.092
Adults & Communities	269.848	268.831
Children, Young People and Families	252.156	238.139
Equalities & Human Resources	5.406	6.262
Finance	64.470	69.572
Housing General Fund	54.457	51.014
Housing Revenue Account	0	0
Leisure, Sport & Culture	43.310	43.385
Local Services & Community Safety	10.554	9.103
Transport, Environment & Regeneration	108.975	104.078
Committees		
Constituencies		
Edgbaston	7.897	7.433
Erdington	9.254	8.759
Hall Green	8.878	8.439
Hodge Hill	7.768	7.568
Ladywood	14.101	13.506
Northfield	8.975	8.652
Perry Barr	9.147	8.584
Selly Oak	9.096	8.529
Sutton Coldfield	8.847	8.250
Yardley	9.122	8.572
Citywide Constituencies	2.573	5.084
Council Business Management	9.553	9.386
Licensing	0.184	0.345
Planning	3.255	3.663
Public Protection	11.515	10.510
Trusts & Charities	0.009	(0.001)
Total Portfolio/Committee Net Spend	**1,027.582**	**1,028.676**
Capital accounting & financing costs	(13.555)	(38.340)
Contingencies	31.950	20.321
Corporate Grants	(11.507)	(15.746)
Total Net Expenditure on Services	**1,034.470**	**994.911**
Use of corporate reserves	(7.415)	(10.000)
Borrowing from corporate reserves	(5.151)	(6.673)
Contribution to General Balances	1.500	1.500
City Council Budget	**1,023.404**	**979.738**

Analysis of change in budget from 2011/12 to 2012/13

	2011/12 Budget	Government Technical Adjustments	2011/12 Adjusted Budget	Reinstatement of Base Budgets	Pay & Price Inflation	Budget Pressures & Policy Choices	Savings	Impact of Time Limited Prior Year Decisions	Asset Charges & Capital Financing Costs	Transfers to / from Policy Contingency	Other	Base Budget 2012/13
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Leaders Portfolio	**23.475**	0.000	**23.475**	0.000	0.000	2.317	(0.397)	(0.193)	0.000	0.000	1.719	**26.921**
Deputy Leaders Portfolio	**74.757**	0.000	**74.757**	0.000	0.000	7.512	(1.781)	0.000	13.810	0.000	(0.206)	**94.092**
Adults & Communities	**269.848**	0.000	**269.848**	33.214	0.000	5.363	(37.918)	0.000	0.000	0.000	(1.676)	**268.831**
Children, Young People & Families	**252.156**	(1.856)	**250.300**	5.000	0.000	11.839	(27.237)	0.000	0.160	0.000	(1.923)	**238.139**
Equalities & Human Resources	**5.406**	0.000	**5.406**	0.000	0.000	0.427	(1.111)	0.000	0.000	0.200	1.340	**6.262**
Finance Portfolio	**64.470**	0.000	**64.470**	0.000	(0.001)	0.846	(2.394)	0.000	0.000	0.099	6.552	**69.572**
Housing General fund	**54.457**	0.000	**54.457**	0.000	0.000	(0.114)	(4.883)	0.000	0.000	0.000	1.554	**51.014**
Leisure, Sport & Culture	**43.310**	0.000	**43.310**	0.000	0.000	2.200	(5.030)	0.000	0.000	0.000	2.905	**43.385**
Local Services & Community Safety	**10.554**	0.000	**10.554**	0.000	0.000	0.100	(0.666)	0.000	0.000	0.046	(0.931)	**9.103**
Transport, Environment & Regeneration	**108.975**	0.000	**108.975**	0.000	1.277	6.938	(13.505)	0.000	0.000	0.412	(0.019)	**104.078**
Constituencies	**95.658**	0.000	**95.658**	0.000	0.000	0.300	(4.038)	(0.100)	0.000	0.000	1.556	**93.376**
Council Business Mgt Committee	**9.553**	0.000	**9.553**	0.000	0.000	0.571	(0.574)	0.000	0.000	0.000	(0.164)	**9.386**
Licensing Committee	**0.184**	0.000	**0.184**	0.000	0.000	0.018	(0.001)	0.000	0.000	0.000	0.144	**0.345**
Planning Committee	**3.255**	0.000	**3.255**	0.000	0.000	0.000	(0.076)	0.000	0.000	0.000	0.484	**3.663**
Public Protection Committee	**11.515**	0.000	**11.515**	0.000	0.000	0.022	(1.201)	0.000	0.000	0.000	0.174	**10.510**
Trusts & Charities	**0.009**	0.000	**0.009**	0.000	0.000	0.000	0.000	0.000	0.000	0.000	(0.010)	**(0.001)**
Portfolio / Committee Total	**1,027.582**	**(1.856)**	**1,025.726**	**38.214**	**1.276**	**38.339**	**(100.812)**	**(0.293)**	**13.970**	**0.757**	**11.499**	**1,028.676**
Capital & TM	**(13.555)**	0.000	**(13.555)**	0.000	0.000	0.000	0.000	0.000	(14.018)	0.000	(10.767)	**(38.340)**
Contingencies	**31.950**	0.000	**31.950**	0.000	6.928	1.300	0.000	0.292	1.866	(0.757)	(21.258)	**20.321**
Corporate Grants	**(11.507)**	8.306	**(3.201)**	0.000	0.000	0.000	0.000	0.000	0.000	0.000	(12.545)	**(15.746)**
Total Cost of Services	**1,034.470**	**6.450**	**1,040.920**	**38.214**	**8.204**	**39.639**	**(100.812)**	**(0.001)**	**1.818**	**0.000**	**(33.071)**	**994.911**
Use of Corporate Reserves	**(7.415)**	0.000	**(7.415)**	0.000	0.000	0.000	0.000	0.000	0.000	0.000	(2.585)	**(10.000)**
Borrowing from Corporate Reserves	**(5.151)**	0.000	**(5.151)**	0.000	0.000	0.000	0.000	0.000	0.000	0.000	(1.522)	**(6.673)**
Contribution to General Balances	**1.500**	0.000	**1.500**	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	**1.500**
City Council Budget	**1,023.404**	**6.450**	**1,029.854**	**38.214**	**8.204**	**39.639**	**(100.812)**	**(0.001)**	**1.818**	**0.000**	**(37.178)**	**979.738**

Reconciliation of Other changes:	
Changes in Government Grants	(12.545)
Reduction in NHS contribution	0.732
Net movement in use of reserves	(4.107)
Further reduction in potential costs of redundancy and pension strain	(21.258)
Total	**(37.178)**

Council Tax 2012/13

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	979.738			
Less: Redistributed non-domestic rates and revenue support grant	646.520			
Equals: amount required from Collection Fund	**333.218**			
Less: estimated surplus in Collection Fund	0.000			
Equals: amount required from council tax payers	**333.218**	**14.311**	**29.755**	**0.085**
Divided by taxbase (Band D equivalent properties)	299,208	299,208	299,208	2,097
Equals: Band D Council Tax	**£1,113.67**	**£47.83**	**£99.45**	**£40.59**
Percentage Change in each element of Council Tax	0.0%	0.0%	0.0%	-4.7%
Total Band D Council Tax			**£1,260.95**	**£1,301.54**

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	769.51	31.89	66.30	867.70	742.45	31.89	66.30	840.64
B	897.76	37.20	77.35	1,012.31	866.19	37.20	77.35	980.74
C	1,026.01	42.52	88.40	1,156.93	989.93	42.52	88.40	1,120.85
D	1,154.26	47.83	99.45	1,301.54	1,113.67	47.83	99.45	1,260.95
E	1,410.76	58.46	121.54	1,590.76	1,361.15	58.46	121.54	1,541.15
F	1,667.26	69.09	143.64	1,879.99	1,608.63	69.09	143.64	1,821.36
G	1,923.77	79.72	165.74	2,169.23	1,856.11	79.72	165.74	2,101.57
H	2,308.52	95.66	198.89	2,603.07	2,227.34	95.66	198.89	2,521.89

FINANCING THE CAPITAL PROGRAMME

Specific Resources	**2012/13 £m**	**2013/14 £m**	**2014/15 £m**	**Total £m**
Grants	208.9	14.4	10.7	234.0
Contributions	45.7	28.0	61.7	135.4
Portfolio Revenue Contributions	78.2	89.5	92.7	260.4
Total Specific Resources	**332.8**	**131.9**	**165.1**	**629.8**
Corporate Resources				
Unringfenced Government Grants	57.0	6.0	8.5	71.5
Capital Receipts	29.2	24.7	26.5	80.4
Prudential Borrowing	170.2	82.0	7.6	259.8
Revenue contributions	0.0	5.6	5.9	11.5
Over-programming	16.2	(7.3)	2.1	11.0
Total Corporate Resources	**272.6**	**111.0**	**50.6**	**434.2**
Total Resources	**605.4**	**242.9**	**215.7**	**1,064.0**

Un-ringfenced Government capital grants are as follows :

	2012/13 £m	**2013/14 £m**	**2014/15 £m**	**Total £m**
Children, Young People and Families (Education)	44.6	0.0	0.0	44.6
Housing	0.0	0.0	0.0	0.0
Development (Transport)	9.5	6.0	8.5	24.0
Adults & Communities	2.9	0.0	0.0	2.9
Corporate Top Slice	0.0	0.0	0.0	0.0
	57.0	**6.0**	**8.5**	**71.5**

Analysis of Prudential Borrowing

	2012/13 £m	2013/14 £m	2014/15 Onwards £m	Total £m
Major Self Financed Prudential Borrowing				
Children's Residential Estate	3.4	0.0	0.0	3.4
Business Transformation	3.4	0.2	(7.9)	(4.4)
Southside Development	42.6	41.4	27.6	111.6
Microsoft Exchange	1.5	0.0	0.0	1.5
TeleHealth Care	2.2	2.6	0.0	4.7
NIA Refurbishment	2.4	12.9	5.0	20.3
NEC Capital Works	1.2	13.6	2.1	16.8
Kings Norton Cemetery	1.1	0.0	0.0	1.1
Total Self Financed	**57.7**	**70.7**	**26.7**	**155.1**
Major Prudential Borrowing Supported from Additional Revenue Budget Allocations				
Sheldon Heath Academy - BSF	12.5	0.0	0.0	12.5
Swimming Pool Facilities	0.4	6.0	0.0	6.4
Eastside Park	3.1	0.9	0.0	4.0
Library of Birmingham	62.5	(0.6)	(21.5)	40.4
Dual Use Depots	3.5	0.0	0.0	3.5
Server Refresh	1.7	0.9	0.9	3.5
General Support for Capital Programme	15.0	0.0	0.0	15.0
Total Funded from Additional Revenue Budget	**98.7**	**7.2**	**(20.6)**	**85.3**
Prudential Borrowing Smaller Projects	**13.8**	**4.1**	**1.5**	**19.4**
Total Prudential Borrowing	**170.2**	**82.0**	**7.6**	**259.8**
Total Government Supported	**0.0**	**0.0**	**0.0**	**0.0**
Total Capital Financed from Borrowing	**170.2**	**82.0**	**7.6**	**259.8**

PROPOSED CAPITAL EXPENDITURE PROGRAMME 2012/13 - 2014/15

	2012/13 £'000's	2013/14 £'000's	2014/15 £'000's	TOTAL £'000's
Leader's Portfolio				
NEC Capital Works	3,744	13,901	2,325	19,970
NIA Refurbishment	2,363	12,896	5,033	20,292
	6,107	**26,797**	**7,358**	**40,262**
Deputy Leader's Portfolio				
Server Refresh & Thin Client	1,690	888	888	3,466
Business Transformation - Corporate	17,255	7,234	802	25,291
Business Transformation - Children's	1,679	702	457	2,838
Business Transformation - Adults	1,000	-	-	1,000
New Wholesale Market	1,611	-	-	1,611
Microsoft Exchange	1,504	-	-	1,504
Other Minor Schemes	201	-	-	201
	24,940	**8,824**	**2,147**	**35,911**
Adults & Communities				
TeleHealthCare	3,680	3,680	-	7,360
Personalisation, Reform & Efficiency of Adult Social Care	2,994	-	-	2,994
Replacement Vehicles	1,000	378	-	1,378
Mental Health	936	-	-	936
HIV Capital Grant - Refurbishment of Residential Homes	420	-	-	420
Other Minor Schemes	268	-	-	268
	9,298	**4,058**	**-**	**13,356**
Children, Young People and Families				
Devolved Capital Allocation to Schools	2,870	-	-	2,870
Schools Capital Maintenance Works	14,784	170	-	14,954
Refurbishment of Residential Children's Homes	4,002	-	-	4,002
Primary Capital Programme	11,000	-	-	11,000
Woodview JI School (additional primary places)	250	-	-	250
School Based IT	400	-	-	400
Additional Primary Places - Basic Need Safety Valve	40,448	-	-	40,448
Four Dwellings School - BSF Rebuild	1,906	-	-	1,906
Park View School - BSF Rebuild	1,147	-	-	1,147
Saltley School - BSF Rebuild	2,701	-	-	2,701
George Dixon School - BSF Rebuild	4,311	-	-	4,311
Shenley Court - BSF Rebuild	5,866	-	-	5,866
Heartlands School - BSF Rebuild	4,188	-	-	4,188
ICT Data Centre	682	-	-	682
Moseley School - BSF Rebuild	6,708	-	-	6,708
Aston Academy - BSF Rebuild	3,227	-	-	3,227
St Alban's Academy - BSF Rebuild	9,543	-	-	9,543
North Birmingham Academy - BSF Rebuild	12,539	-	-	12,539
Sheldon Heath Academy - BSF Rebuild	14,133	3,533	-	17,666
	140,705	**3,703**	**-**	**144,408**
Equalities & Human Resources				
Access To Buildings	350	172	-	522
	350	**172**	**-**	**522**

	2012/13 £'000's	2013/14 £'000's	2014/15 £'000's	TOTAL £'000's
Housing				
Council Housing				
Decent Homes Plus Improvements	26,199	26,200	26,200	78,599
Fire Protection, Environmental, Lifts , Security/Concierge, AIMHIGH & Other	22,175	21,407	22,214	65,796
Redevelopment	37,508	33,144	44,638	115,290
Council Tenants Adaptations, Long Term Voids & Other	12,326	12,509	12,697	37,532
HRA Self Financing	**98,208**	**93,260**	**105,749**	**297,217**
Private Sector Housing				
Affordable Housing	2,242	1,000	927	4,169
Renewal & Growth	231	-	-	231
Independent Living	4,000	4,000	4,000	12,000
	6,473	**5,000**	**4,927**	**16,400**
	104,681	**98,260**	**110,676**	**313,617**
Leisure Sport & Culture				
The Library of Birmingham	73,863	15,062	4,890	93,815
Other Library Schemes - Strategic	621	-	-	621
Other Library Schemes - Constituencies	48	-	-	48
Library Stock	392	392	392	1,176
Swimming Pool Facilities	400	6,000	-	6,400
Other Sports Schemes	80	-	-	80
Reservoir & Pools Safety Schemes	676	751	584	2,011
Parks Schemes	3,445	331	-	3,776
Museums & Arts Schemes	2,197	-	-	2,197
Health & Safety Works	63	-	-	63
Lozells Community Development Initiative	734	-	-	734
Development & Play Schemes	115	-	-	115
Bells Farm Community Centre	150	-	-	150
Former Bournville Lane Baths	1,000	2,200	500	3,700
Indoor Tennis Centre - Bowls Relocation	1,000	500		1,500
Constituency Schemes	21	-	-	21
Community Chest	1,000	1,000	1,000	3,000
				-
	85,805	**26,236**	**7,366**	**119,407**
Local Services & Community Safety				
Various Minor Schemes	99	-	-	99
	99	**-**	**-**	**99**

	2012/13 £'000's	2013/14 £'000's	2014/15 £'000's	TOTAL £'000's
Transportation, Environment & Regeneration				
Regeneration				
Vibrant Urban Villages - Irish Quarter	728	-	-	728
Vibrant Urban Villages - A34 Stratford Road	1,200	-	-	1,200
Vibrant Urban Villages - Tesco's, Aston Road	455	-	-	455
Vibrant Urban Villages - Tyseley Low Carbon	330	380	190	900
Vibrant Urban Villages - Other Schemes	1,992	281	115	2,387
Eastside - Joint Venture (Eastside Locks)	1,774	-	-	1,774
Eastside - City Park	6,368	1,104	-	7,472
Eastside - Millenium Point Car Park	739	-	-	739
Big City Plan Initiative	4,954	78	-	5,032
City Centre Development - Other schemes	368	3,493	-	3,861
Conservation - Keyhill Cemetery	57	-	-	57
Conservation - Other schemes	222	-	-	222
Miscellaneous Schemes	72	-	10	82
Prospective Delivery Fund - Corporate Schemes	555	-	-	555
Longbridge Regeneration - Infrastructure Tariff	408	279	-	686
	20,221	**5,614**	**315**	**26,150**
Transportation Major Schemes				
Northfield Relief Road	140	-	-	140
Selly Oak New Road	3,309	497	1,063	4,869
Hagley Road Bus Showcase	2,099	-	-	2,099
New Street Station (Gateway)	105,514	6,749	29,752	142,016
A45 Coventry Road	25,500	7,100	-	32,600
Chester Road	384	4,622	5,414	10,420
Hagley Road, Lordswood Road Junction	1,732	-	-	1,732
Southside Development (Gateway)	42,628	41,388	27,560	111,576
	181,306	**60,357**	**63,789**	**305,452**
Transportation Minor Programmes				
West Midlands Joint Initiatives	2,531	-	-	2,531
Supporting Economic Growth	2,619	2,398	3,405	8,423
Carbon Reduction	1,838	1,268	1,303	4,409
Supporting Local Communities - Safety	800	810	1,152	2,762
Development & Monitoring	599	608	864	2,070
Suporting Local Comms Access & Traffic Management	1,249	1,261	1,792	4,303
Victoria Road Car Park	494	-	-	494
	10,131	**6,345**	**8,516**	**24,992**
Environmental Schemes				
Cemeteries & Crematoria	1,146	-	-	1,146
Perry Barr Household Recycling Centre	900	-	-	900
Lifford Lane	846	-	-	846
Waste Infrastructure	3,799	-	-	3,799
Dual Use Depots	4,107	-	-	4,107
	10,797	**-**	**-**	**10,797**
	222,455	**72,316**	**72,620**	**367,392**

	2012/13 £'000's	2013/14 £'000's	2014/15 £'000's	TOTAL £'000's
Finance Portfolio				
Jewellery Quarter Conservation Area	310	0	0	310
Rookery Park House	144	0	0	144
Council House & Extension Roof	195	0	0	195
	649	**-**	**-**	**649**
Unallocated Resources				
Property Fund & Other Centrally Held	5,000	2,500	15,537	23,037
Local Improvements	5,000	-	-	5,000
Mortuary Fridges	356	-	-	356
	10,356	**2,500**	**15,537**	**28,393**
Total Capital Programme	**605,445**	**242,866**	**215,704**	**1,064,016**

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 borrowing which is supported by Government revenue grants is to use the ‘Regulatory method’, which applies a 4% annual repayment on the balance outstanding.

5. The general policy for ‘prudential borrowing’ (which is not supported by Government grant), 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 Urban Design 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.

7. MRP on expenditure capitalised under a Government Directive may be charged in any year based on the cash expended at the previous year end, as agreed by the Strategic Director of Resources.

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 is unlikely to happen for fixed assets (where MRP does not start till the year after the asset becomes operational), but is more likely for revenue expenditure financed from capital in accordance with Government Capitalisation Directions.

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 medium 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.

9. 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)
2023/24	88.9	
2024/25	99.1	

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

10. 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

11. 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.

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.
- Other debt redemption not covered by the above situations will be applied to borrowing on a 4% reducing balance repayment profile.

DEBT AND PRUDENTIAL INDICATORS

	WHOLE COUNCIL	12/13 Indicators £m	13/14 Indicators £m	14/15 Indicators £m
	Capital Finance			
1	Capital expenditure	605.4	242.9	215.7
2	Capital Financing Requirement (CFR)	4,041.2	4,066.9	4,016.6
	Debt			
3	Peak loan debt in year	3,140	3,141	3,142
4	+ Other long term liabilities (peak in year)	379	421	421
5	= Peak debt in year	3,519	3,562	3,563
6	Peak loan debt (net of investments)	3,140	3,141	3,142
7	Does net loan debt exceed year 3 CFR?	No	No	No
8	Authorised limit for loan debt	3,540	3,490	3,491
9	+ authorised limit for other long term liabilities	429	471	471
10	= authorised limit for debt	3,969	3,961	3,962
	Affordability			
11	Debt and guaranteed debt (% of gross revenues)	103%	107%	109%

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 equalled by the amounts set aside to repay debt. The Prudential Code calls these indicators the Operational Boundary.

6-7 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

10 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.

11 This indicator is not in the Prudential Code but similar calculations are used by the Credit Rating Agencies. Guaranteed debt comprises £73m NEC (Developments) plc loans.

DEBT AND PRUDENTIAL INDICATORS:
HOUSING REVENUE ACCOUNT

		12/13 Indicators £m	13/14 Indicators £m	14/15 Indicators £m
	Capital Finance			
1	Capital expenditure	98.2	93.3	105.7
	HRA Debt			
2	Capital Financing Requirement (CFR)	1,142.5	1,142.5	1,142.5
3	Statutory cap on HRA debt (i.e. the CFR line 2)	1,142.5	1,142.5	1,142.5
	Affordability			
4	HRA financing costs	95.3	95.2	95.7
5	HRA revenues	266.5	279.3	292.5
6	HRA financing costs as % of revenues	35.8%	34.1%	32.7%
7	HRA debt : revenues	4.3	4.1	3.9
8	Forecast Housing debt per dwelling	£17,815	£17,883	£17,931
9	cost of borrowing for the capital programme (expressed in terms of ave. weekly housing rent)	£nil	£nil	£nil

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 Prudential Code calls this the Estimate of the incremental impact of capital investment decisions on housing rents.

DEBT AND PRUDENTIAL INDICATORS: GENERAL FUND

		12/13 Indicators £m	13/14 Indicators £m	14/15 Indicators £m
	Capital Finance			
1	Capital expenditure	507.2	149.6	110.0
	General Fund debt			
	Peak loan debt in year	1,998	1,999	1,999
	+ Other long term liabilities (peak in year)	379	421	421
	= Peak General Fund debt in year	2,377	2,420	2,420
	Affordability			
2	General Fund financing costs	257.2	285.1	297.4
3	General Fund net revenues	979.7	972.9	936.5
4	General Fund gross revenues	3,202.6	3,109.2	3,056.7
5	General Fund financing costs (% of net revenues)	26.3%	29.3%	31.8%
6	General Fund financing costs (% of gross revenues)	8.0%	9.2%	9.7%
7	cost of borrowing for the capital programme	£33.51	£79.45	£99.41
	Expressed in terms of Council Tax (Band D equiv)			
	(impact already included in Council Tax increases assumed in LTFP)			

Notes

2 Financing costs include interest, MRP and the financing costs of PFI and finance leases.

5 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

7 The cost of borrowing for the Capital Programme represents the interest and repayment costs arising from any new prudential borrowing in the capital programme, expressed in terms of Council tax at Band D. The cost increases in later years as successive years' borrowing is added. This impact has been funded within the Long Term Financial Plan and assumed Council Tax charges up to 2014/15. 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

	12/13 Indicators	13/14 Indicators	14/15 Indicators
CIPFA Treasury Management Code			
Has the authority adopted the TM Code?	Yes	Yes	Yes
		Forecast	**Forecast**
Interest rate exposures	**Limit**	**Limit**	**Limit**
upper limit on fixed rate exposures	130%	130%	130%
upper limit on variable rate exposures	35%	35%	35%
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	**Forecast**
investments longer than 364 days	**Limit**	**Limit**	**Limit**
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 Required 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
Portfolios/committees 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 Chapter 7 of this budget report.

Service Objectives, e.g. Strategic Planning for the Authority
The capital programme has been prepared in the context of the Council Plan 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 and Portfolio holders. The Gateway process for capital also requires post-implementation review reports of capital schemes to assess whether stated objectives have been achieved.